Audit Division Update

Citizen Oversight Panel

11/17/21

SoundTransit

Agenda

1. Why do we audit?

2. History of Audit function

3. Audit Function – Currently

4. Benefits of single Audit umbrella

5. How audits are selected

6. What we've done already

7. How can we better inform you?

Why do we audit?

1. **Regulatory required** **(We have to)**

   - Ensure safety practices have been established and are practiced

2. **Mechanism for continuous improvement** **(We should)**

   - Provide objective analysis and conclusions for governance and oversight
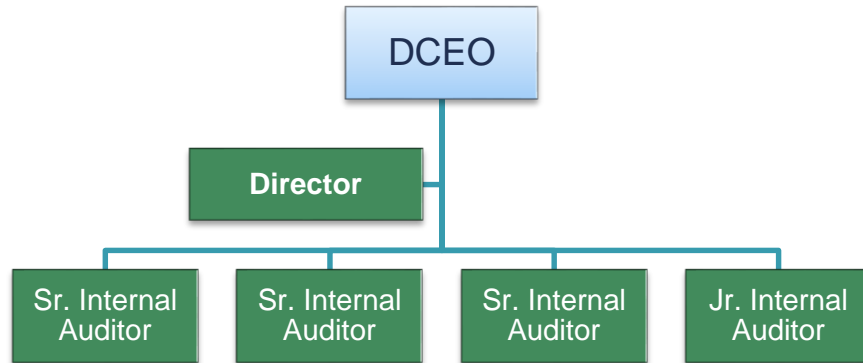
   - Improve performance and efficiency

Agenda

History of the Audit Function

Internal Audit
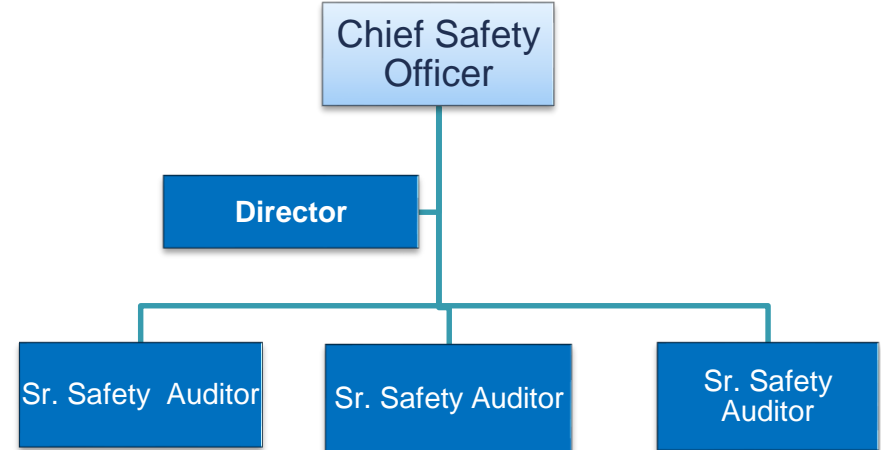
- DCEO
  - Director
    - Sr. Internal Auditor
    - Sr. Internal Auditor
    - Sr. Internal Auditor
    - Jr. Internal Auditor

Safety Assurance Audit

- Chief Safety Officer
  - Director
    - Sr. Safety Auditor
    - Sr. Safety Auditor
    - Sr. Safety Auditor

SOUNDTRANSIT

Agenda

Audit Functions – Currently

Director
Audit Division

Audits completed or coordinated

Performance Audit Group

Performance & Operations Audits

Fraud, Waste, and Abuse Investigations

Internal Controls

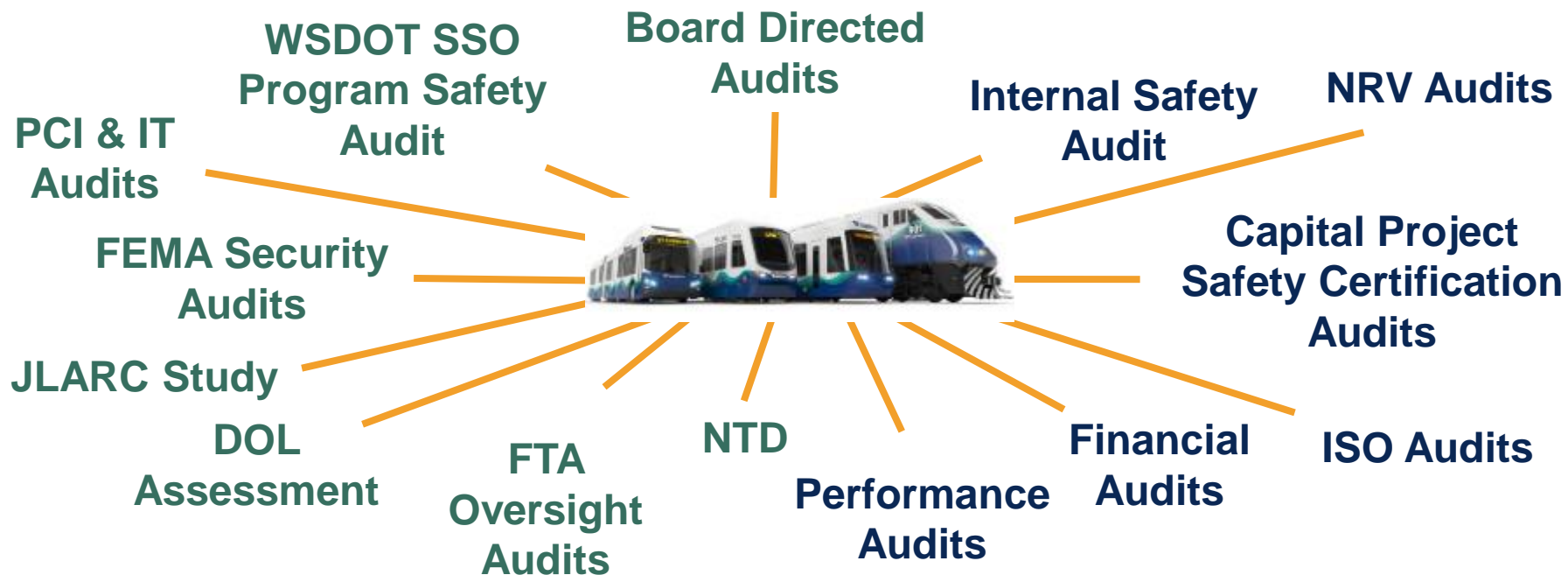**Compliance Audit Group**

Management Systems Audits

Modal Safety Audits

Capital Project Safety Audits

Audits tracked

SOUNDTRANSIT

Audit Landscape

PCI & IT Audits

WSDOT SSO Program Safety Audit

Board Directed Audits

Internal Safety Audit

NRV Audits

FEMA Security Audits

Capital Project Safety Certification Audits

JLARC Study

DOL Assessment

FTA Oversight Audits

NTD

Performance Audits

Financial Audits

ISO Audits

SOUNDTRANSIT

Agenda

Benefits of a single "Audit" umbrella

- **Reduction of audit fatigue**

- Brings the Audit Division along for tracking

- Help navigate the "why" the audit is occurring and help you prepare for the audit

- Create efficiencies by potentially reducing the number of planned internal audits

- Improve audit scheduling & timing

Example of an Audit Postponement

Vertical Conveyance

- Topic was highest rated on previous audit risk assessments

- Current work and resources are in progress

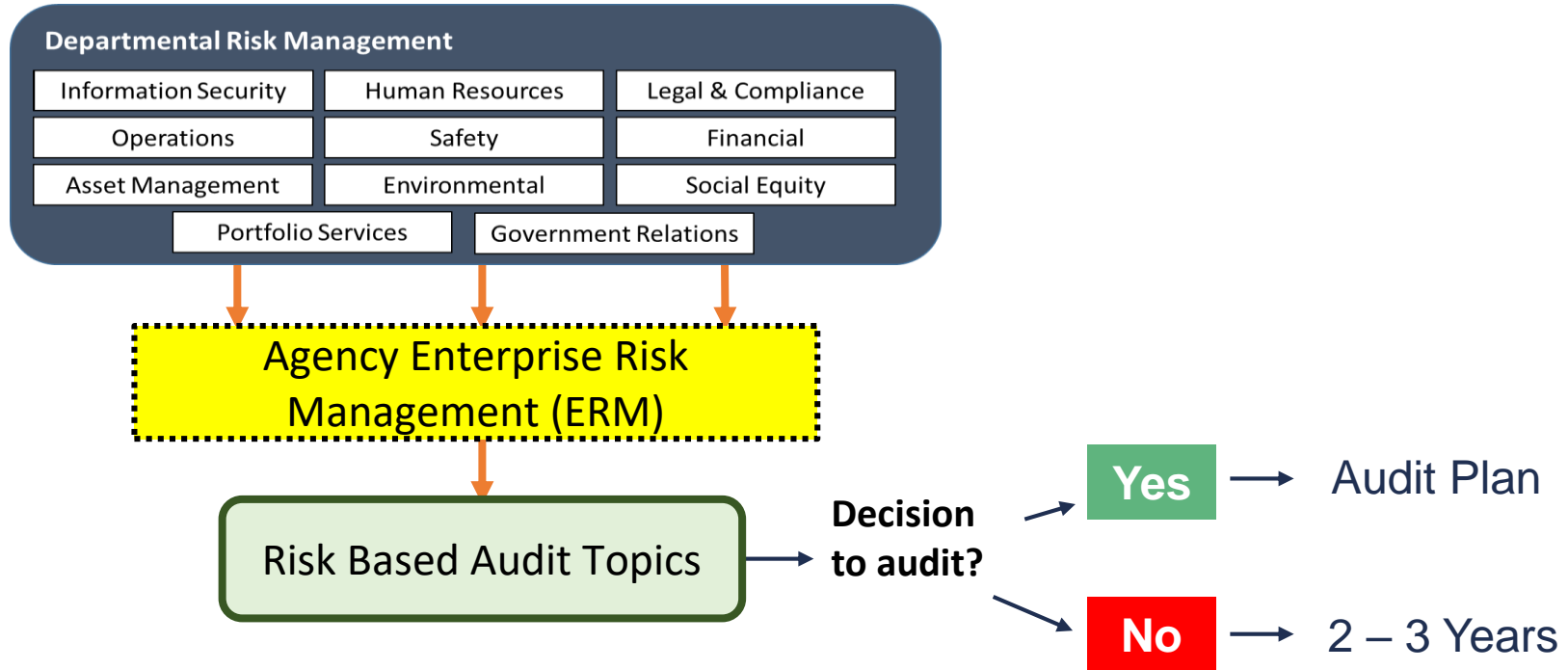- Chose to postpone as an audit until process matures

SOUNDTRANSIT

Agenda

How are audits selected (Past)

Input Criteria
Carry-over Projects
NTD Reporting
Public Accountability
Leadership Interviews
Committee Inputs
Industry Best Practices

Risk Category
Vendor / Consultant Management
Information Technology (IT)
Construction
Operations
Previous Work (Performance Audits)

Audit Plan "Projects"
Business Continuity & Disaster Recovery
System Access Fund
Use of Construction Contingency
Partner Cost Monitoring: Pierce Transit
IT Vendor Management

SOUNDTRANSIT

How audits will be selected (Future State)

Departmental Risk Management

Information Security	Human Resources	Legal & Compliance
Operations	Safety	Financial
Asset Management	Environmental	Social Equity
Portfolio Services	Government Relations	

Agency Enterprise Risk Management (ERM)

Risk Based Audit Topics

Decision to audit?

Yes → Audit Plan

No → 2 – 3 Years

Agenda

What we've done already…

- ***Standardized Common Audit Practices** – Audit Entrance & Exit Meetings; Committee Reporting*

- ***Scrutinized schedule consideration** – Audit planning considerations to ease the burden of multiple audits at one time*

- ***Finalizing Procedural Updates** – Developed common plain language procedures across all internal audits platforms*

On the path to improve

- *3 Year Audit Plan*

- Corrective Action & Follow-up reporting processes

- Agency Audit Standards Manual

- Risk Assessment protocols

- Policies & procedures realignment for Whistleblower & Financial Irregularities

Agenda

1. Why do we audit?

2. History of Audit function

3. Audit Function – Currently

4. Benefits of single Audit umbrella

5. How audits are selected

6. What we've done already

7. How can we better inform you?

How can we inform you?

- Reporting back on:

    - Inclusion and awareness of all audits across the agency

    - Summary of audit findings and actions taken

2021 Performance Audit Status Report

Construction Performance Metrics Management

Audit Objectives	Actions to be completed	Status
OBJECTIVE 1: Sound Transit Document & Process Review	- Project Documentation review completed for 4 projects - 25% of staff interviews completed	**Completed**
OBJECTIVE 2: Benchmark with other Transit Agencies	- Solicitation with other transit agencies to benchmark data - 2 to 4 agencies	**Completed**
OBJECTIVE 3: Industry review and Identification of Opportunities	- Review Sound Transit best practices - Identify opportunities to improve	**Finalizing**

For approval: 2022 Performance Audit Topic

- Topic Not selected in 2020 (**pending recommendation**)
    - Supervisory Control & Data Acquisition (SCADA)

- Additional Topics for discussion
    - Cybersecurity
    - Third Party Oversight
    - Organizational Governance