

Internal Audit Division Update

Citizen Oversight Panel

11/7/19

Sound Transit



Sound Transit 2

A Mass Transit Guide

The Regional Transit System Plan for Central Puget Sound

Public accountability: Sound Transit will hire independent auditors and continue to appoint a Citizen Oversight Panel to monitor Sound Transit performance in carrying out its public commitments.



Public Accountability

To ensure that the voter-approved program development and implementation occurs within the framework and intent of these policies, Sound Transit will:

- 1 | Conduct an annual independent audit of its financial statements in compliance with state and federal requirements;
- 2 | Implement a performance audit program; and
- 3 | Appoint and maintain an advisory Citizen Oversight Panel to conduct annual reviews of Sound Transit's performance and financial plan, and submit a report and recommendations to the Board.

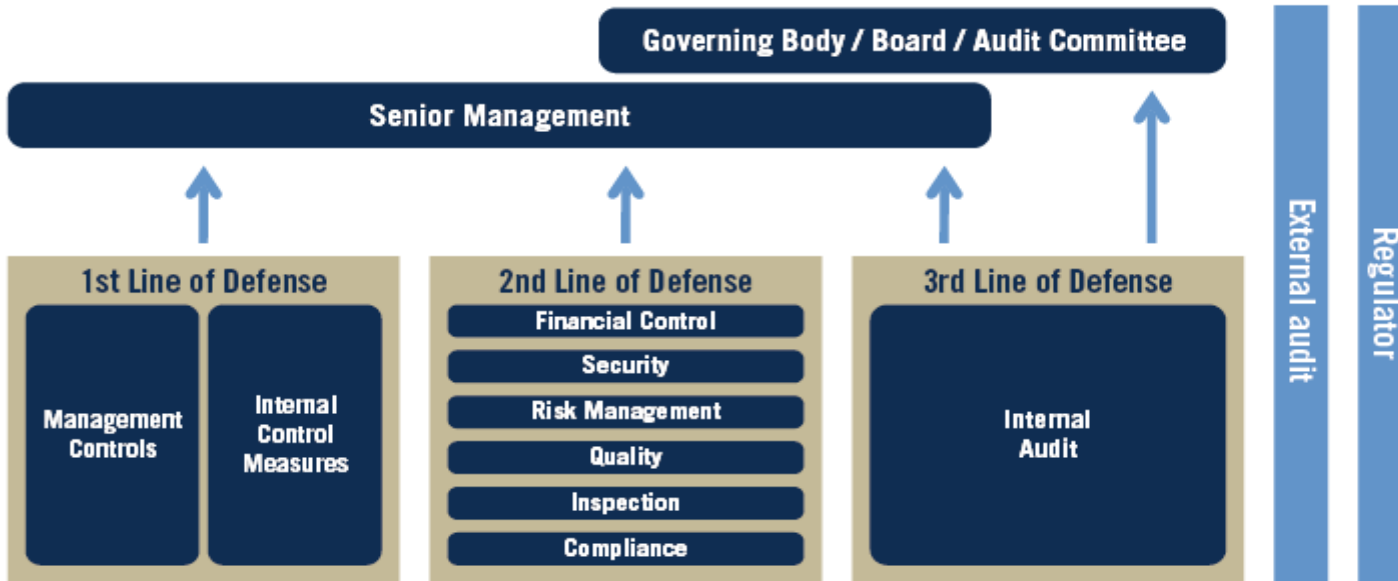
Performance Auditing - Defined

Generally Accepted Government Auditing Standards

“Performance audits provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things, improving program performance and operations, reducing costs, facilitating decision making by parties responsible for overseeing or initiating corrective action, and contributing to public accountability.” (GAGAS 2017, Chapter 1, **1.21**)

Accountability over Public Funds

The Three Lines of Defense Model



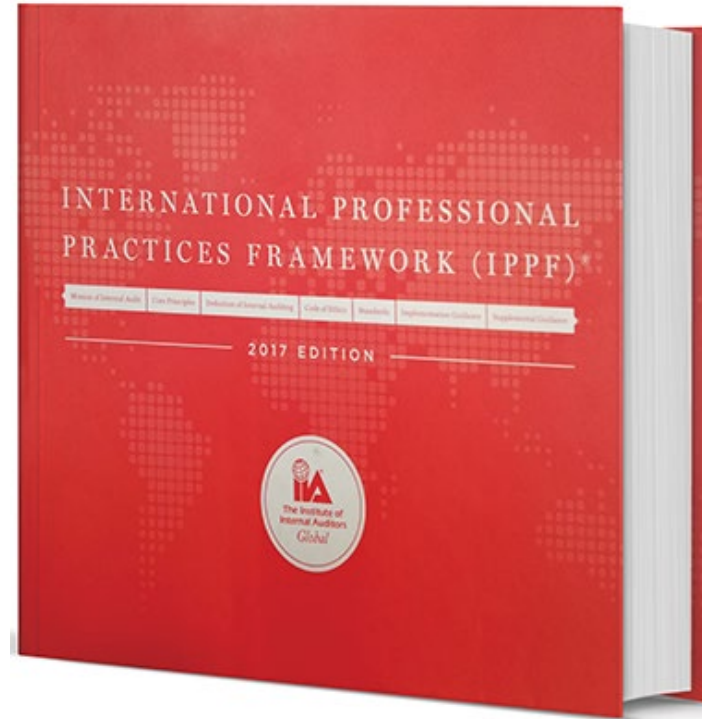
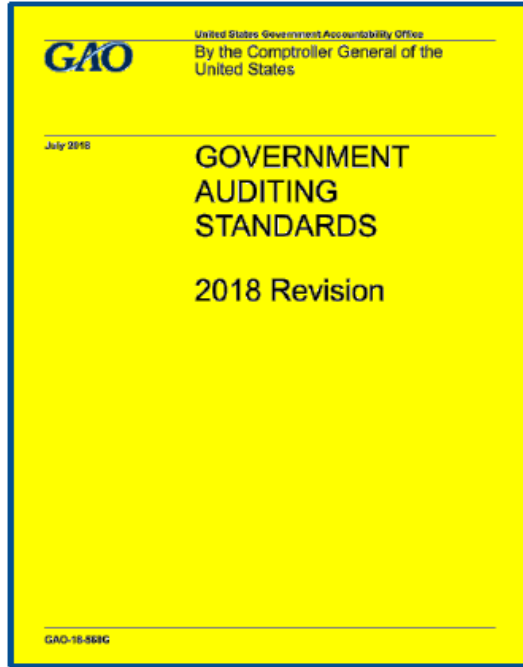
Internal Auditing



INTERNAL AUDITING =
ASSURANCE, INSIGHT,
AND OBJECTIVITY

Governing bodies and senior management rely on internal auditing for insight and objective assurance that existing internal controls are adequate to mitigate the organization's risks, governance and risk management processes are effective and efficient, and organizational goals and strategic objectives are met.

Internal Audit Standards = Risk Based Audits



Why we are here

- Today we are here to provide information on Internal Audit activities.
- Internal Audit Activity Update
 1. Internal Audits Completed
 2. Internal Audits in Progress
 3. Preliminary List of 2020 Audits
 4. Preliminary List of Topics for the 2020 Performance Audit

Internal Audits Completed

Internal Audit Completed (as of 11/6/2019)

Audits completed by Internal Audit		
2017	2018	2019
Facilities Services Contract Mgmt.	Non-Revenue Vehicle Program	Fare Enforcement Complaints
Indirect Cost Rates Follow-Up	Miscellaneous Revenue	Project Labor Agreement
Dual Benefits Reimbursement	IT Asset Management	Small and Attractive Assets
Indirect Costs for Co-located Consultants	System-Wide Custodial and Landscaping Services	Construction Progress Payment
Non-Regular Wages	Noncompetitive Procurement	Configuration Management
Federal Grant Drawdown Process	Asset Disposals	Partner Cost Monitoring Audit - KCM
Non-Construction Change Orders	Small Cap. Projects Management	Continuous Process Improvement Program
U240 and U250 EC/CM Audits	Continuous Monitoring of Disbursements*	Bold = audits with a finding * Ongoing review

Performance Audits completed (as of 11/6/2019)

Performance Audits completed by Consultants	
2018 – Project Controls During Construction	
2017 – Real Property Acquisitions	
2016 – Job Order Contracting	
2015 – Construction QA QC Program	
2014 – Public Safety Program	
2013 – Contract Management	
2012 – COP	
2011 – Value Engineering	
2010 – IT Procurement	

Internal Audits in Progress

Internal Audits in Progress

- Partner Cost Monitoring – Pierce Transit*
- Budgeting During Project Development*
- Work Order Process at OMF
- QA/QC Assurance Program Review

* carryover from 2018 work plan

Internal Audits in Progress

- 2019 Performance Audit by a Consultant
 - Scheduled to be completed by February 2020.
- 2019 State Auditor's Office (SAO) Audit
 - Scheduled to be completed early 2020.

Preliminary List of 2020 Audits

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1. Construction Change Orders
2. Construction Contract Procurement Process
3. Use of Construction Contingency*
4. State of Good Repairs Management
5. Consultant on/off boarding practices
6. Interlocal Government Agreement Management
7. IT Asset Management including Small & Attractive Assets
8. IT Vendor Management
9. IT Project Management*
10. IT Information Security Governance*

***Preliminary list of topics for
2020 Performance Audit***

Preliminary topics for 2020 Performance Audit

1. Construction Performance Metrics Management
2. Supervisory Control & Data Acquisition (SCADA)

Thank you.



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