

Audit Division Update

*Community Oversight Panel
November 8, 2023*

Data Classification: Unrestricted



Today's Agenda

- **What does the Audit Division do?**
 - What governs our work?
 - Audit landscape & organization
- **Financial Audit update**
- **Status Report – 2023 FTA triennial review**
- **Status Report - 2023 Internal Audits Completed**
 - Facilitated by Audit Division
 - Followed up on by Grants & Audit Division
- **2024 Performance Audit topics**

What does the Audit Division do?

- Provide objective assurance and consulting services designed to add value across the agency
- Strengthen and improve how the agency is operated and managed through risk-based audits
- Provide reasonable assurance that the agency is keeping its employees, contractors, and our riding public safe

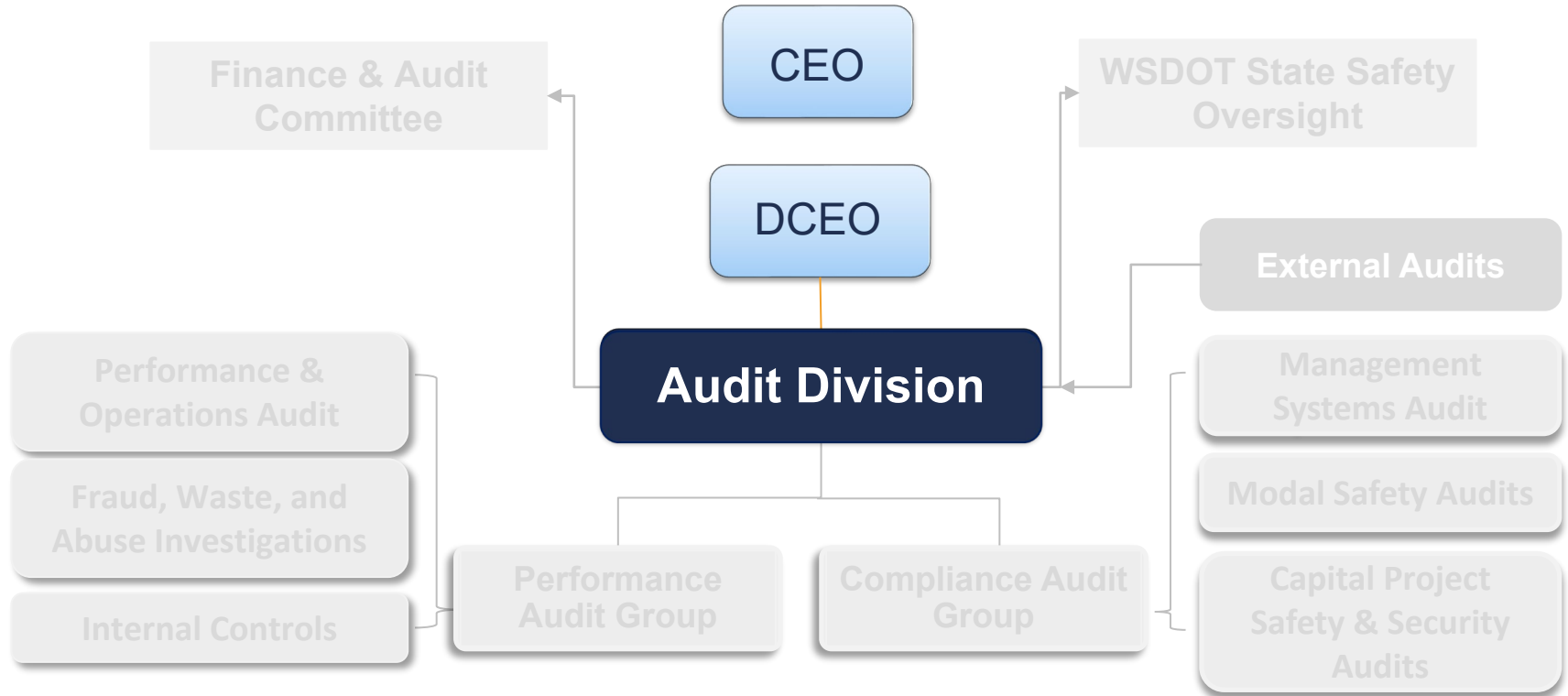
What governs our work?

- **External Practices** – (“Red Book” / “Yellow Book”) guidance from the Institute of Internal Auditors & Government Accountability Office (GAO)
- **Federal & State Mandates** – CFR’s 270 and 673, WSDOT Rail Safety Program Standard, FTA Circular (Safety Guidance for Capital Projects)
- **ST Board Resolution / Audit Charter** – Reporting line to Finance & Audit Committee & WSDOT, and governed by our documented internal policy, procedures and processes.

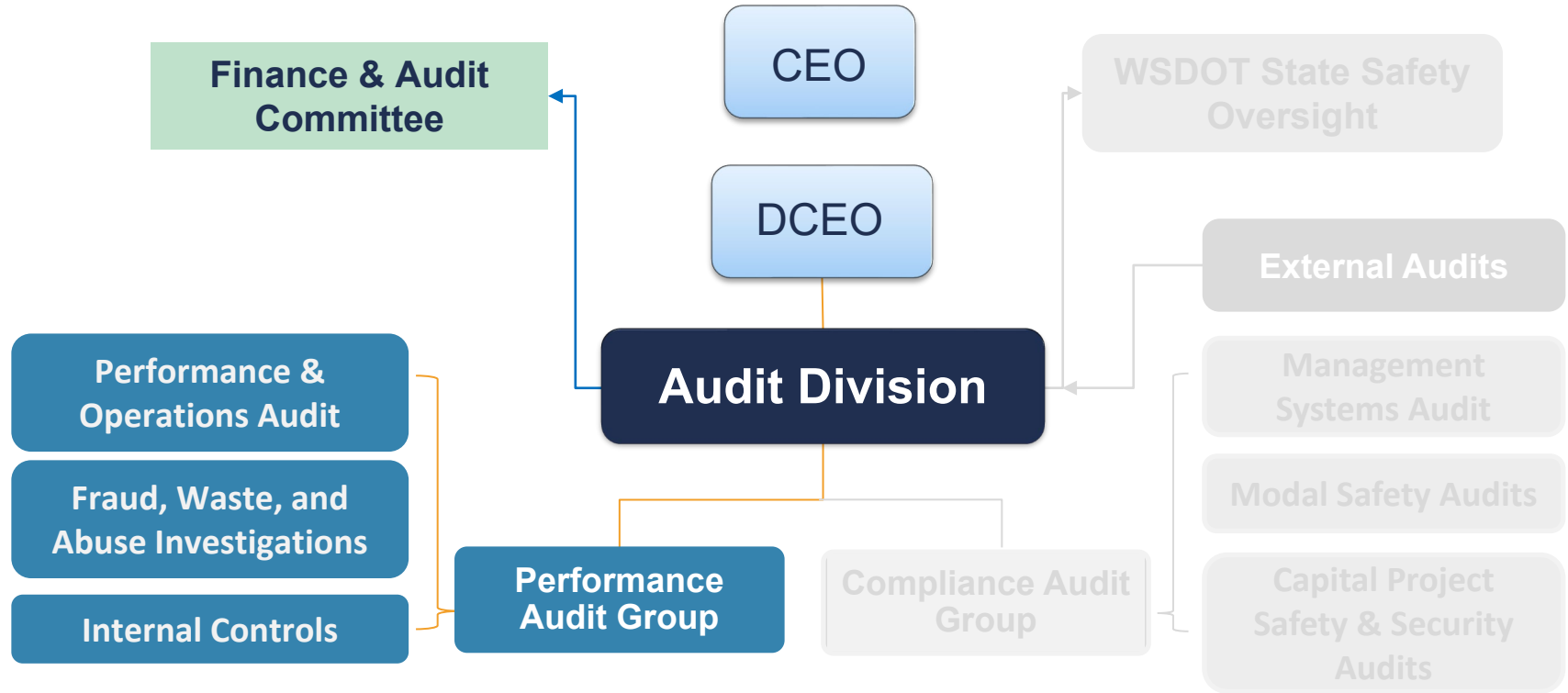
Audit Landscape



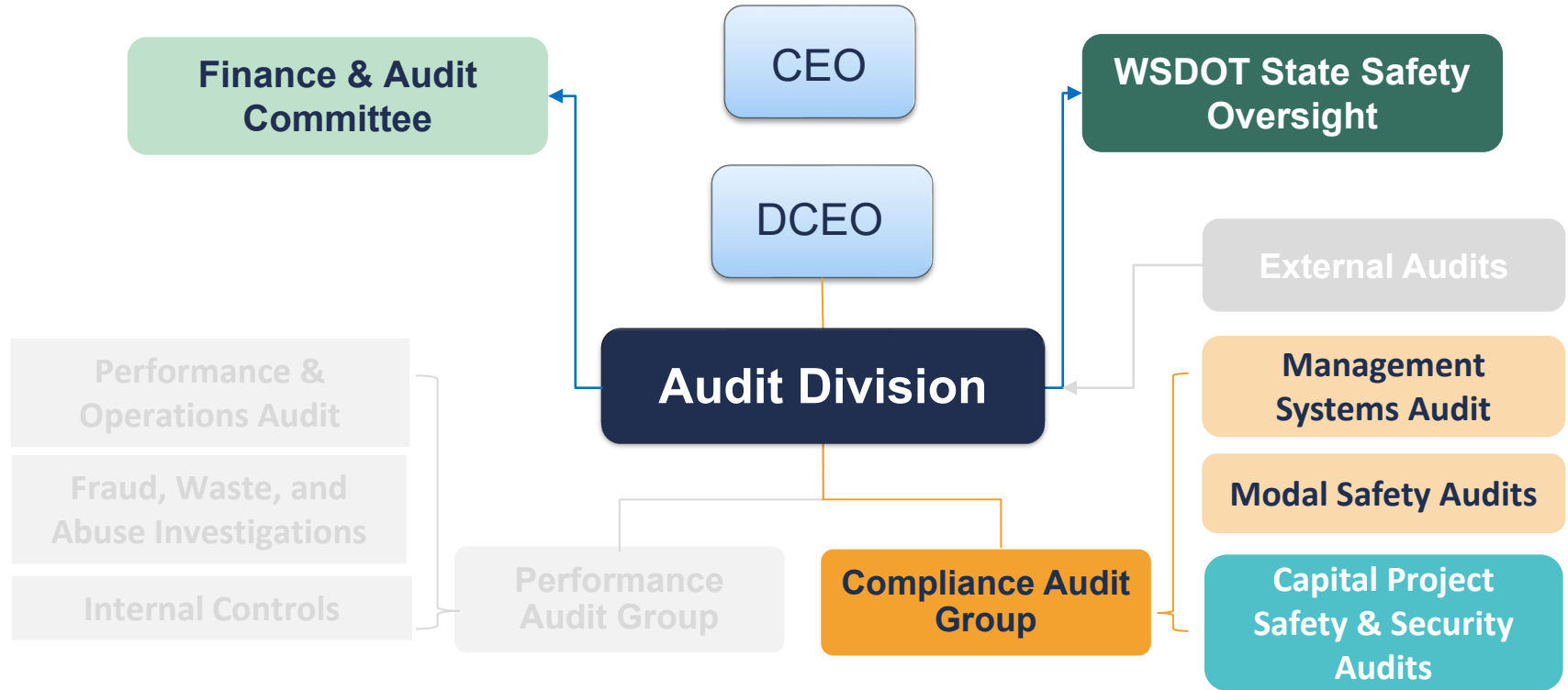
Audit Organization



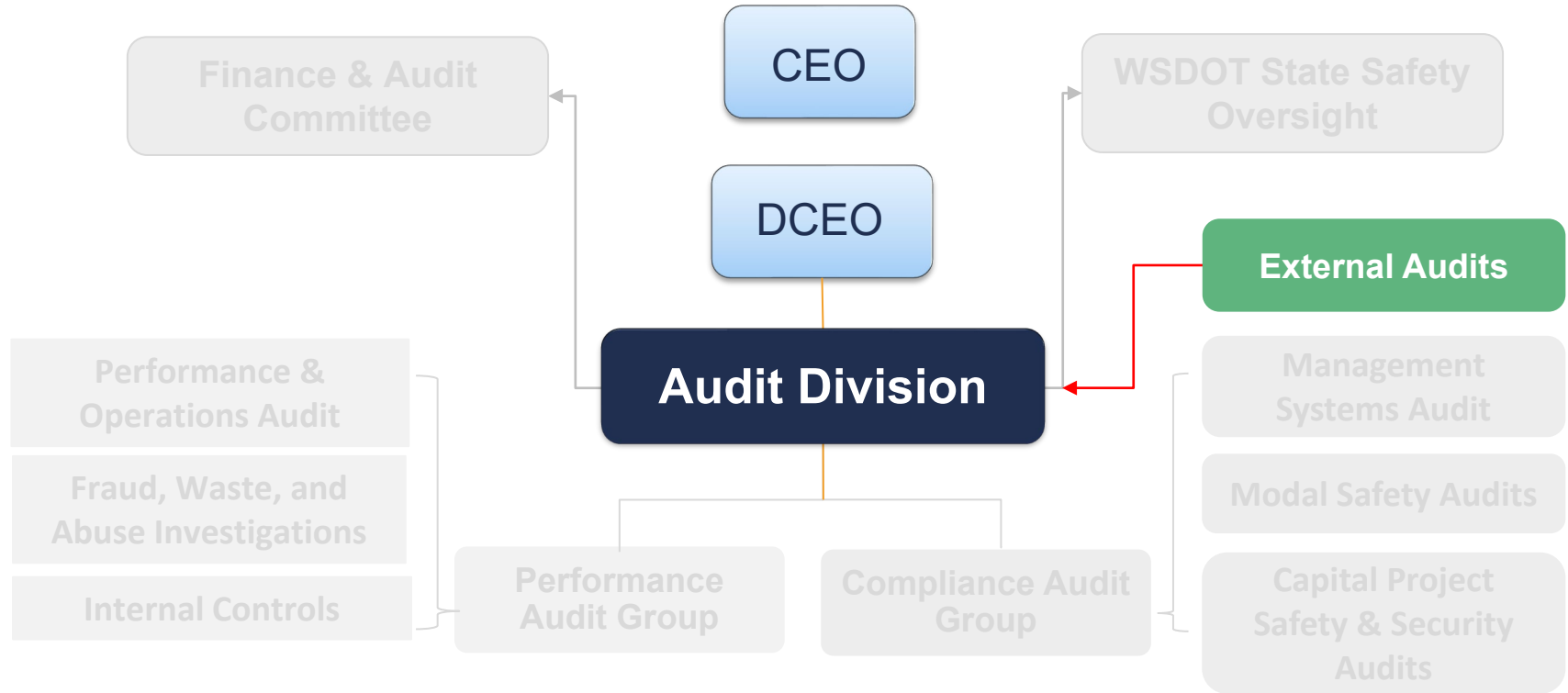
Audit Organization



Audit Organization



Audit Organization



Status Report - 2023 Internal Audits Completed

Financial Audit Update

Changes coming in 2024

- Agency has recently brought on a new consultant audit firm, Crowe, LLP to conduct finance facilitated audits.
- Crowe will be also conducting the Agreed Upon Procedures (AUP) engagements.

FTA 2023 Triennial Review status update

- 8 deficiencies noted in FTA's final report
- 5 deficiencies officially closed out
- The 3 remaining open deficiencies are on-track for submission to FTA; corrective actions are moving along and anticipate close out requests will be submitted within the deadlines.

2023 Audits facilitated by Audit Division

Overview of 18 audits scheduled

Performance

4

Audits

Compliance

7

Audits

Capital Project

7

Audits

2023 Audits facilitated by Audit Division

Overview of 18 audits scheduled



- Track Maintenance Scheduling – Link Light Rail Audit
- SCADA & Transit Systems Audit (combined)
- State of Good Repair – Northgate Link Extension
- **Capital Projects Closeout Process Audit – In progress**

2023 Audits facilitated by Audit Division

Overview of 18 audits scheduled



- ST Express Internal Safety Audit
- Environmental Management System Internal Audit
- Sounder Commuter Rail & FRA Accident / Incident Internal Audit
- Safety Management Systems (SMS) Internal Audit
- **Link & Tacoma Link Internal Safety Audits – In progress**

2023 Audits facilitated by Audit Division

Overview of 18 audits scheduled



- Hilltop Link Construction & Pre-Integrated Testing Safety Certification Audits
- East Link (E320) Construction Conformance Safety & Security Certification Audit
- East Link (E335 / E360 / E750) Construction Conformance Safety & Security Certification Audits
- Hilltop Link Operational Readiness Safety & Security Certification Audit
- **Federal Way Design Conformance Safety & Security Certification Audit**
- **Lynnwood Link (I800) Design Conformance Safety & Security Audit**

2024 Performance Audit Topic

Consultant led - Performance Audits

Performance Audits completed by Consultants
2017 – Real Property Acquisitions
2018 – Project Controls During Construction
2019 - Workforce Performance Management
2020 – <i>(Postponed due to COVID)</i>
2021 – Construction Performance Metrics Management
2022 – SCADA systems <i>(postponed, no qualified consulting firms)</i>
2023 – Service Change Communication and System Expansion Time Accountability <i>(postponed, staff work in progress on both)</i>

COP Recommended audit topics

- ***Option 1: Select one (1) of the two recommended 2023 topics***
 - Topic #1 – Service Interruption Communications
 - Topic #2 – System Expansion Time charging accountability
- ***Option 2: Alternate topic recommended by Community Oversight Panel to Finance & Audit Committee***

Thank you.



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