

Finance and Audit Committee and Board of Directors  
Central Puget Sound Regional Transit Authority  
Seattle, Washington

In planning and performing our audit of the financial statements of Central Puget Sound Regional Transit Authority (“Sound Transit”) as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered Sound Transit’s internal control over financial reporting (“internal control”) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sound Transit’s internal control. Accordingly, we do not express an opinion on the effectiveness of Sound Transit’s internal control. Matters communicated in this letter are classified as follows:

- **Material Weakness** – A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis.
- **Significant Deficiency** – A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- **Deficiency** – A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control that we are required to or wish to communicate to you.

Information Technology General Controls – Physical Security and Business Continuity	Deficiency
Control Deficiency:	<p>Government Auditing Standards (GAGAS) require that management establish and maintain effective internal control to achieve objectives related to operations, reporting, and compliance.</p> <p>During the Financial Management Oversight review conducted by the Federal Transit Administration (FTA), two deficiencies related to IT general controls were identified:</p> <ul style="list-style-type: none"> <li>• Physical access to the data center is broadly available to approximately 500 staff through a lock-and-key door, with no additional safeguards such as server cages, badge access controls, or monitoring mechanisms.</li> <li>• A comprehensive, documented, and tested business continuity plan (BCP) has not yet been completed.</li> </ul>

<b>Information Technology General Controls – Physical Security and Business Continuity</b>		<b>Deficiency</b>
Potential Effect:	The lack of adequate physical access controls increases the risk of unauthorized access to critical systems and data, which could result in data loss, system disruption, or compromise of sensitive information. Additionally, the absence of a completed and tested BCP increases the risk that the entity would be unable to effectively respond to or recover from a disruption, potentially resulting in prolonged service outages, financial loss, or noncompliance with regulatory requirements.	
Recommendation:	<p>Management should strengthen IT general controls by:</p> <ul style="list-style-type: none"> <li>• Implementing enhanced physical security measures over the data center, including restricting access to authorized personnel only, implementing badge or electronic access controls, and considering additional safeguards such as server cages and access logging/monitoring.</li> <li>• Completing, documenting, and implementing a comprehensive business continuity plan that includes disaster recovery procedures, roles and responsibilities, communication protocols, and periodic testing to ensure effectiveness.</li> </ul>	

<b>Internal Audit Governance and Organizational Independence</b>		<b>Deficiency</b>
Control Deficiency:	<p>The Institute of Internal Auditors (IIA) International Standards require that the internal audit function must be independent and report functionally to the governing body, and the chief audit executive should have direct access to senior management and the Board to ensure independence and objectivity.</p> <p>Based on discussions with Internal Audit personnel and review of relevant governance documentation:</p> <ul style="list-style-type: none"> <li>• The Deputy Executive Director – Internal Audit is the Chief Audit Executive.</li> <li>• While the Internal Audit charter and organizational structure indicate a direct reporting relationship to the Chief Executive Officer (CEO) and the Finance and Audit Committee (FAC), in practice, the Internal Audit function primarily reports indirectly and administratively through the Deputy CEO – Program Management Office.</li> <li>• The Internal Audit charter has not been formally approved by the governing board or FAC.</li> <li>• During 2025, interaction between Internal Audit and the FAC Chair and the CEO is limited. Communications with the FAC Chair generally occur only in conjunction with quarterly FAC meetings, and there are no regular independent meetings between Internal Audit and the CEO or FAC Chair outside of management’s presence.</li> </ul>	
Potential Effect:	The current reporting structure and limited direct interaction with the governing body and executive leadership may impair the independence and objectivity of the Internal Audit function.	
Recommendation:	We recommend that the Internal Audit charter is formally reviewed and approved by the FAC or governing board. We also recommend that Sound Transit establish and document a functional reporting relationship whereby Internal Audit reports directly to the FAC, including authority over internal audit planning, reporting, and performance evaluation. Lastly, we recommend regular executive sessions between Internal Audit and the FAC Chair and/or full committee, as well as periodic direct access to the CEO, independent of other management.	

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting, and the results of that testing, and not to provide an opinion on the effectiveness of Sound Transit's internal control over financial reporting. This letter is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sound Transit's internal control over financial reporting. Accordingly, this letter is not suitable for any other purpose.

*Crowe LLP*

Crowe LLP

Indianapolis, Indiana  
April 9, 2026