Agenda

1. Introductions
2. Audit Deliverables
3. Audit Approach
4. Timeline
5. Finance and Audit Committee Planning Inquiries
6. Emerging Issues
Introductions – Crowe

6,500+
U.S. Professionals

38
U.S. Locations

80
Years

36,500
Crowe Global Professionals

146
Countries

Auditing
10
of top 25 public transit agencies
Audit Deliverables

Financial Statement Audits
- Independent Auditor’s Report (Sound Transit Financial Statements)
- Management Letter (Communication of internal control deficiencies under SAS 115)
- SAS 114 Letter (Required communications with Those Charged With Governance)

Federal Compliance Audit
- Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor’s Report on Compliance for Major Federal Program; Report on Internal Control over Compliance
- “In relation to” opinion on the Schedule of Expenditures of Federal Awards
- Crowe’s electronic certification of the Data Collection Form through Federal Audit Clearinghouse

Agreed-Upon Procedures Reports
- National Transit Database Federal Funding Allocation Statistics Form
- Schedule of Sources and Uses of Funds by Subarea
Audit Approach

• Internal Controls
• Implementation of New Standards
  • GASB 96, Subscription-Based Information Technology Arrangements
  • GASB 99, Omnibus *(certain paragraphs)*
  • GASB 100 – Accounting Changes and Error Corrections
  • GASB 101 – Compensated Absences
  • Implementation Guide 2021-1 Update
• Federal grant funding compliance
• Traditional Risk Areas (cash, capital assets, debt, revenue, etc.)
### Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 13</td>
<td>Interim financial audit fieldwork and Single Audit planning began</td>
</tr>
<tr>
<td>February 26</td>
<td>Year-end financial audit and wrap up of Single Audit fieldwork to begin</td>
</tr>
<tr>
<td>April 28</td>
<td>Issue Sound Transit financial statements</td>
</tr>
<tr>
<td>May 8</td>
<td>Subarea AUP testing to begin</td>
</tr>
<tr>
<td>May 31</td>
<td>Issue final Subarea AUP report</td>
</tr>
<tr>
<td>June 5</td>
<td>NTD testing to begin</td>
</tr>
<tr>
<td>June 30</td>
<td>Issue final NTD AUP report</td>
</tr>
<tr>
<td>TBD – June 2024</td>
<td>Crowe to present final reports to Finance and Audit Committee</td>
</tr>
</tbody>
</table>
Finance and Audit Committee Planning Inquiries

• Fraud inquiries required by SAS 99
  • Management understands that it is their responsibility to prevent and detect fraud.
  • Management’s views on the risks of material misstatement due to fraud, including the following:
    • Does management have knowledge of any fraud or suspected fraud affecting the entity?
    • Is management aware of any allegations of fraud or suspected fraud affecting the entity?
    • What is management’s understanding about the risk of fraud in the entity, including any specific fraud risks the entity has identified or account balances or classes of transactions for which a risk of fraud may be likely to exist?
    • What programs or controls are established to reduce specific fraud risks that have been identified and how are these monitored?
    • How does management communicate to employees its view on business practices and ethical behavior?
    • Has management reported to the Committee (or others with the equivalent authority and responsibility) how the entity’s internal control serve to prevent, deter, or detect material misstatement due to fraud?

• Committee feedback and planning input
• Communication and status updates
Finance and Audit Committee Planning Inquiries

In an effort to assist the Finance and Audit Committee in its oversight role, the following potential fraud risks in the public transit industry have been identified for discussion:

1. Misappropriation of assets
2. Undisclosed related party relationships
3. Unauthorized or improperly applied employee compensation and benefits
4. Loss of funds due to improper/unauthorized access to financial assets (i.e. hacking or phishing)
5. Loss of personal or sensitive information due to data breach
6. Misapplication or misuse of restricted funds
Emerging Issues

• Implementations on the horizon
  • None currently for Calendar Year 2024
    • GASB 100 and 101 are being early adopted
  • Ongoing COVID-19 Related Issues
Thank You

Brad Schelle
brad.schelle@crowe.com