Internal Audit Division Update

Finance and Audit Committee | 10/24/19
Why we are here

• Today we are here to provide information on Internal Audit activities.

Internal Audit Activity Update

• Internal Audits Completed
• Internal Audits In Progress
• 2019 Performance Audit Update
Internal Audits Completed
Audits Completed - Continuous Process Improvement Program

Audit Objective
To determine whether the agency has effective controls to ensure:
• Timely benefits realization following CPI implementation
• Continuous CPI benefits through regular management monitoring

Audit Conclusion
The audit concluded that the agency has effective controls to reasonably ensure that Continuous Process Improvements realize benefits in a timely manner following implementation and continue to realize benefits through regular management monitoring.
Audits Completed – Construction Configuration Management

Audit Objective

To determine whether the agency has effective controls to ensure:
• As-built drawings as input to subsequent change configuration management are complete and timely compiled following the completion of construction projects.
• All configuration changes are completely identified, properly authorized and efficiently managed in compliance with applicable agency policies.

Audit Conclusion

The audit concluded that the agency has effective controls over operational configuration changes. However, controls over the complete and timely compilation of as-built drawings following construction as input to subsequent change configuration management are not adequate.
• **One Finding:** As-built drawings management during construction should be strengthened.
Audits Completed – Construction Progress Payment Processing

Audit Objective
To determine whether the agency has effective controls to ensure:
• Proper monitoring of the work progress to justify the payment requested.
• Proper review of progress payment supporting documents to determine completeness and accuracy.

Audit Conclusion
The audit concluded that management controls over construction progress payment process are effective to reasonably ensure proper monitoring of the work progress to justify the payment requested; and adequate review of progress payment supporting documents to determine completeness and accuracy.
**Audit Objective**

To determine whether the agency has effective controls to ensure:

- KCM costs allocated to Sound Transit are allowable, allocable, and reasonable.
- KCM costs allocated to Sound Transit are actual expenses.

**Audit Conclusion**

The audit concluded that the agency controls are not designed well to ensure KCM costs are actual, allowable, allocable, and reasonable.

- **One finding:** Sound Transit controls over KCM Cost Allocation Model review are limited and should be strengthened.
Internal Audits in Progress
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
2019 Performance Audit Update
2019 Performance Audit Update

Performance Audit by Internal Audit
The audit objectives are:

• To determine whether agency employee performance management practices are in alignment with best practice to sustain a high-performance workforce.

• To identify opportunities for continuous improvement with practical recommendations.

Contract has been signed with the vendor and the auditors are commencing their work.

Performance Audit by State Auditor’s Office
The SAO plans to publish the audit results in early 2020.
Thank you.