

Sound Transit Audit Division

2022 Annual Report

Background: The Audit Division's Charter requires the Director to provide a formal annual report to the Finance & Audit Committee and WSDOT State Safety Oversight (SSO) Program Office summarizing the work of the agency's Performance, Compliance, and Safety & Security Certification audit groups; including highlights, published work, and follow up activities.

Each audit group completes their annual work as part of the division's three-year audit plan:

- **Performance Audit group** – completes risk-based performance audits in accordance with Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing (IPPF).
- **Compliance Audit group** – completes federally and state mandated risk-based safety and security audits. Additionally, this group completes required management system (e.g., ISO) internal audits.
- **Safety & Security Certification Audit group:** completes safety & security certification audits at specific points in the agency's capital project lifecycle.

Highlights: **Diversity, Equity and Inclusion into audit work** (Performance Audit Group)

In 2022, based on audit industry practices, the division began implement strategies for including diversity, equity, and inclusion (DEI) perspectives into the performance audit group's work. Each performance audit captured areas for future audit work considerations, and brought further ideas to the table on how to include and expand the DEI lens as part of future compliance auditor and division-wide work plans.

Structures Oversight Internal Audit (Performance Audit Group)

Published in April, our audit sought to review how the agency inspects and maintains our structures according to industry standards; and if we are mindful of the investment made for public transit.

Results: We found that key processes, roles, responsibilities, and accountabilities lack appropriate definition to ensure that structural assets are maintained in a consistent, objective and transparent manner. We also found while opportunities to improve existing structural inspections are performed consistently, and assets are adequately maintained.

November 26, 2021 Link Incident Internal Audit (Division-wide)

In May, we published our final report in response to a request in December 2021 by former CEO Peter Rogoff to broadly investigate the November 26, 2021 service disruption on the Link light rail system north of the University of Washington station. Our audit focused on what caused the incident, and the subsequent breakdown of communications between Sound Transit and King County Metro.

Results: Our audit revealed the implicit need for both agencies and multiple departments to drastically improve operations and communications. Even before being published, corrective actions were being undertaken by both agencies to address and implement actions to strengthen processes when a similar event occurs in the future.

Safety & Asset Management Systems Internal Audits (Compliance Audit Group)

In November, we completed two internal audits against Safety and Asset Management systems, each being an agency-wide strategic goals, in order to evaluate and assess progress each has made and give feedback on progress towards accreditations for each separate management standard.

Results: While agency processes for both are in development, our work was to provide a point-in-time status report to help the agency to move towards future work and meet two strategic goals.

Publications: Over the course of the 2022, we produced 17 final audit reports between the three audit groups, listed below.

Performance audits (4 audits):

- Structures Oversight Internal Audit
- Data Classification & Retention Internal Audit
- Transit Police Contract Audit
- Vertical Conveyance Systems Audit

Compliance audits (7 audits):

- ST Express Internal Safety Audit
- Environmental & Sustainability Management System (ESMS) Internal Audit
- Safety Management Systems (SMS) Internal Audit
- Asset Management Systems (AMS) Internal Audit
- Link Light Rail Internal Safety Audit
- Tacoma Link Light Rail Internal Safety Audit
- Sounder Commuter Rail Internal Safety Audit

Safety & Security Certification audits (6 audits):

- East Link (E330 / E340) Design & Construction Conformance Certification Audits
- Tacoma Link light rail vehicle (LRV) Procurement Safety Certification Audit
- Downtown Redmond Link Certification Audit
- Operations & Maintenance Facility East (OMF-East) Certification Audit
- Sounder Vehicle Procurement Safety Certification Audit

Follow up: Throughout the year, we follow up on all open internal audit findings, observations, and recommendations to increase transparency and accountability; and as a catalyst for agency-wide continuous improvement. As part of the audit process, we track all findings and observations until they have been addressed, verified, and are complete.

In 2022, we followed up on 40 previous and current audit findings and observations.

Furthermore, as audit corrective actions are verified and complete, we also close audit projects. In 2022, we closed 12 previous and current audit projects:

Performance audits (categorized by calendar year and project number):

- 2018 – 06: Asset Disposal Audit
- 2019 – 01: Fare Enforcement Customer Complaint Audit
- 2019 – 03: Small & Attractive Assets Audit
- 2020 – 04: Information Security Governance Audit
- 2020 – 07: Interlocal Agreements Audit
- 2021 – 01: Business Continuity & Disaster Recovery Audit
- 2020 – 02: Safety Assurance Audit
- 2019 – 07: Continuous Process Improvement Audit

Compliance audits:

- 2022 – 00: Point Defiance Bypass Resumption of Service Audit

Safety & Security Certification audits:

- 2022 – 01: Downtown Redmond Link Extension Hazard Analysis Verification Audit
- 2021 – 11: Tacoma Link Light Rail Vehicle (LRV) Procurement Audit #1
- 2022 – 12: Tacoma Link Light Rail Vehicle (LRV) Procurement Audit #2

Staff updates: As of year-end, one (1) Sr. Auditor position was vacant and anticipate that position will be filled in early 2023.

Javier Perez, Sr. Compliance Auditor, was recognized as part of the inaugural graduating class from the Latinos in Transit (LIT) Academy at the 2022 American Public Transportation Association (APTA)'s TRANSform conference held in Seattle in October 2022.

Kayla Schoonhoven, Sr. Performance Auditor, was recognized as the Conference of Minority Transportation Officials (COMTO) Washington State Emerging Leader for 2022. Kayla also serves as the Treasurer for COMTO Washington State.

Declaration of Independence: According to the Institute of Internal Auditors (IIA) Attribute Standards 1110 – Organizational Independence, as well as the divisions' charter and procedures, the Director, Audit Division must confirm at least annually, the division's organizational independence.

Additionally, IIA standard 1110.A1 states that the "internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.

Director's affirmation: As of this annual report, as the agency's chief audit executive, I confirm that the Audit Division was able to carry out our audit activities during the 2022 free from management interference and we remain organizationally independent of areas and programs we audit.

Patrick Johnson, Director, Audit Division