2025 Internal Audit Annual Report

Report Date: March 12, 2026

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Executive Summary

This annual report provides the Board, through the Finance & Audit Committee, and the CEO with a summary of Internal Audit's 2025 work, including key results and insights that support effective governance, internal controls, and risk management.

It also reflects our continued progression towards delivering meaningful, practical guidance as a trusted advisor while delivering independent assurance role across the agency.

Audit Highlights

- 15 audits completed, with 5 postponed. (Summarized in Tables 1 and 2).
- 17 findings were issued, and 23 management action plans were developed to address them.
- 8 of the 15 audits (53%) resulted in no (0) findings, demonstrating strong compliance across multiple modes and capital programs.

Scope and Key Takeaways

Internal Audit's 2025 work included light rail, commuter rail, and bus operations, as well as capital projects, safety and security, environmental oversight, fare compliance, and non-revenue vehicle (NRV) governance. We identified several areas where processes could be strengthened, particularly in safety and security governance, documentation practices, and contractor and asset oversight—which may affect overall operational consistency and compliance. At the same time, many modal audits and capital certification reviews showed strong adherence to requirements, supported by resilient frontline operations, solid policy frameworks, and timely corrective actions during fieldwork.

Action Plan Monitoring

To ensure changes are being implemented and help the agency improve, Internal Audit monitors the status of open management action plans and verifies completion to support timely and effective risk mitigation, while strengthening our role as a trusted advisor. A summary of 2025 action plan progress is provided in Table 3.

Loss Reporting (RCW 43.09.185)

There were no known or suspected losses of public resources requiring reporting to the State Auditor's Office (SAO) in 2025.

Audit Feedback Snapshot

As part of our Quality Assurance and Improvement Program (QAIP), we collect anonymous feedback from audit customers to help us continuously improve our audit process. Our 2025 results appear below.

- **Response rate**: 36% (down from 67% in 2024).
- **Customer satisfaction:** improved by 55% year-over-year.
- **Strengths**: engagement, clarity, support from auditors, relevance of findings.
- **Opportunity**: improve timeliness of audit completion.

Table 1 — Audit Results Summary

Audit Title	Findings	Finding Status	Summary
Tacoma Link Annual Compliance Audit	0	—	—
FRA 225 Reporting Compliance Audit	0	—	—
DRLE Construction Certification (AP 3000)	1	Closed	Documentation completeness within SSIMS.
East Link (E130) Construction Certification	0	—	—
DRLE Readiness Certification (AP 4000–7000)	1	Closed	Documentation accuracy within SSIMS.
ESMS Internal Audit	0	—	—
Sounder Annual Compliance Audit	5	Open	Hazard escalation, contractor oversight, defect reporting coordination.
Fare Compliance Performance Audit	1	Open	Job hazard analysis for Fare Ambassadors.
NRV Program Special Audit	4	Open	Identity/access controls, MVR monitoring, exception documentation, fuel/maintenance integration.
FWLE Construction Certification	0	—	—
FWLE Readiness Certification	0	—	—
ST Express Annual Compliance Audit	0	—	—
Link Light Rail Annual Compliance Audit	1	Open	Overdue SOP/SMP reviews.
Security & Emergency Management Internal Audit	4	Open	System Security Plan, Agency Continuity Plan, emergency procedure updates, training alignment.
Customer Complaint Process Performance Audit	0	—	—

Table 2 — Audits Postponed

Audit Title	Comments
Follow-Up: 11/26/2021 Link Incident Audit	Rescheduled as advisory work in 2026; full assurance audit in the future.
Capital Project Closeout Audit	To be reconsidered once closeout processes stabilize in 2026.
Disaster Preparedness Audit	Planned for inclusion in broader 2026 performance audit.
BRT (Electric Vehicles) Procurement (AP 5000)	Tentatively scheduled for 2027.
East Link (E130) Readiness Certification (AP 4000-7000)	Included in 2026 Audit Plan.

Table 3 — 2025 Open Action Plans

Audit Plan Title	Project Name	Issue Title	Action Plan Title	Estimated Completion Date	Responsible Party (Dept or Division)	Brief Update
2025 Audit Plan	2025 Link Light Rail Annual Compliance	Approximately 30% (66 of 227) of Standard Operating Procedures (SOPs) and Standard Maintenance Procedures (SMPs) for Link light rail are past due for their required 10-year review.	Review and update all out-of-date SOPs/SMPs	12/31/2026	Service Delivery	2/18/26: Report issued Feb 2026, updates will commence after 30 days.
2025 Audit Plan	2025 Public Safety & Emergency Management	Sound Transit lacks a formal Agency Continuity Plan that outlines the continuation of essential services in the event of a significant operational disruption.	Develop a formal Agency Continuity Plan	3/31/2026	Enterprise Safety	2/18/26: Agency Continuity Plan, January 2026, Rev 0 was signed 2/13/2026. Recommended closure to WSDOT SSO.
2025 Audit Plan	2025 Public Safety & Emergency Management	Sound Transit currently lacks a System Security Plan outlining a comprehensive approach to managing security risks and vulnerabilities.	Develop and maintain a standard-alone System Security Plan (SSP).	11/30/2026	Service Delivery	2/8/26: On schedule, SSEPP updates planned for Q3 2026

Audit Plan Title	Project Name	Issue Title	Action Plan Title	Estimated Completion Date	Responsible Party (Dept or Division)	Brief Update
2025 Audit Plan	2025 Public Safety & Emergency Management	Out-dated training requirements remain referenced in the Integrated Preparedness Plan (IPP).	Remove the Weekly Readiness Training reference from the Integrated Preparedness Plan to ensure alignment between documented preparedness activities and current program priorities)	3/30/2026	Enterprise Safety	2/18/26: Integrated Preparedness Plan (IPP) updates planned for Q1 2026.
2025 Audit Plan	2025 Public Safety & Emergency Management	Emergency Exercise Program Procedure (EM08) contains incorrect regulatory references and administrative errors.	Update regulatory references and inconsistent terminology in the Emergency Management Program Procedure (EM 08)	3/31/2026	Enterprise Safety	2/18/26: Updates to Emergency Management SOP (EM 08) are planned for Q1 2026.
2025 Audit Plan	2025 Sounder Annual Compliance	Reporting of defective Sounder equipment between BNSF, Amtrak, and ST.	(1) Develop contractor SOPs (2) Create SOP outlining MAP100 forms reporting	6/30/2026	Service Delivery	2/18/2026: Contractor Oversight Plan, SCR-SOP-10017, updates in -work. Est. Completion Q3 2026. Monthly maintenance audits performed/documented.
2025 Audit Plan	2025 Sounder Annual Compliance	Contractor maintenance activities inconsistent with agency and FRA requirements.	(1) Review/update SOPs/checklists (2) Create a comprehensive Agreement Matrix identifying all contract deliverables	9/30/2026	Service Delivery	2/18/26: Existing plans, procedures and checklists reviewed, updates pending, Est. Completion Q3,2026. Matrix developed for Contract Maintenance & Oversight.
2025 Audit Plan	2025 Sounder Annual Compliance	Contract oversight for Amtrak maintenance inconsistently followed.	(1) Revise contract oversight SOP (2) perform monthly audits (3) build new software	6/30/2026	Service Delivery	2/18/26: SOPs in development, on track. Est. Completion Q2 2026
2025 Audit Plan	Fare Compliance Performance Audit	Job Hazards are not identified or assessed for Fare Ambassadors.	Establish a standardized uniform for Fare Ambassadors.	TBD*	Service Delivery	2/19/26: Management is re-confirming that the proposed actions are still actionable and relevant.

Audit Plan Title	Project Name	Issue Title	Action Plan Title	Estimated Completion Date	Responsible Party (Dept or Division)	Brief Update
2025 Audit Plan	Fare Compliance Performance Audit	Job Hazards are not identified or assessed for Fare Ambassadors.	Improve how Fare Ambassadors and supervisors review incidents to support learning and accountability.	TBD*	Service Delivery	2/19/26: Management is re-confirming that the proposed actions are still actionable and relevant.
2025 Audit Plan	Fare Compliance Performance Audit	Job Hazards are not identified or assessed for Fare Ambassadors.	To strengthen field communication and enhance safety, a pilot program will be launched to have Fare Ambassadors test radio communication in the field.	TBD*	Service Delivery	2/19/26: Management is re-confirming that the proposed actions are still actionable and relevant.
2025 Audit Plan	Fare Compliance Performance Audit	Job Hazards are not identified or assessed for Fare Ambassadors.	Work with appropriate partners to draft a regional Rider Code of Conduct adopted by ST and all partner transit agencies.	TBD*	Service Delivery	2/19/26: Management is re-confirming that the proposed actions are still actionable and relevant.
2025 Audit Plan	Fare Compliance Performance Audit	Job Hazards are not identified or assessed for Fare Ambassadors.	Work with TSS and EHS to implement internal safety targets, in the absence of a formal risk reduction program.	TBD*	Enterprise Safety, Service Delivery	2/19/26: Management is re-confirming that the proposed actions are still actionable and relevant.
2025 Audit Plan	Non-Revenue Vehicle (NRV) Program Audit	Driver Eligibility Monitoring Relies on Manual Processes.	Implement automated alerts and a shared dashboard	6/30/2026	Service Delivery	3/02/26: Audit met with Legal and People & Culture (P&C) on 01/09/26 to determine MVR processes, reporting, and current policy implications. Audit will follow up with P&C for further action by the end of March 2026.
2025 Audit Plan	Non-Revenue Vehicle (NRV) Program Audit	Fuel Card and Maintenance Controls Lack Integration.	Link fuel and usage data, automate exceptions, set controls, and improve maintenance tracking with alerts and integration.	6/30/2026	Service Delivery	3/3/26: Changed ownership to Asset Management and following up to confirm action plan and obtain and updated estimated completion date.
2025 Audit Plan	Non-Revenue Vehicle (NRV) Program Audit	Lack of Defined Process for NRV Exceptions and Approvals.	New technology such as the new EAMS Enterprise system which is targeted at replacing Fleet Commander include automated features to address this finding.	6/30/2026	Service Delivery	3/3/26: Changed ownership to Asset Management and following up to confirm action plan and obtain and updated estimated completion date.

Audit Plan Title	Project Name	Issue Title	Action Plan Title	Estimated Completion Date	Responsible Party (Dept or Division)	Brief Update
2025 Audit Plan	Non-Revenue Vehicle (NRV) Program Audit	Identity and Access Controls for NRV Drivers Are Inadequate.	Revise the current process which verifies driver license validity by requiring the requesting ST employee to provide a valid employee ID badge and a valid driver's license.	5/30/2026	Service Delivery	3/3/26: NRV Procedure has been updated. NRV mgmt. is currently working with GSC mgmt. to implement.

*Some action plans were created based on preliminary information and are now being re-evaluated by responsible management. While that review is underway, these items are marked 'TBD' until updated actions and timelines are confirmed.