Internal Audit Update

- Management Update on the 2015 QA/QC Program Performance Audit
- Management Update on the A&E Contract Compliance Audit
- Internal Audits Completed
- Internal Audits In Progress
- 2015-2016 Biennial Internal Audit Work Plan Status
- Selection of a 2016 Performance Audit Topic
Management Update on the 2015 QA/QC Program Performance Audit
Management Update on the A&E Contract Compliance Audit
Management Update on the A&E Contract Compliance Review

Prepared by the Procurement & Contracts Division for ST management
Recommendation #1

Approval of Personnel Additions

Management Action

Clarifying Language added to our Standard A&E Agreement
Recommendation #2

Approval of Direct Labor Rates

Management Action

Clarifying Language added to our Standard A&E Agreement
Recommendation #3

Approval of Travel Costs

Management Action

ST Project Managers, and A&E Consultants, Reminded of Existing Controls in the Approval Process that will Continue to be Monitored
Recommendation #4

Approval of Overtime Costs

Management Action

ST Project Managers, and A&E Consultants, Reminded of Existing Controls in the Approval Process that will Continue to be Monitored
Confirmed that PB’s current accounting of total costs-to-date are accurate, and PB will withhold disputed amounts from future billing until resolved.
Leased Vehicle Costs

Clarifying Language added to our Standard A&E Agreement
Internal Audits Completed
Internal Audits Completed

• Facilities Condition Assessment Program
• Procurement Card (Recurring Audit)
Facilities Condition Assessment Program

- Objectives: Compliance with internal and external requirements and utilization of assessment data.
- Conclusion: The program is compliant and the agency is utilizing assessment data to determine efficiency and effectiveness of asset management activities.
Internal Audits in Progress
Audits in Progress

- Sounder Contract Compliance Monitoring
- Project Labor Accounting
- Follow-Up of Prior Audit Issues from the Wireless Device Program Audit
2015-2016 Biennial Internal Audit Work Plan Status
## 2015-2016 Biennial Internal Audit Work Plan Status

The 2015-2016 biennial work plan has a total of 53 individual projects:

<table>
<thead>
<tr>
<th></th>
<th>2015 Audits</th>
<th>2016 Audits</th>
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<tbody>
<tr>
<td></td>
<td>Completed</td>
<td>Not Completed</td>
</tr>
<tr>
<td>Audits</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Carryover from prior year</td>
<td>2</td>
<td>4</td>
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<tr>
<td>Follow up of prior year audits</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Recurring Audits</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td><strong>16 (53%)</strong></td>
<td><strong>14 (47%)</strong></td>
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Revised 2016 Internal Audit Work Plan

- Payment Accuracy
- 2016 Performance Audit
- Facilities--Equipment & Parts
- Facilities--Service Contract monitoring
- Project Labor Accounting
- A & E Firms Indirect Cost Rate Support

- Construction Change Orders
- Wireless Device Program
- Records Management
- Diversity Program Reporting
- Ridership Reporting
- Information Technology Risk Assessment*
Selection of a 2016 Performance Audit
Background Information

Why do performance audits?

- Requirement of the ST2
- Effective tool to:
  - Realize Cost Savings
  - Improve Performance
  - Facilitate Decision Making
  - Provide Public Accountability
  - Reduce Risk to the Agency

Prior Year Performance Audits

- 2010 – IT Procurement
- 2011 – Value Engineering
- 2012 – COP by State Auditor’s Office
- 2013 – Contract Management
- 2014 – Public Safety Program
- 2015 – QA/QC Program
2016 Performance Audit Topic Discussions

Discussions with the previous ARC Chair and Committee members, the Executive Leadership Team (ELT) and the Citizen Oversight Panel (COP) resulted in the following topic suggestions:

- Configuration Control Board
- ORCA
- Community Outreach
- Information Technology
- Phase Gate
- Records Management
- Performance Management
- Job Order Contracting
- Construction Related Topics (e.g., change orders, contingency funds)
- Efficiency and Cost of Operations
- ADA and Paratransit Program (cost vs budget)
- FTA Grant Accounting
• Job Order Contracting
• Potential Objectives
  – Determine compliance with applicable RCW
  – Determine whether JOC has realized intended benefits (e.g., less overhead in procurement)