Overview Audit Environment
Audit & Reporting Subcommittee
March 17, 2016
Goal of Audit Environment

- Goal of compliances and audits is to foster accountability, stewardship of public resources and efficiency in delivering of programs

- COSO:
  - “internal controls is a process, effected by an entity’s board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance”
Sound Transit’s approach – 3 levels of controls

1. Strong internal compliance and controls
   - Qualified staff
   - Capital project controls
   - QA/QC audits/reviews
   - Phase gate
   - Change Control boards (capital and operations)
   - Technology Governance
   - Performance Management
   - Quarterly Management Reviews
   - Internal Audit

2. Active board review and engagement
   - Audit & Reporting Committee
   - 78-2 Transactional review/approval by board
   - Annual Budget

3. Strong external assurances
   - Financial audits
   - Federal audits
   - State audits (SAO)
   - Citizen Oversight Panel
   - Over 160 external audits to date
Audit & Reporting Committee

• Created in 2001

• Updated Charter in 2010
  • **Financial Reporting**
    • Annual financial statements’
    • Quarterly financial reports
    • Asset/Liability management reports
  • **Audits**
    • External Audits
    • Internal Audits
    • Performance Audits
    • State Audits
  • **Internal Controls**
    • ARC will consider effectiveness of agency’s system of internal controls