



# **Sound Transit Internal Audit Report - No. 2016-1**

## **Facilities Condition Assessment Program**

**Report Date: January 27, 2016**

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## Background

The Asset Planning and Programming (APP) division, within the Operations Department, is responsible for the facility operational asset inventory and condition assessment data. The division's established goal is to verify the operational inventory and perform condition assessments for all facilities every three years.

The purpose of the Condition Assessment program is threefold:

- To develop complete and verified operational asset inventories of all Sound Transit facilities.
- To develop thorough and complete condition assessments of all Sound Transit facilities.
- To develop and substantiate consistently derived State of Good Repair ratings for use in reporting to both State and Federal agencies.

During the 2014 physical inventory there were 41 facilities with a total replacement cost of approximately \$1.4 billion. These facilities are managed by the Facilities Division with a budget of \$7.1 million and approximately 26 FTEs.

## Audit Approach & Methodology

Internal Audit approached the audit by gaining an understanding of the current plans and processes. We reviewed the Asset Management Policy and Asset Management Plan to gain an understanding of agency expectations and requirements for asset management. We met with management to discuss audit scope, objectives and timing, and to obtain general knowledge of current practices. Further, we gathered and analyzed relevant data in depth. Based on analyses and discussions with management, the following objective was developed:

1. Determine whether the facilities condition assessment process is in compliance with the agency Asset Management Plan, FTA State of Good Repairs requirements and WSDOT Transit Asset Management requirements.
2. Determine whether the ST staff responsible for conducting facility condition assessments meet regulatory and industry standards expertise requirements.
3. Determine whether the Facilities division utilizes condition assessment results to determine an appropriate facility maintenance budget.
4. Evaluate performance measures for facility condition assessments used to determine the efficiency and effectiveness of facility asset management.

The scope of the audit was based on the 2014 Facilities Condition Assessment Program Annual Report and the 2014 Asset Management Plan. During the fieldwork phase of the audit, all collected information was examined, including the APP policy and procedures, FTA State of Good Repair requirements and WSDOT Transit Asset Management requirements. All information collected was evaluated to formulate conclusions and recommendations.

The final phase was reporting. All information was summarized and organized. Preliminary results and conclusions were shared and clarified with management. The report was provided to appropriate Sound Transit personnel for review and comment.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Summary of Results

Internal Audit performed procedures to test each objective. Following is a summary of the test results:

**Objective One:** Determine whether the facilities condition assessment process is in compliance with the agency Asset Management Plan, FTA State of Good Repairs requirements and WSDOT Transit Asset Management requirements.

**Summary of Results:** The facilities condition assessment process is in compliance with the agency Asset Management Plan, FTA State of Good Repairs requirements and WSDOT Transit Asset Management requirements.

**Objective Two:** Determine whether the ST staff responsible for conducting facility condition assessments meet regulatory and industry standards expertise requirements.

**Summary of Results:** IA determined that there are no regulatory expertise requirements for facility condition assessors. However industry standards do exist, and the current staff is qualified to perform facility condition assessments per those standards.

**Objective Three:** Determine whether the Facilities division utilizes condition assessment results to determine an appropriate facility maintenance budget.

**Summary of Results:** The Facilities division currently utilizes deficiencies data to determine the facility maintenance budget levels for each facility in compliance with the agency Asset Management Plan.

**Objective Four:** Evaluate performance measures for facility condition assessments used to determine the efficiency and effectiveness of facility asset management.

**Summary of Results:** IA concludes the Operations Department is utilizing facility condition assessment performance measures, as well as other indicators, such as cost of maintenance and customer comments, to determine effectiveness of maintenance activities, to monitor and ensure the appropriate aging of facilities, manage resource needs, and to evaluate the overall performance of the agency assets in light of their intended function and useful life.