

# *Internal Audit Division Update*

Finance and Audit Committee | 10/24/19

# *Why we are here*

- Today we are here to provide information on Internal Audit activities.

## *Internal Audit Activity Update*

- Internal Audits Completed
- Internal Audits In Progress
- 2019 Performance Audit Update

***Internal Audits Completed***

# *Audits Completed - Continuous Process Improvement Program*

## *Audit Objective*

To determine whether the agency has effective controls to ensure:

- Timely benefits realization following CPI implementation
- Continuous CPI benefits through regular management monitoring

## *Audit Conclusion*

The audit concluded that the agency has effective controls to reasonably ensure that Continuous Process Improvements realize benefits in a timely manner following implementation and continue to realize benefits through regular management monitoring.

# *Audits Completed – Construction Configuration Management*

## *Audit Objective*

To determine whether the agency has effective controls to ensure:

- As-built drawings as input to subsequent change configuration management are complete and timely compiled following the completion of construction projects.
- All configuration changes are completely identified, properly authorized and efficiently managed in compliance with applicable agency policies.

## *Audit Conclusion*

The audit concluded that the agency has effective controls over operational configuration changes. However, controls over the complete and timely compilation of as-built drawings following construction as input to subsequent change configuration management are not adequate.

- **One Finding:** As-built drawings management during construction should be strengthened.

# ***Audits Completed – Construction Progress Payment Processing***

## ***Audit Objective***

To determine whether the agency has effective controls to ensure:

- Proper monitoring of the work progress to justify the payment requested.
- Proper review of progress payment supporting documents to determine completeness and accuracy.

## ***Audit Conclusion***

The audit concluded that management controls over construction progress payment process are effective to reasonably ensure proper monitoring of the work progress to justify the payment requested; and adequate review of progress payment supporting documents to determine completeness and accuracy.

# *Audits Completed – Partner Cost Monitoring – King County Metro (KCM)*

## *Audit Objective*

To determine whether the agency has effective controls to ensure:

- KCM costs allocated to Sound Transit are allowable, allocable, and reasonable.
- KCM costs allocated to Sound Transit are actual expenses.

## *Audit Conclusion*

The audit concluded that the agency controls are not designed well to ensure KCM costs are actual, allowable, allocable, and reasonable.

- **One finding:** Sound Transit controls over KCM Cost Allocation Model review are limited and should be strengthened.

# *Internal Audits in Progress*



# *Audits in Progress*

- Partner Cost Monitoring – Pierce Transit\*
- Budgeting During Project Development\*
- Work Order Process at OMF
- QA/QC Assurance Program Review

\* Carryover from 2018 work plan

# *2019 Performance Audit Update*

# ***2019 Performance Audit Update***

## ***Performance Audit by Internal Audit***

The audit objectives are:

- To determine whether agency employee performance management practices are in alignment with best practice to sustain a high-performance workforce.
- To identify opportunities for continuous improvement with practical recommendations.

Contract has been signed with the vendor and the auditors are commencing their work.

## ***Performance Audit by State Auditor's Office***

The SAO plans to publish the audit results in early 2020.

*Thank you.*



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