

**Preliminary Draft - Please do not duplicate, distribute, or disclose.**



**Office of the Washington State Auditor**  
**Pat McCarthy**

**Accountability Audit Report**  
**Central Puget Sound Regional Transit Authority**  
**(Sound Transit)**

**For the period January 1, 2019 through December 31, 2019**

**Published (Inserted by OS)**

**Report No. 1027464**





**Office of the Washington State Auditor  
Pat McCarthy**

Issue Date – (Inserted by OS)

Board of Directors  
Sound Transit  
Seattle, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government’s stewardship of public resources.

Attached is our independent audit report on the Authority’s compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff, and we value your cooperation during the audit.

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

**Preliminary Draft - Please do not duplicate, distribute, or disclose.**

**TABLE OF CONTENTS**

Audit Results..... 4

Related Reports..... 5

Information about the Authority ..... 6

About the State Auditor's Office..... 8



## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Authority operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of the Sound Transit from January 1, 2019 through December 31, 2019.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Authority's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Purchase cards – review of controls and transactions
- Payroll – follow up on reported loss
- Contract monitoring – review of controls over interlocal agreements with partner agencies
- Financial condition – evaluate the Authority's financial condition
- Follow up on citizen hotlines related to Open Public Meetings Act and safeguarding of assets

## RELATED REPORTS

### Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

### Federal grant programs

A firm of certified public accountants evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Authority's major federal programs. That firm's report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE AUTHORITY

In 1992, the Washington State Legislature authorized King, Pierce and Snohomish counties to create a regional transit authority to plan, build and operate a high-capacity transit system within the Puget Sound region's most heavily traveled corridors. The Central Puget Sound Regional Transit Authority, doing business as Sound Transit, was established September 17, 1993. The Authority comprises five subareas within the contiguous urbanized areas of Snohomish, King and Pierce counties. The service area is home to over 3.2 million people, or 80 percent of the three-county population.

Sound Transit is governed by an 18-member Board made up of local elected officials proportional to the population included in the Sound Transit district. Three members are from Snohomish County; 10 from King County; and four from Pierce County. The last seat is held by the Washington State Secretary of Transportation.

To date, Sound Transit has three phases of its System Plan: Sound Move, Sound Transit 2 (ST2), and Sound Transit 3 (ST3). "Sound Move" was a 10-year plan approved by voters in 1996 to implement commuter rail (Sounder), regional express bus service (ST Express) and light rail (Link) operations. Sound Move was completed in 2016. "ST2" is a 15-year plan approved by voters in 2008 to provide further expansion of facilities and service to the region with anticipated completion by 2023. "ST3" is a 25-year plan approved by voters in 2016 to expand light rail, connecting 16 cities and adding 62 new miles, and adding Bus Rapid Transit and extending Sounder train platforms.

Sound Transit has implemented, and is operating, the following services: Sounder Commuter Rail running daily from Everett to Lakewood; 30 Express Bus Routes; Link Light Rail running 22 hours a day on 22 miles between the University of Washington and Angle Lake; and Tacoma Link which runs through downtown Tacoma. In 2019, the Authority had over 47.8 million boardings on its trains and buses. The Authority had 1,082 full-time employees at the end of 2019. The Authority receives revenue through taxes (sales tax, motor vehicle excise tax, property tax, and rental car tax), passenger fares, other local contributions, federal grants and state grants.

<b>Contact information related to this report</b>	
Address:	Sound Transit 401 S. Jackson Street Seattle, WA 98104-2826
Contact:	Senior Compliance Analyst
Telephone:	(206) 903-7011
Website:	<a href="http://www.soundtransit.org">www.soundtransit.org</a>

*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for the Sound Transit at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR’S OFFICE

The State Auditor’s Office is established in the state’s Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor’s Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

<b>Contact information for the State Auditor’s Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(564) 999-0950
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>