

Audit Planning Meeting

Sound Transit

December 15, 2023



Agenda

1

Introductions

2

Audit
Deliverables

3

Audit Approach

4

Timeline

5

Finance and
Audit Committee
Planning
Inquiries

6

Emerging Issues

Introductions – Crowe

6,500+
U.S. Professionals



38
U.S. Locations



80
Years



Auditing
10
of top 25 public transit agencies



36,500
Crowe Global Professionals



146
Countries



FORTUNE
100
BEST COMPANIES
TO WORK FOR™ 2023





Audit Deliverables

Financial Statement Audits

- Independent Auditor's Report (Sound Transit Financial Statements)
- Management Letter (Communication of internal control deficiencies under SAS 115)
- SAS 114 Letter (Required communications with Those Charged With Governance)

Federal Compliance Audit

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance for Major Federal Program; Report on Internal Control over Compliance
- "In relation to" opinion on the Schedule of Expenditures of Federal Awards
- Crowe's electronic certification of the Data Collection Form through Federal Audit Clearinghouse

Agreed-Upon Procedures Reports

- National Transit Database Federal Funding Allocation Statistics Form
- Schedule of Sources and Uses of Funds by Subarea

Audit Approach



- Internal Controls
- Implementation of New Standards
 - GASB 96, Subscription-Based Information Technology Arrangements
 - GASB 99, Omnibus (*certain paragraphs*)
 - GASB 100 – Accounting Changes and Error Corrections
 - GASB 101 – Compensated Absences
 - Implementation Guide 2021-1 Update
- Federal grant funding compliance
- Traditional Risk Areas (cash, capital assets, debt, revenue, etc.)

Timeline

Date	Event
November 13	Interim financial audit fieldwork and Single Audit planning began
February 26	Year-end financial audit and wrap up of Single Audit fieldwork to begin
April 28	Issue Sound Transit financial statements
May 8	Subarea AUP testing to begin
May 31	Issue final Subarea AUP report
June 5	NTD testing to begin
June 30	Issue final NTD AUP report
TBD – June 2024	Crowe to present final reports to Finance and Audit Committee



Finance and Audit Committee Planning Inquiries

- Fraud inquiries required by SAS 99
 - Management understands that it is their responsibility to prevent and detect fraud.
 - Management's views on the risks of material misstatement due to fraud, including the following:
 - Does management have knowledge of any fraud or suspected fraud affecting the entity?
 - Is management aware of any allegations of fraud or suspected fraud affecting the entity?
 - What is management's understanding about the risk of fraud in the entity, including any specific fraud risks the entity has identified or account balances or classes of transactions for which a risk of fraud may be likely to exist?
 - What programs or controls are established to reduce specific fraud risks that have been identified and how are these monitored?
 - How does management communicate to employees its view on business practices and ethical behavior?
 - Has management reported to the Committee (or others with the equivalent authority and responsibility) how the entity's internal control serve to prevent, deter, or detect material misstatement due to fraud?
- Committee feedback and planning input
- Communication and status updates



Finance and Audit Committee Planning Inquiries

In an effort to assist the Finance and Audit Committee in its oversight role, the following potential fraud risks in the public transit industry have been identified for discussion:

1. Misappropriation of assets
2. Undisclosed related party relationships
3. Unauthorized or improperly applied employee compensation and benefits
4. Loss of funds due to improper/unauthorized access to financial assets (i.e. hacking or phishing)
5. Loss of personal or sensitive information due to data breach
6. Misapplication or misuse of restricted funds

Emerging Issues

- Implementations on the horizon
 - None currently for Calendar Year 2024
 - GASB 100 and 101 are being early adopted
- Ongoing COVID-19 Related Issues





Thank You

Brad Schelle

brad.schelle@crowe.com

"Crowe" is the brand name under which the member firms of Crowe Global operate and provide professional services, and those firms together form the Crowe Global network of independent audit, tax, and consulting firms. Crowe may be used to refer to individual firms, to several such firms, or to all firms within the Crowe Global network. The Crowe Horwath Global Risk Consulting entities, Crowe Healthcare Risk Consulting LLC, and our affiliate in Grand Cayman are subsidiaries of Crowe LLP. Crowe LLP is an Indiana limited liability partnership and the U.S. member firm of Crowe Global. Services to clients are provided by the individual member firms of Crowe Global, but Crowe Global itself is a Swiss entity that does not provide services to clients. Each member firm is a separate legal entity responsible only for its own acts and omissions and not those of any other Crowe Global network firm or other party. Visit www.crowe.com/disclosure for more information about Crowe LLP, its subsidiaries, and Crowe Global. The information in this document is not – and is not intended to be – audit, tax, accounting, advisory, risk, performance, consulting, business, financial, investment, legal, or other professional advice. Some firm services may not be available to attest clients. The information is general in nature, based on existing authorities, and is subject to change. The information is not a substitute for professional advice or services, and you should consult a qualified professional adviser before taking any action based on the information. Crowe is not responsible for any loss incurred by any person who relies on the information discussed in this document. Visit www.crowe.com/disclosure for more information about Crowe LLP, its subsidiaries, and Crowe Global. © 2021 Crowe LLP.