

# Sound Transit Audit Division

## 2023 Annual Report

**Background:** The Audit Division's Charter requires the Director to provide a formal annual report to the Finance & Audit Committee and WSDOT State Safety Oversight (SSO) Program Office summarizing the work of the agency's Performance and Compliance audit groups; including highlights, published work, and follow up activities.

Each audit group completes their annual work as part of the division's three-year audit plan:

- **Performance Audit group** – completes risk-based performance audits in accordance with Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing (IPPF).
- **Compliance Audit group** – completes federally and state mandated risk-based safety and security audits. Additionally, this group completes required management system (e.g., ISO) internal audits.
  - **Safety & Security Certification Audit:** completes safety & security certification audits at specific points in the agency's capital project lifecycle.

**Highlights:** **Diversity, Equity and Inclusion into audit work** (Division-wide)

In 2023, the Performance Audit group continued include diversity, equity, and inclusion (DEI) perspectives into their performance audit group's work. We continue to seek out ways to include and expand the DEI lens as part of future division-wide audit work plans.

**Evaluating State of Good Repair procedures and assessments – NGLE** (Performance)

Completed in December 2023 and published in January 2024, our audit sought to review State of Good Repair (SoGR) procedures of the 1 Line alignment at Northgate to ensure they align with federal and local requirements.

**Results:** We found that besides having a board and agency policy on asset management, the contents of the agency's Strategic Asset Management Plan (SAMP) do not meet the requirements set by the FTA under 49 CFR (Code of Federal Regulations) 625.25 Parts C & D for an asset management plan. Additionally, while facility inventories and assessments are being completed, track inventories and conditions assessments are not being completed.

**Independent Audit of Sound Transit's Internal Safety Audit Program** (Compliance)

Completed in December 2023 and published in January 2024, this audit was completed by an external consulting firm, ADS System Safety Consulting, to independently audit the agency's Internal Safety Audit Program (ISAP). ADS assessed our compliance with federal and state requirements, reviewed documentation, internal procedures and practices and interviews key stakeholders from Operations, and Safety.

**Results:** ADS found that Sound Transit's safety audit program is consistent and compliant with state, federal and internal requirements. They also identified 6 findings and 16 observations that could enhance the ISAP.

**Publications:** Over the course of the year, we produced 17 final audit reports listed below.

**Performance audits** (3 audits):

- Evaluating State of Good Repair procedures – Northgate Link (NGLE) Internal Audit
- Track Maintenance Scheduling – Link Light Rail Internal Audit
- Evaluating Operational Technology & Transit System Outages Internal Audit

**Compliance audits** (8 audits):

- Federal Railroad Administration (FRA) Accidents / Incidents Safety Audit

- ST Express Internal Safety Audit
- Environmental & Sustainability Management System (ESMS) Internal Audit
- Sounder Commuter Rail Internal Safety Audit
- Independent Audit of Internal Safety Audit Program (*Consultant Led*)
- Safety Management Systems (SMS) Internal Audit
- Link Light Rail Internal Safety Audit
- Tacoma Link Light Rail Internal Safety Audit

**Safety & Security Certification audits** (6 audits):

- Hilltop Link Construction & Pre-Integrated Testing Safety & Security Certification Audits
- Hilltop Link Operational Readiness Review Safety & Security Certification Audit
- Downtown Redmond Link Design Conformance Safety & Security Certification Audit
- East Link (E320) Construction Conformance Safety & Security Certification Audit
- East Link (Starter Line) Safety & Security Certification Audit

**Follow up:**

Throughout the year, we follow up on all open internal audit findings, observations, and recommendations to increase transparency and accountability; and as a catalyst for agency-wide continuous improvement. As part of the audit process, we track all findings and observations until they have been addressed, verified, and are complete.

In 2023, we followed up on 36 previous and current audit findings and observations; closing 25 (69% audit issue closure rate).

Furthermore, as audit corrective actions are verified and complete, we also close audit projects. In 2023, we closed 6 previous audit projects:

**Performance audits** (categorized by calendar year and project number):

- 2020 – 02: Safety Assurance Performance Audit
- 2022 – 14: Revenue Vehicle Preventive Maintenance Audit

**Compliance audits:**

- No audits were closed in 2023.

**Safety & Security Certification audits:**

- 2021 – 18: Federal Way Link Extension Design Build Project Management Safety Audit
- 2022 – 10: Lynnwood Link / Federal Way Link Extension / Hilltop Link Extension Safety & Security Certification – AP 1000 & AP 2000 Audits
- 2022 – 11: Tacoma Link Light Rail Vehicle (LRV) Procurement Audit
- 2022 – 20: East Link (E320) Safety & Security Certification Audit – AP 3000 Audit

**Staff updates:**

As of year-end, one (1) Sr. Auditor position remains vacant and anticipate that position will be filled in 2024.

Patrick Johnson, Director, Audit Division, was recognized as part of the graduating class from the Eno Center of Transportation's Transit Senior Executive (TSE) Program in Washington, D.C.

Patrick also presented at the 2023 American Public Transportation Association (APTA)'s Rail Conference in Pittsburgh, Pennsylvania. Patrick's session was about "Challenges of navigating the Safety & Security Certification Audit process".

**Declaration of Independence:** According to the Institute of Internal Auditors (IIA) Attribute Standards 1110 – Organizational Independence, as well as the divisions’ charter and procedures, the Director, Audit Division must confirm at least annually, the division’s organizational independence.

Additionally, IIA standard 1110.A1 states that the “internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.

**Director’s affirmation:** As of this annual report, as the agency’s chief audit executive, I confirm that the Audit Division was able to carry out our audit activities during 2023 free from management interference and we remain organizationally independent of areas and programs we audit.

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Patrick Johnson, Director, Audit Division