

Q3 2025 Internal Audit Update

Finance and Audit Committee

9/11/2025

Data Classification: Unrestricted



Why we are here

- Update on external audit work.
- Regular update to Finance and Audit Committee for audits completed in Q3 2025.

Informational update only, no Committee action requested.

Update on external audit work

- Federal Emergency Management Agency (FEMA) Financial Monitoring Review completed.
 - No findings reported.
- The State Auditor's Office (SAO) plans to begin its 2024 Accountability Audit in mid-September.
 - Audit is expected to be completed during Q4 2025.

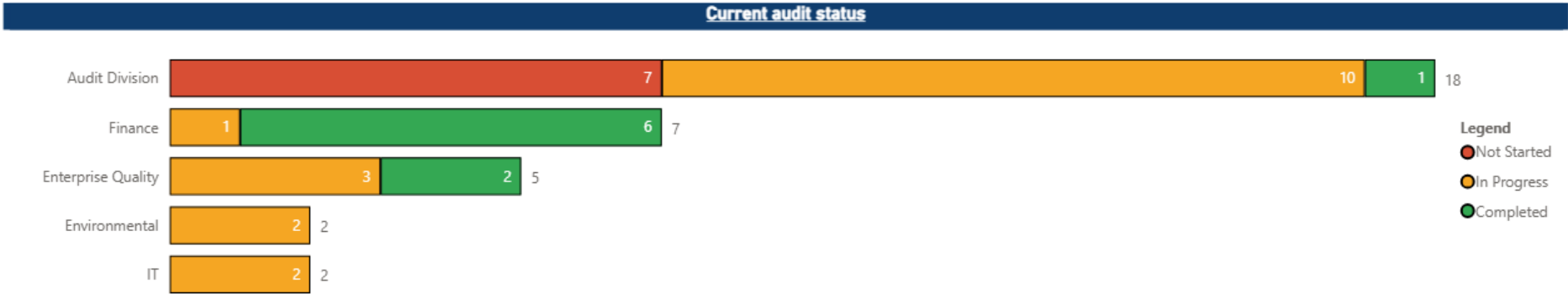
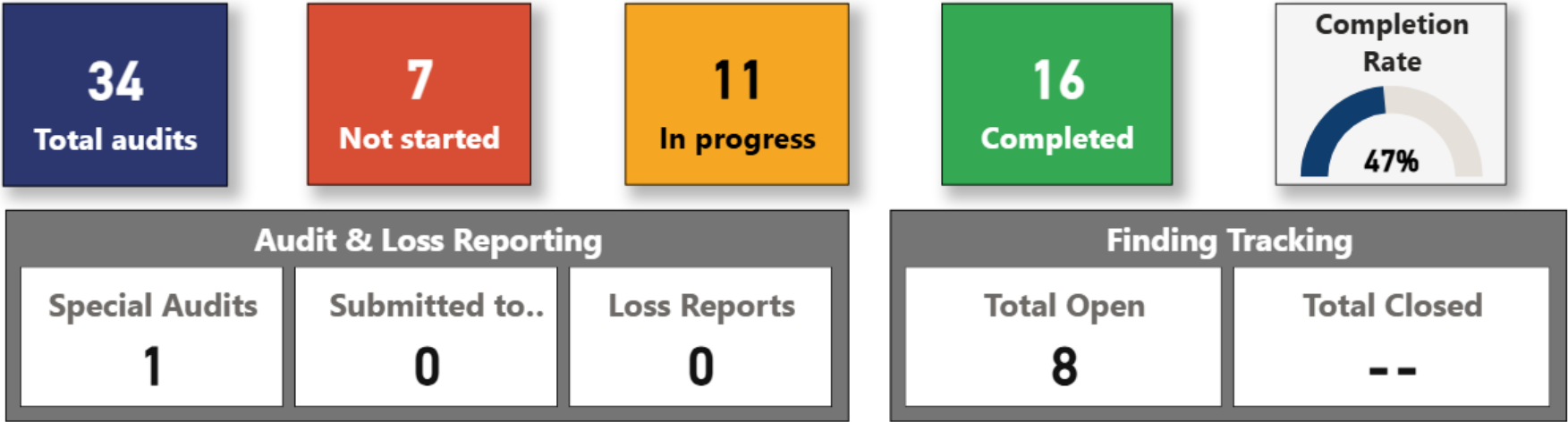
2025 Comprehensive Audit Plan Dashboard



Comprehensive Audit Plan Dashboard



Audit Activity Agencywide



<https://www.soundtransit.org/get-to-know-us/documents-reports/audit-plan-dashboard>

Q3 2025 Internal Audit Activities - Complete

Current Audit Projects – Agencywide			
Audit Project Title	Group	Status	Comments
Sounder Commuter Safety Compliance Audit	Audit	✓	5 findings
Fare Compliance Performance Audit	Audit	✓	1 finding
Environmental & Sustainability Management Systems (ESMS) Internal Audit	Audit	✓	No findings
Agreed Upon Procedures for NTD	Finance	✓	No findings
SOC 1 Examination – ORCA (INIT & ROOT)	Finance	✓	No findings
Agreed Upon Procedures (Subarea Equity)	Finance	✓	No findings
Burien Transit Center - STRIDE Design Quality Audit	Quality	✓	No findings
East Link (E130) Construction Site Surveillance Audit	Quality	✓	2 Closed findings
Federal Way Link Extension Construction Site Surveillance Audit	Quality	✓	2 Closed findings

Q3 2025 Internal Audit Activities - Complete

Current Audit Projects – Agencywide

Audit Project Title	Group	Status	Comments
Downtown Redmond Link Extension Construction Site Surveillance Audit	Quality	✓	1 finding
Kent Station - Sounder Construction Site Surveillance Audit	Quality	✓	No findings
Auburn Station - Sounder Construction Site Surveillance Audit	Quality	✓	3 Closed findings
Lynnwood Link Extension Construction Site Surveillance Audit	Quality	✓	1 finding

Completed Audit Summaries



Sounder Safety Compliance Audit

Background: Performed annually by Federal Railroad Administration (FRA) requirements; part of 2025 Comprehensive Agency Audit Plan.

- **Scope:** Safety processes, operations, and maintenance oversight of contracted partners for Sounder service.
- **Reviewed:** Agency compliance to FRA rules, adherence to agency System Safety Plan, and requirements of contractual agreements for BNSF and AMTRAK.
- ***Five (5) findings***

Sounder Safety Compliance Audit (Results)

Five (5) findings of non-compliance:



Safety oversight (2)



**Contractor maintenance
oversight (3)**

Sounder Safety Compliance Audit (Results)

Safety oversight findings of non-compliance:



Safety oversight (2)

- Inconsistent elevation of safety concerns.
- Some staff duties are different than defined in the Sounder System Safety Plan (SSP).

Sounder Safety Compliance Audit (Results)

Contractor maintenance oversight findings of non-compliance:



Contractor maintenance oversight (3)

- Inadequate assessment of contractor maintenance activities meeting agency and FRA requirements.
- Insufficient reporting process for defective Sounder equipment.
- Amtrak inconsistently follows contract oversight procedures for maintenance.

Sounder Safety Compliance Audit

Management Action Plans (Safety):

Audit Finding	Management Response and Action Plan	Timeline to Action
Inconsistent elevation of safety concerns. (F.1)	<ol style="list-style-type: none">1. Update the Joint Rail Safety Committee process.2. Consolidate tracking of corrective actions.3. Increase frequency of Joint Rail Safety Committee meetings to review hazards	<ol style="list-style-type: none">1. Completed in 5/2025.2. User testing began in August, full roll out in 12/2025.3. Began in 5/2025.
Some staff duties are different than defined in the Sounder System Safety Plan (SSP). (F.5)	<ol style="list-style-type: none">1. Update the SSP, including reviewing/updating roles and responsibilities.	<ol style="list-style-type: none">1. Updates are underway; final version to be published 11/2025.

Sounder Safety Compliance Audit

Management Action Plans (Contractor maintenance oversight):

Audit Finding	Management Response and Action Plan	Timeline to Action
Inadequate assessment of contractor maintenance activities meeting agency and FRA requirements. (F.2)	1. Refine the comprehensive maintenance oversight action plan.	1. Improved maintenance oversight activities have already been implemented. 2. Update oversight procedures to reflect #1 above, beginning 7/2025. 3. Finalize documentation by 11/2026, incorporating feedback from agency partners. Looking for opportunities to expedite.
Insufficient reporting process for defective Sounder equipment. (F.3)	1. Develop standardized procedures for BNSF and AMTRAK crews to report and receive info on defects on locomotive and control car units.	1. ST team now leads daily and monthly meetings to co-manage operational issues. 2. Required forms now used for defect reporting. 3. Updated procedures to be complete by 6/2026.
Amtrak inconsistently follows contract oversight procedures for maintenance. (F.4)	1. Revise the ST Mechanical Contract Oversight procedure. 2. Perform monthly maintenance oversight audits. 3. Build a new app (in house) to replace paper forms.	1. Procedure revision is ongoing, beginning 7/2025. 2. Regular oversight audits have begun, often more than monthly. 3. Implement electronic system by 6/2026 (contingent upon available resourcing).



Fare Compliance Performance Audit

Background: Performed based on agency risks; part of 2025 Comprehensive Agency Audit Plan.

- **Scope:** Fare compliance practices, inspection rates, citations, and overall safety of Fare Ambassadors.
- **Reviewed:** Board and agency policies, incident reports, citation data, and job-shadowed Fare Ambassadors.
- ***One (1) finding***

Fare Compliance Performance Audit (Results)

One (1) finding of non-compliance:



Safety oversight (1)

- Job Hazards are not identified or assessed for Fare Ambassadors.

Fare Compliance Performance Audit

Management Action Plan:

Audit Finding	Management Response and Action Plan	Timeline to Action
Job Hazards are not identified or assessed for Fare Ambassadors.	<ol style="list-style-type: none">1. Collaborate with regional partners to develop a shared Rider Code of Conduct.2. Complete a Job Hazard Analysis (JHA) for Fare Ambassadors.*3. Implement internal safety targets.4. Enhance incident review to support learning, accountability, and continuous improvement.5. Pilot program to test radio use and direct access to the Security Operations Center.6. Enhance coordination between Security and Fare Ambassadors.7. Standardize Fare Ambassador uniform.	<ol style="list-style-type: none">1. Underway.2. JHA complete. Training, equipment and policy improvements are ongoing.3. In progress. Due 1/20264. In progress. Due 1/2026.5. Testing ongoing, Due 1/2026.6. Target completion end of 1/2026.7. Uniforms ready by end of 1/2026.



Environmental & Sustainability Management System (ESMS) Internal Audit

Background: Performed annually to evaluate and support conformance with ISO requirements.

- **Scope:** Environmental practices, planning risk objectives, operations and planning of sustainability program.
- **Reviewed:** Board and agency policies, agency procedures, spill response procedures, performed site visits to observe compliance activities, and reporting.
- ***No findings***

Upcoming Audit Activities

2025 Audit Plan Projects – In Progress

Current Audit Projects – Agencywide			
Audit Project Title	Performed by	Status	Expected Report
Non-Revenue Vehicle Fleet (Special Audit)	Audit	✓	October 2025
Follow-up: 11/26/21 Link Incident Audit	Audit	✓	October 2025
Auburn Station Access Improvements Design Quality Audit	Quality	✓	October 2025
East Link (E130) Construction Site Surveillance	Quality	✓	October 2025
ISO 27001 Maturity Assessment	Information Security	✓	November 2025
DOL Data Security Compliance Audit	Information Security	✓	November 2025
ESMS ISO 14001 Surveillance Audit	Environmental	✓	November 2025
Environmental Compliance Audit	Environmental	✓	November 2025

Thank you.



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