

Sound Transit Board Committees – Existing

The Board of Directors has established permanent committees to assist in reviewing board motions, resolutions, and staff recommendations, and focus on different areas of agency business.

Executive Committee (Motion No. M2010-29)

The Executive Committee serves as a recommending body to the board and carries out responsibilities such as:

- Reviewing the board rules, operating procedures, and governance structure,
- Reviewing agencywide policies and providing recommendations to the board,
- Reviewing and monitoring the agency's legislative program,
- Considering public and government relations and communications strategies,
- Reviewing the overall agency budget upon recommendations of other committees,
- Reviewing and monitoring the agency's financial plan,
- Reviewing proposed bond issues,
- Evaluating the performance of the chief executive officer (CEO).

This motion does not alter existing board-adopted resolutions that allow this committee to act in lieu of the Sound Transit Board.

Operations and Administration Committee (Motion No. M2010-31)

The Operations and Administration Committee carries out responsibilities such as:

- Reviewing and monitoring operating plans, transit services and customer-facing programs,
- Providing oversight, strategic direction and recommendations to the board on fleet and facility plans,
- Approving the annual Service Implementation Plan,
- Reviewing operating impacts of facility and corridor capital projects,
- Reviewing proposed annual transit operations and staff budgets and providing recommendations to the Executive Committee and/or board,
- Reviewing and providing recommendations to the Executive Committee and/or the board on new and existing operations and administration policies.

The board delegates final approval authority to the Operations and Administration Committee for operating and administration transactions above the chief executive officer's level of authority and under \$5,000,000.

Capital Committee (Motion No. M2010-30)

The Capital Committee carries out responsibilities such as:

- Reviewing and monitoring stages of all capital projects consistent with the transit improvement program,
- Providing oversight, strategic direction, and recommendations to the board as required for phase gate implementation,
- Reviewing and providing recommendations to the Executive Committee and/or the board on new and existing capital-related policies,
- Reviewing scope, schedule, budget, risks, construction activities, and claims,
- Reviewing proposed annual capital projects budgets and providing recommendations to the Executive Committee and/or board.

The board delegates final approval authority to the Capital Committee for capital program transactions above the chief executive officer's level of authority and under \$5,000,000.

Sound Transit Board Committees – Existing

Audit and Reporting Committee (Resolution No. R2010-19)

The ARC will carry out the following responsibilities:

2.1 Financial Reporting

2.1.1 Annual Financial Statements

The ARC will review the agency's annual financial statements including any significant accounting or reporting issues, including complex or unusual transactions.

2.1.2 Quarterly Financial Reports

The ARC will review on a quarterly basis financial reports which detail performance against capital and operating budgets; performance of agency's investments and its compliance with its investment policies; review of the agency's asset and liability program to monitor net debt and investment performance and risks; and contract activities, including sole source contracts.

2.2 Audits

2.2.1 External Financial Audits

Prior to the start of the annual financial audit, the ARC will review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit. Upon completion of the annual audit, the ARC will review the annual independent financial audit results with Sound Transit management and the external auditors, including all matters required to be communicated to the committee under generally accepted auditing standards. The ARC will monitor the expenditure of funds for financial audits and review the performance and competitive selection of the external auditors. The engagement partner will have a direct reporting relationship with the Chair of the ARC.

2.2.2 Internal Audits

The ARC will review the charter, plans, activities and staffing of the internal audit function with management. The Committee will review the annual internal audit work plan and monitor the progress of the internal audit function against its charter. The Internal Audit Director will report results of the audit program to the ARC and Citizen Oversight Panel on a periodic basis. The Committee will ensure there are no unjustified restrictions or limitations placed on the internal audit function in performance of duties. The Internal Audit Director will have direct access and communication with the ARC Chair.

2.2.3 Performance Audits

The ST2 Financial Policies establish that Sound Transit will implement a performance audit program. The ARC will review and approve the performance audits to be conducted by the Internal Audit Division and will receive and review the final audit reports. The ARC will also review any performance audits conducted by the Washington State Auditor or other agencies.

2.2.4 SAO Compliance Audits

The ARC will review the results of the State Auditor's Office annual compliance audit with the State Auditor's Office staff and Sound Transit management.

2.2.5 Other Audits

The CFO will provide a summary of status and results of federal and other audits to the ARC.

2.2.6 Audit Follow-up

The Internal Audit Director and Controller will provide periodic reporting to the ARC and Citizen Oversight Panel on the status of prior audit findings (financial, performance and other) and management's response and follow up to those findings. The ARC will monitor implementation of audit recommendations.

2.3 Internal Control

2.3.1 The ARC will consider the effectiveness of the agency's systems of internal control.

2.3.2 Staff and auditors will present to the ARC the scope of internal and external auditors' review of internal control.