

Audit Division Update

Finance and Audit Committee

11/21/2024

Data Classification: Unrestricted



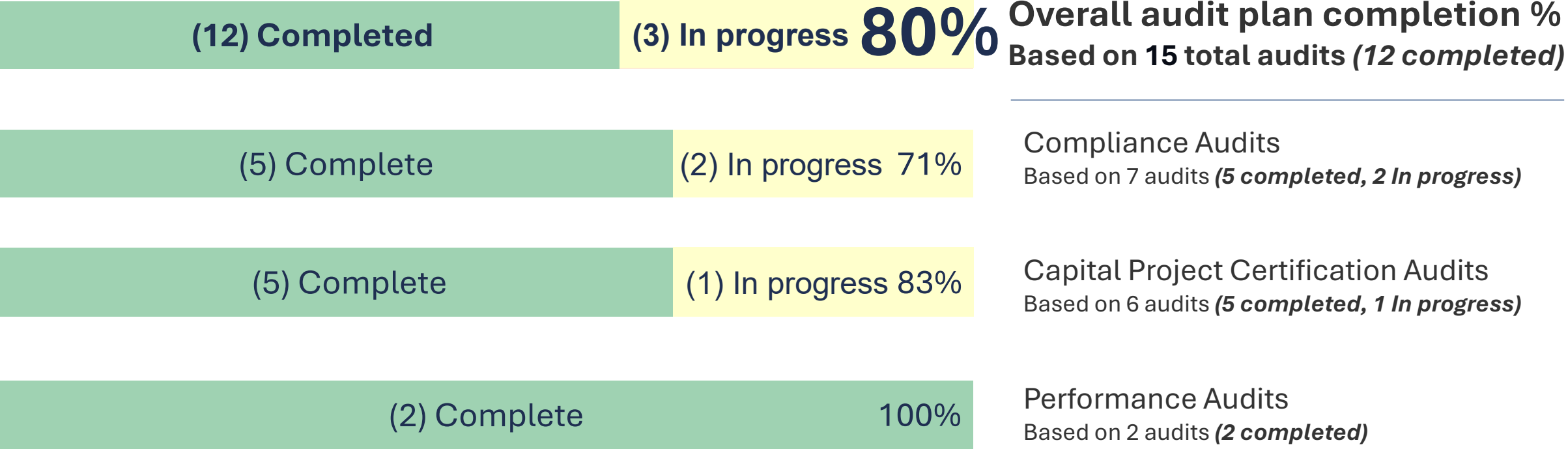
Why we are here

- Review of performed 4Q 2024 audits
 - Compliance Audits
 - Capital Project Certification Audits
 - Performance Audits
- Capital Project Time Coding Performance Audit
- Audit Findings follow-up report
- 2025 Comprehensive Audit Plan
- Selection of 2025 Performance Audit topic

Note: There is one action requested today

2024 Audit Plan Progress (Completion rate)

As of 11/15



2024 Audit Plan (Compliance)

| Audit Project by Topic | Audit Activity | | | Comments |
|---|----------------|---|---|-------------|
| | Planned | In Progress | Complete | |
| Environmental & Sustainability Management Systems (ESMS) Internal Audit | | |  | No findings |
| Link Light Rail Annual Internal Safety Audit | | |  | No findings |
| Tacoma Link Annual Internal Safety Audit | | |  | No findings |
| Sounder Commuter Rail Internal Safety Audit | | |  | 1 finding |
| FRA Railroad Accidents / Incidents Safety Audit | | |  | No findings |
| Internal Audit of Public Safety & Emergency Management | |  | | Q4 2024 |
| ST Express Annual Internal Safety Audit | |  | | Q4 2024 |

2024 Audit Plan (Capital Project Certification)

| Audit Project by Topic | Audit Activity | | | Comments |
|--|----------------|---|---|-------------|
| | Planned | In Progress | Complete | |
| East Link “Starter Line” Pre-Integrated Testing Safety & Security Certification Audit | | |  | No findings |
| East Link “Starter Line” Operational Readiness Safety & Security Certification Audit | | |  | No findings |
| Lynnwood Link Design & Construction Conformance Safety & Security Certification Audit | | |  | 2 findings |
| Lynnwood Link Pre-Operational and Integrated Testing Safety & Security Certification Audit | | |  | 1 finding |
| Lynnwood Link Operational Readiness Safety & Security Certification Audit | | |  | 3 findings |
| Federal Way Link Extension Design Conformance Safety & Security Certification Audit | |  | | Q4 2024 |

2024 Audit Plan (Performance)

| Audit Project by Topic | Audit Activity | | | Comments |
|--|----------------|-------------|----------|------------|
| | Planned | In Progress | Complete | |
| Vendor Management Performance Audit (Follow-up) | | | ✓ | 2 findings |
| <i>Capital Project Time Coding Performance Audit</i> | | | ✓ | 6 findings |

***Capital Project Time-Coding
Performance Audit***

Capital Project Time-Coding Audit - Recap

Scope:

The primary objectives of this performance audit were to:

- Identify any inconsistencies or discrepancies in employee time charging practices.
- Provide recommendations to improve consistency and accuracy in time charging practices.

Methodology:

- The performance audit conducted between August and October 2024 included four phases: Project Initiation and Management, Fact-Finding, Analysis, and Reporting.
- Performed employee interviews, document reviews, surveys, research on industry best practices, and data analysis.
- Significant limitations in labor reporting evidence. Available data varied by project and overall lacked detailed budget-to-actual reporting.
- Ultimately, this prevented us from fully validating compliance with the organization's adherence to labor-related policies.

Capital Project Time-Coding Audit - Results

| Policies & Procedures | Owner(s) | Status |
|--|----------------------------|--------|
| Finding 1: Employees are generally unaware of Agency-wide policies and procedures related to project time charging. | Finance | Agrees |
| Finding 2: Sound Transit lacks key policies and procedures for reporting, tracking, and reviewing charged time. | Agency Oversight & Finance | Agrees |

| Time Charging Practices | Owner(s) | Status |
|--|----------|--------|
| Finding 3: Overhead costs may include project-specific staff time, and project labor costs may be underreported, while operational labor costs may thus be overrepresented. | Finance | Agrees |
| Finding 4: Non-project administrative time is generally charged to a specific project, which may cause project and operational labor charges to be inaccurate. | Finance | Agrees |

Capital Project Time-Coding Audit – Key Results

| Labor Reporting & Monitoring | Owner(s) | Status |
|---|----------------------------|--------|
| Finding 5: Timecards are approved by individual supervisors rather than project supervisors, which limits the ability to verify charged time. | Finance | Agrees |
| Finding 6: Limited project reporting and labor budget updates, in addition to the use of consultant labor, contribute to risk of project labor inaccuracies. | Finance & Project Controls | Agrees |

Audit findings follow-up report

Audit findings follow-up report

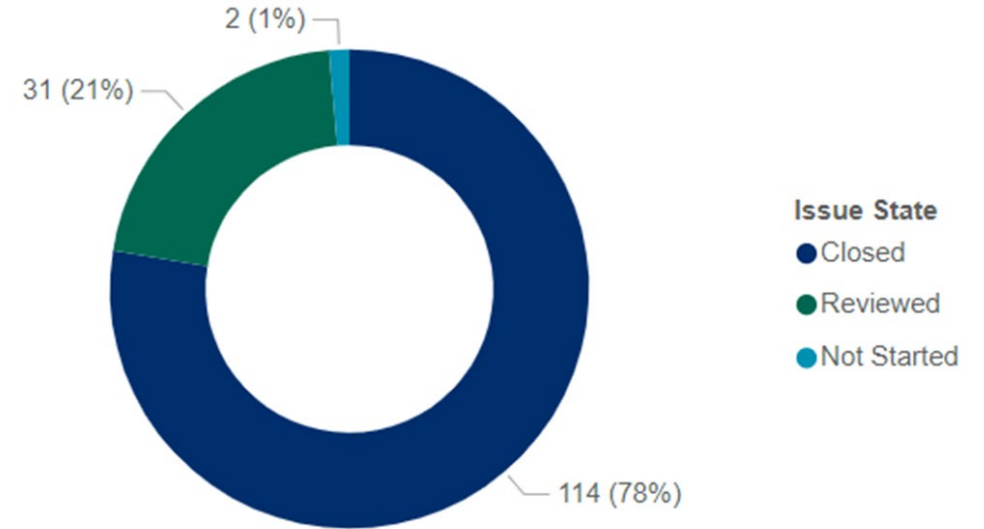
As of 11/15

147

Total Findings

33

Open Findings



Total Findings by Category

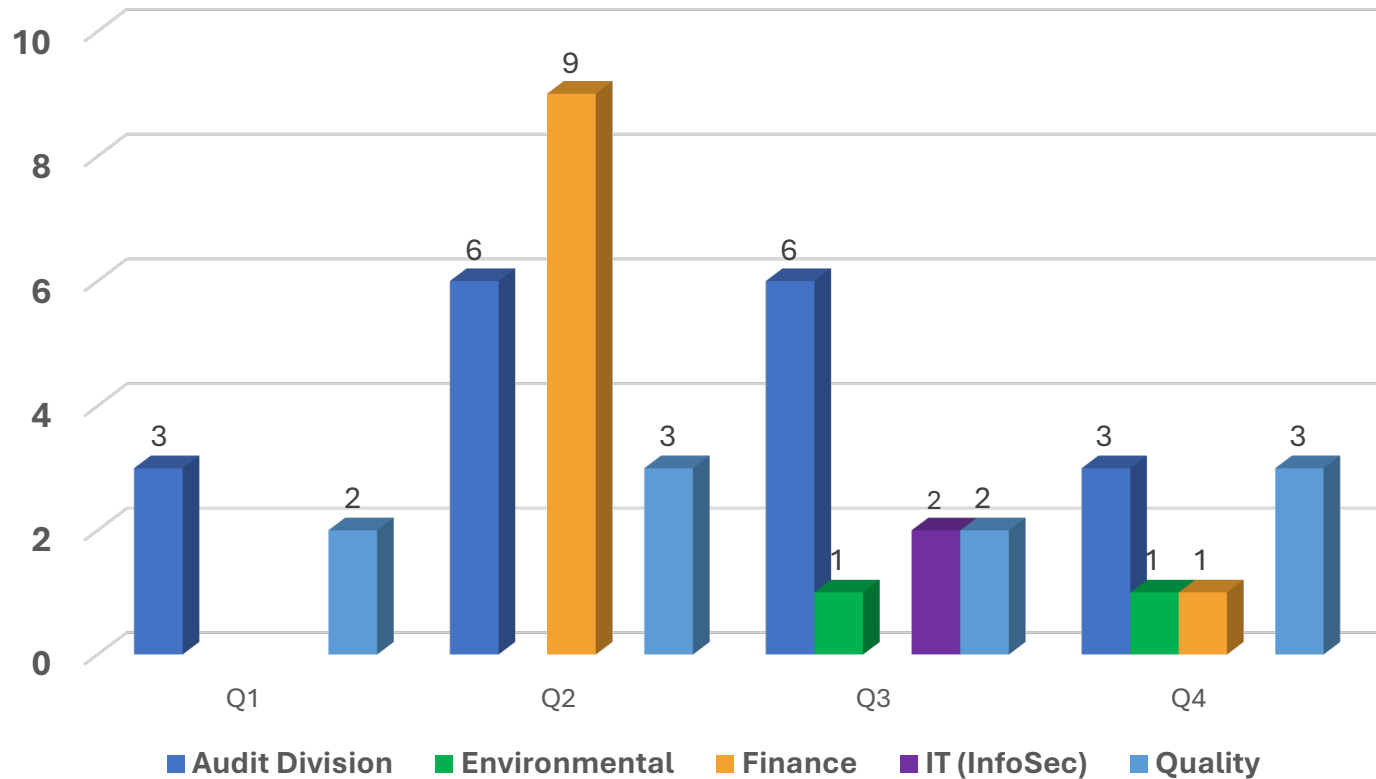
| Plan Year | Compliance | Effectiveness & Efficiency | Financial | Internal Control | IT/Technology | Operational | Risk Management | Safety & Security | Strategic |
|--------------|------------|----------------------------|-----------|------------------|---------------|-------------|-----------------|-------------------|-----------|
| 2017 | | | 1 | 5 | | | | | |
| 2018 | 3 | | 1 | 4 | | | | 3 | |
| 2019 | 1 | 6 | 1 | 3 | 1 | 2 | | 13 | |
| 2020 | 2 | 2 | | 1 | 1 | 1 | | 4 | |
| 2021 | 4 | 3 | | 9 | 7 | 6 | 2 | 21 | |
| 2022 | 4 | 1 | | 4 | | 2 | | 5 | 1 |
| 2023 | 1 | | 1 | | | 1 | 1 | 13 | 1 |
| 2024 | 1 | | | 1 | | | | 3 | |
| Total | 16 | 12 | 4 | 27 | 9 | 12 | 3 | 62 | 2 |

Link to - [Internal Audit - Findings Report](#)

2025 Comprehensive Audit Plan

2025 Comprehensive Audit Plan

Audits Per Quarter by Functional Owner



| Owner | # of Audits |
|----------------|-------------|
| Audit Division | 18 |
| Quality | 10 |
| Finance | 10 |
| Environmental | 2 |
| InfoSec | 2 |

2025 Performance audit topic

- *Recommended Topic: Disaster Preparedness*

Thank you.



 [soundtransit.org](https://www.soundtransit.org)

