

2024 Audit Entrance

Sound Transit

October 10, 2024



Discussion Points

1

Introductions

2

Audit Deliverables

3

Audit Approach

4

Timeline

5

Finance and Audit
Committee Planning
Inquiries

6

Emerging Issues

Introduction – Crowe

6,700+
U.S. Professionals



37
U.S. Locations



80
Years



Auditing
10
of top 25 public transit agencies



40,000+
Crowe Global Professionals



140+
Countries



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Audit Deliverables

Financial Statement Audits

- Independent Auditor's Report (Sound Transit Financial Statements and Annual Report/ACFR)
- 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 102 – Certain Risk Disclosures
 - GASB 103 – Financial Reporting Model Improvements
- Federal Grant and Loan Compliance
- Traditional Risk Areas (cash, debt, revenue, etc.)
- Capital Projects



Timeline

Date	Event
November 11	Interim financial audit fieldwork and Single Audit planning begin
February 24	Year-end financial audit and wrap up of Single Audit fieldwork to begin
March 28	Year-end testing fieldwork completed
April 25	Issue Sound Transit financial statements
May 19	Subarea AUP testing to begin
June 30	Issue final Subarea AUP report
June 2	NTD testing to begin
June 30	Issue final NTD AUP report
TBD – Summer 2025	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 2025
 - GASB 102 will be early adopted
 - GASB 103 is still under consideration
- Inflation Reduction Act – Tax Credit Opportunities





Thank You

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