



Office of the Washington State Auditor

Pat McCarthy

Exit Conference: Central Puget Sound Regional Transit Authority (Sound Transit)

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Accountability audit for January 1, 2022 through December 31, 2022 – see draft report.

Audit Highlights

- We are pleased to report that there was no finding or management letter issued for the FY22 audit.
- We would like to thank Lori Bevier, Senior Compliance Analyst and Patrick Johnson, Director of Audit Division for their cooperation and assistance throughout the audit. They were professional, responsive to audit requests and helpful.

Work of Other Auditors

A financial statement audit of Sound Transit was performed by Moss Adams. Professional audit standards require us to evaluate relevant work done by other auditors and communicate certain matters to the governing body.

- We performed procedures to ensure we could rely on the work of the external auditors and reference their audit in our audit report. These procedures included consideration of attendance at key meetings, evaluation of the firm's last peer review report, review of the other auditor's work, review of the other auditor's results and communications with the other auditor.
- We did not become aware of any instance in which the work of the other auditors gave rise to concern about the quality of their work.
- There were no limitations that restricted our analysis of the other audits.
- We did not become aware of any instance in which a material misstatement of the financial statements has or may have resulted from fraud or suspected fraud.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via email in a .pdf file. We also offer a subscription service that notifies you by email when audit reports are released or posted to our website. You can sign up for this convenient service at <https://portal.sao.wa.gov/SAOPortal>.

Management Representation Letter

We have included a copy of representations requested of management.

Audit Cost

At the entrance conference, we estimated the cost of the audit to be \$70,500 and actual audit costs will approximate that amount.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in fall of 2024 and will cover the following general areas:

- Accountability audit for January 1, 2023 through December 31, 2023

The estimated cost for the next audit based on current rates is \$76,600 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

Working Together to Improve Government

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally, this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation at the Office of the Washington State Auditor offers services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean process improvement, peer-to-peer networking, and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

Kelly Collins, CPA, CFE, Director of Local Audit, (564) 999-0807, Kelly.Collins@sao.wa.gov

Wendy Choy, Assistant Director of Local Audit, (425) 502-7067, Wendy.Choy@sao.wa.gov

Joe Simmons, CPA, Audit Manager, (206) 613-7628, Joseph.Simmons@sao.wa.gov

Eileen Du, CPA, Assistant Audit Manager, (206) 613-7626, Eileen.Du@sao.wa.gov

Daniel Thompson, Lead Auditor, (206) 613-7632, Daniel.Thompson@sao.wa.gov



Office of the Washington State Auditor
Pat McCarthy

Preliminary Draft - Please do not duplicate, distribute, or disclose.

Accountability Audit Report

Central Puget Sound Regional Transit Authority

(Sound Transit)

For the period January 1, 2022 through December 31, 2022

Published (Inserted by OS)

Report No. 1034697



Scan to see another great way
we're helping advance
#GoodGovernment



**Office of the Washington State Auditor
Pat McCarthy**

Issue Date – (Inserted by OS)

Board of Directors
Sound Transit
Seattle, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government’s stewardship of public resources.

Attached is our independent audit report on the Authority’s compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

Preliminary Draft - Please do not duplicate, distribute, or disclose.

TABLE OF CONTENTS

Audit Results..... 4

Related Reports..... 5

Information about the Authority 6

About the State Auditor's Office..... 8

AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Authority operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of Sound Transit from January 1, 2022 through December 31, 2022.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Authority's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2022, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Sponsorship – review of sponsorship activities
- Procurement – conflict of interest
- Accounts payable – travel expenditures
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's 2022 report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Federal grant programs

A firm of certified public accountants evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Authority's major federal programs. That firm's 2022 report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE AUTHORITY

In 1992, the Washington State Legislature authorized King, Pierce, and Snohomish counties to create a regional transit authority to plan, build and operate a high-capacity transit system within the Puget Sound region’s most heavily traveled corridors. The Central Puget Sound Regional Transit Authority, doing business as Sound Transit, was established September 17, 1993. The Authority comprises five subareas within the contiguous urbanized areas of Snohomish, King, and Pierce counties. The service area is home to over 3.3 million people, or almost 80 percent of the three-county population.

Sound Transit is governed by an 18-member Board made up of local elected officials proportional to the population included in the Sound Transit district. Three members are from Snohomish County, 10 from King County, and four from Pierce County. The last seat is held by the Washington State Secretary of Transportation.

To date, Sound Transit has three phases of its System Plan: Sound Move, Sound Transit 2 (ST2), and Sound Transit 3 (ST3). “Sound Move” was a 10-year plan approved by voters in 1996 to implement commuter rail (Sounder), regional express bus service (ST Express) and light rail (Link) operations. Sound Move was completed in 2016. “ST2” is a 15-year plan approved by voters in 2008 to provide further expansion of facilities and service to the region with anticipated completion by 2023. “ST3” is a 25-year plan approved by voters in 2016 to expand light rail, connecting 16 cities and adding 62 new miles, and adding Bus Rapid Transit and extending Sounder train platforms.

Sound Transit has implemented, and is operating, the following services: Sounder Commuter Rail running daily from Everett to Lakewood; 24 ST Express Bus Routes; Link Light Rail running 22 hours a day on 22 miles between the University of Washington and Angle Lake. The extension of service from the University of Washington north to Northgate brought service to the U District Station, Roosevelt Station and Northgate Station, which went in service on October 2, 2021. Tacoma Link runs through downtown Tacoma. In 2022, the Authority had almost 32.1 million boardings on its trains and buses, an 80 percent increase from 2021 due to the impact of COVID restrictions on commuters and local travel. The Authority had 1,231 regular full-time employees and 10 full-time temporary employees at the end of 2022.

The Authority receives revenue through taxes (sales tax, motor vehicle excise tax, property tax, and rental car tax), passenger fares, other local contributions, federal and state grants.

Contact information related to this report	
Address:	Sound Transit 401 S. Jackson Street Seattle, WA 98104-2826
Contact:	Senior Compliance Analyst
Telephone:	(206) 398-5000
Website:	www.soundtransit.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Sound Transit at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR’S OFFICE

The State Auditor’s Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor’s Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- [Find your audit team](#)
- [Request public records](#)
- Search BARS Manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov