

Sound Transit Audit Division

2024 Annual Report

Background: The Audit Division’s Charter requires the Chief Audit Executive (CAE) to provide a formal annual report to the Finance & Audit Committee and WSDOT State Safety Oversight (SSO) Program Office summarizing the work of the agency’s Performance and Compliance audit functions; including highlights, published work, and follow up activities.

Each audit function performs their annual work as part of the division’s annual audit plan:

- **Performance Audit group** – completes risk-based performance audits in accordance with Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing (IPPF).
- **Compliance Audit group** – completes federal and state mandated risk-based internal safety and security audits. Additionally, this group completes required management system (e.g., ISO) internal audits.
 - **Capital Project Certification Audit:** completes safety & security certification audits at specific points in the agency’s capital project lifecycle.
- **Special audits & Loss Reporting** - State law requires Sound Transit to immediately report any known or suspected losses of public funds or other illegal activity to the State Auditor’s Office (SAO). Loss Reporting submitted to SAO is performed by the Chief Audit Executive.

Highlights: **Vendor Management Performance Audit (Follow-up)** (Performance)

Published in November, the audit we performed was a follow-up of a previous performance audit on vendor management to review compliance, implementation of prior issues, and test existing controls where risks were assumed without corrective action.

Results: Auditors found vendor performance assessments for public works and A&E contracts are not formalized, and IT vendor performance is not well documented or considered in procurement decisions.

Sounder Commuter Rail Internal Safety Audit (Compliance)

In December, we published our annual internal safety audit of Sounder Commuter Rail Service. As the rail property owner, Sound Transit oversees the finances, performance management, and safety of our contractors: Amtrak, BNSF, and Stacy Whitbeck. According to the 49 CFR 270 rule, Sound Transit’s System Safety Plan (SSP), and agency processes must be audited annually to review compliance with Federal Railroad Administration (FRA) requirements.

Results: Auditors found that process for keeping safety equipment up-to-date and properly maintained was not followed. Additionally, we found that no formal process was in place for requesting, reviewing, and analyzing safety & maintenance records for Sounder Commuter Rail trains. By contractual agreement, Amtrak is to provide those to Sound Transit.

Performance data for 2024:

Reports completed	15
Performance audits	2
Compliance audits	13
• Internal Compliance Audits	7
• Capital Project Certification Audits	6
Issues found	44
Findings	16
Observations	28

Special Audit & Loss Reporting	1
Submitted to SAO	1
Special Audits	0
Loss Reporting	1
Cybersecurity Incidents	1
Fraud, Waste, and Abuse	0

Issue review: Throughout the year, we review all open internal audit issues to increase transparency and accountability; and as a catalyst for agency-wide continuous improvement. Audit issues include both findings and observations; both require corrective action responses. As part of the audit process, we track all findings and observations until they have been addressed, verified, and are complete.

In 2024, we reviewed 216 previous and current audit issues, with 138 closed by the end of the year. (64% audit issue closure rate).

Furthermore, as audit corrective actions are verified and complete, we also close audit projects. In 2024, we closed 4 previous audit projects.

Performance Audits:

- 2019 – 06: Partner Cost Monitoring – King County Metro
- 2020 – 10: Partner Cost Monitoring – Pierce Transit
- 2021 – 01: Vendor Management
- 2022 – 09: IT Operations Special Audit

Audit Survey: As part of the division’s Quality Assurance & Improvement Program (QAIP), Audit requests feedback from audited responsible parties through an anonymous survey. This feedback helps identify strengths and areas needing improvement, ensuring continuous enhancement of the audit process. Survey results are summarized as an appendix to this report.

KPIs (2025): Starting in 2025, audit leadership will use Key Performance Indicators (KPIs) to track how well audit work supports the agency’s strategic goals. Clear KPIs will give oversight authorities and executive leadership the data they need for effective governance.

Agency Strategic Priority	Audit Division KPI	Description	Target
Great Ride	Annual audit completion rate	% of audits completed for the planned audit year.	100%
	Audit results closure rate	% of audit results with corrective actions closed for a 12-month period.	75%
One ST	Customer satisfaction survey score	% of responsible parties satisfied based on audit surveys.	>75%
	Management response timeliness	% of management responses to audit findings submitted within the agreed upon timeframe.	90%

Staff updates: As of year-end 2024, the Audit Division has hired one (1) new position and has (3) position vacancies.

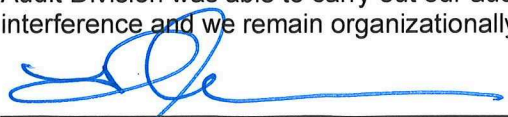
All positions will be filled in 2025.

- Jim Ottman (Internal promotion) has been hired as the Compliance Audit Manager, vacating his Sr. Compliance Auditor position.
- Position vacancies has been advertised for the remaining three (3) position openings: a Sr. Performance Auditor, Sr. Compliance Auditor, and Sr. Regulatory Audit Specialist positions.

Declaration of Independence: According to the Audit Divisions’ charter and procedures, the Chief Audit Executive must confirm at least annually, the division’s organizational independence.

Additionally, the Chief Audit Executive must affirm that the agency’s internal audit activity is free from interference in determining the scope of internal auditing, performing work, and communicating results.

CAE’s affirmation: As of this annual report, as the agency’s chief audit executive, I confirm that the Audit Division was able to carry out our audit activities during 2024 free from management interference and we remain organizationally independent of areas and programs we audit.



 Patrick Johnson, Chief Audit Officer, Audit Division
 Chief Audit Executive (CAE)