



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Snohomish County Public
Transportation Benefit Area
(Community Transit)

For the period January 1, 2017 through December 31, 2017

Published September 20, 2018

Report No. 1022182





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

September 20, 2018

Board of Directors
Community Transit
Everett, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office 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 Transit operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our independent audit report on the Transit'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 we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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AUDIT RESULTS

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

About the audit

This report contains the results of our independent accountability audit of the Community Transit from January 1, 2017 through December 31, 2017.

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 State Auditor to examine the financial affairs of all local governments. Our audit involved performing procedures to obtain evidence about the Transit's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, based on our risk assessment for the year ended December 31, 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Financial condition and fiscal sustainability
- Open Public Meetings Act compliance
- Self-insurance – workers compensation and unemployment
- Selected IT security policies, procedures, practices, and controls protecting financial systems, IT systems, and data
- Fuel purchases and vehicle monitoring
- Safeguarding of parts inventory

RELATED REPORTS

Financial

Our opinion on the Transit's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the Transit's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Transit's major federal program, which is listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Other reports

During the current audit period, the State Auditor's Office issued a report on agreed-upon procedures performed at the Transit. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE TRANSIT

Snohomish County Public Transportation Benefit Area, doing business as Community Transit, was established in 1976. The Transit's service area covers approximately 73 percent of Snohomish County's 789,400 citizens. The Transit's 687 employees provide local and commuter bus service and vanpools. The paratransit service is subcontracted to Senior Services of Snohomish County. The majority of the commuter service is subcontracted to First Transit.

The Transit is governed by a Board of Directors consisting of nine voting members and one non-voting member. The Board of Directors includes two members of the Snohomish County Council, seven elected officials appointed by their respective jurisdictions and one non-voting Labor Representative selected by the Transit's collective bargaining units.

The Transit's expenses totaled \$147 million in 2017 from the following major sources: operations, maintenance, general and administrative, contracted transportation and depreciation. In 2017, revenue for the Transit totaled \$206.8 million from the following major sources: passenger fares, regional transit service, sales tax, and federal and state grants.

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Information current as of report publish date.

Audit history

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

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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