



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Central Puget Sound Regional Transit
Authority
(Sound Transit)

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

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

December 31, 2018

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 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 Authority 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 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 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, Authority 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 Sound 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 Authority'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:

- Procurement – compliance with the state design-build procurement law for one contract
- Asset management system – controls over the asset management system and work orders and inventory testing to ensure compliance with the Authority's policy
- Credit card payments – review credit card payments to ensure compliance with the Authority's policy and state laws
- Vendor payments – review vendor payments to ensure compliance with the Authority's policy and state laws
- Payroll reclassification payment – controls and compliance with the state law and Authority's policy

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's 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 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, dba 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 nearly 3.1 million people, or 80 percent of the three-county population.

Sound Transit has three phases of its System Plan: Sound Move, ST2, and ST3. "Sound Move" to implement commuter rail (Sounder), regional express bus service (ST Express) and light rail (Link) operations 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.

An 18-member Board of Directors governs Sound Transit. The Board is made up of local elected officials and the Secretary of the Washington State Department of Transportation. The Board establishes policies and gives direction and oversight.

The Authority is supported primarily through sales, motor vehicle excise, and rental car taxes, as well as passenger fares and grants from federal and state agencies. Sound Transit provides the following services: Sounder Commuter Rail running daily from Everett to Lakewood; 28 Express Bus Routes; Link Light Rail running 20 hours a day on 22 miles between University of Washington and Angle Lake; and Tacoma Link which runs through downtown Tacoma. In 2017, The Authority provided about 47 million rides to commuters. The Authority had 802 employees at the end of 2017.

Contact information related to this report

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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 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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