



GREATER CLEVELAND  
REGIONAL TRANSIT  
AUTHORITY

INTERNAL AUDIT  
QUARTERLY REPORT  
First Quarter - 2023

May, 2023

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
JANUARY 1, 2023 THROUGH MARCH 31, 2023**

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**INTRODUCTION**

Presented herein and in accordance with Board Policy is the report of the Internal Audit Department activities for the First Quarter 2023. The report outlines work performed, recommendations and management's responses, including specific steps for the implementation of all agreed-upon recommendations and other pertinent data.

The purpose of the Greater Cleveland Regional Transit Authority's Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve GCRTA's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit Department helps GCRTA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

We will respond to requests for assurance and consulting services in a timely manner. Please contact me at (216) 356-3106 to service your requests.

The Internal Audit Department functions as the inspector general for the GCRTA. The mission of the inspector general is to detect and deter waste, fraud, abuse, and misconduct in GCRTA programs and personnel, and to promote economy and efficiency in those programs. These responsibilities include initiating and conducting inspections and investigations of GCRTA operations and activities. Also, forwarding to the appropriate authorities any evidence of criminal wrongdoing that is discovered because of any inspection or investigation.

The Greater Cleveland Regional Transit Authority does not tolerate fraud, waste, abuse, theft, or ethical violations. If you are aware of any such activity occurring against or within the GCRTA, please contact the GCRTA Fraud/Waste/Abuse/Ethics Hotline at (216) 350-5130 or <http://www.riderta.com/fraudhotline>



5/31/2023

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Anthony A. Garofoli  
Executive Director of Internal Audit

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<b>2023 INTERNAL AUDIT PLAN</b>
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<b>Project</b>	<b>Budgeted Hours</b>	<b>Success Outcome(s)</b>
<b><u>Consulting Projects</u></b>		
Change Order Committee	40	III
Data Analytics	20	III
Hiring Practices	150	III,IV
Insurance Application Support	100	III
RFP/IFB Competitiveness	80	III
Third-Party Risk Assessment	240	III
<b><u>Internal Audits</u></b>		
Accident/Incident Training and Discipline Outcomes	160	III, IV
Bus Stop/Rail Station Signage	200	I, II
Capital Planning Funding Process	150	II, III
Claims Process	200	III, IV
Compensation Study Implementation	120	III, IV
Customer Communication - Service Interruptions	250	I
Customer Service Center - Tower City	40	I, II, III
Electronic Funds Transfer Approval Process	40	III
Engineering Project Controls & Project Support	300	III
FMLA - Payroll Compliance	200	III, IV
Healthcare - Employee & Dependent Eligibility	200	III, IV
Overtime	80	III, IV
Petty Cash	40	III
Physical Inventory	100	III
PTASP - Configuration Management	400	III
PTASP - Internal Safety Audit Program	200	I, II, III, IV
Rail Yard Operations	100	III
Records Retention	60	III
Service Quality Field Supervision	250	I
Shelter Maintenance	150	I, II
Telephone Information Center - Complaint Process	150	I
TRACTION Performance Measurement	250	I, II, III, IV
Transit Police Overtime and Compensated Time	200	III, IV
Travel Reimbursement	120	III
Work Order Management	1000	III
Workers Compensation Claims Review	40	III

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<b>2023 INTERNAL AUDIT PLAN</b>
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<b>Project</b>	<b>Budgeted Hours</b>	<b>Success Outcome(s)</b>
<b><u>Continuous Auditing</u></b>		
Accounts Payable	40	II, III
Accounts Receivable	40	II, III
Nepotism	40	IV
Paratransit Eligibility/Certification	40	I, II
Payroll	40	III, IV
Purchasing Card Expense	40	III, IV
Revenue Collection	40	III
Script Development	840	I, II, III, IV
<b><u>External Audits</u></b>		
Federal Transit Administration - Triennial Review	100	II, III
Financial Audit Support	160	II, III
System Security Plan	200	I, II
<b><u>Information Technology Audits</u></b>		
Access Management	120	III
Accrued Leave Reconciliation	160	III, IV
Change and Patch Management	100	III
Consolidated Train Dispatch System	150	I, III, IV
Cyber Liability Assessment	100	III, IV
Information Technology Governance	80	III, IV
Information Technology Security	100	III, IV
Maintenance-Management System Upgrade	100	III, IV
Operator Time & Attendance System Upgrade	100	III, IV
Oracle System Upgrade/Migration	100	III, IV
Transit Police Body Worn Cameras	200	I, II, IV
TransitMaster Input Controls	150	III, IV
TransitMaster System Upgrade	100	III, IV

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<b>2023 INTERNAL AUDIT PLAN</b>
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<b>Project</b>	<b>Budgeted Hours</b>	<b>Success Outcome(s)</b>
<b><u>Revenue Collection Audits</u></b>		
Fare Media Inventory	40	I, III
Paratransit - Third-Party Revenue Collection	300	I, III
Special Events Collection	40	I, III
<b><u>Contract Audits</u></b>		
Central Facilities Contract Management	150	III
City of Shaker Heights Maintenance Expense	200	II, III
Common Area Maintenance - Tower City	40	I, II, III
Compressed Natural Gas Vehicle Replacement	100	I, II, III
FOP and ATU Contract Implementation	100	III, IV
Healthcare Claims Expense Review	40	III
Locomotive Purchase	40	III
Paratransit Vehicle Replacement	40	I, II, III
Rail Vehicle Replacement	500	I, II, III
Railcar Mover Purchase	40	III
Supply Chain Contract Management	150	III
Trunk Line Signal Project	100	II, III
Waterfront Line Bridge Rehabilitation	100	I, II, III
<b>Special Requests &amp; Emerging Issues</b>	<b>2000</b>	

*"The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals" - Institute of Internal Auditors Professional Standards – Planning 2010.*

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<b>COMPLETED PROJECTS</b>
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**GCRTA Travel Expense & Reimbursements**

Purpose:

Per Chapter 656.03 of the Codified Rules and Regulations of the GCRTA - Travel Policies and Procedures: "Travel expenses will be subject to a final compliance review by the Internal Audit Department."

Scope:

Internal Audit reviewed all the Board of Trustee and employee Travel Reports and Reimbursement Requests for the period January 1, 2023 through March 31, 2023 prior to cash disbursement. The review included tests for allowability, reasonableness, and timeliness.

Results:

Internal Audit reviewed all the Travel Reports and Reimbursement Requests during the period. Any exceptions to the Codified Rules and Regulations and Administrative Procedure 024 - Travel Policy were returned to management for correction prior to final approval and cash disbursement. No exceptions were noted.

Issues for Board Consideration: None

**Vehicle Purchase – (20) Compressed Natural Gas Coaches – (Gillig, LLC)**

Purpose:

The Board of Trustees authorized the exercise of an option under Contract 2021-100 with Gillig, LLC, for the purchase and delivery of up to 20, 40-ft., low floor CNG coaches including training, special tooling, and spare parts.

The Federal Transit Administration obligates federal funds to the GCRTA for purchasing buses to carry passengers in mass transit service. Recipients of these funds must comply with several federal regulations, one of which is the Pre-Award and Post-Delivery Rule.

Scope:

Audit Staff completed the applicable Buy America Review, required by Federal Transit Administration.

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<b>COMPLETED PROJECTS</b>
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Results:

Internal Audit staff completed the Post-Delivery Buy America Review, the Purchaser's Review, and the Federal Motor Vehicle Safety Standards Review. Both the contractor and management complied with federal regulations.

All buses are scheduled for service delivery.

Issues for Board Consideration: None

**Public Transportation Agency Safety Plan – Drug & Alcohol**

Purpose:

Evaluate GCRTA Drug & Alcohol program adherence to federal regulations and FTA guidance.

Scope:

Evaluate PTASP compliance with ODOT and FTA checklists for content as it relates to Drug and Alcohol Programs.

Results:

Satisfactory – management implemented corrective actions for audit recommendations.

Issues for Board Consideration: None



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<b>CONTINUOUS AUDITING PROGRAM</b>
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*Continuous auditing is an automatic method used to perform auditing activities, such as control and risk assessments, on a more frequent basis. Technology plays a key role in continuous audit activities by helping to automate the identification of exceptions or anomalies, analyze patterns within the digits of key numeric fields, review trends, and test controls, among other activities.*

**Customer Fare Collections**

Purpose:

To evaluate and provide assurance customer fares, collected from fare collections systems are reconciled, posted to accounting records, and deposited in the bank.

Scope:

Internal Audit Staff developed a continuous audit test, utilizing audit software, to query the fare collections systems data to reconcile with cash counts, GCRTA accounting records and third-party bank deposits. The audit script is executed daily. Any exceptions are noted for investigation with appropriate management.

Results:

We executed the audit script for the period January 1, 2023 through March 31, 2023 successfully. The on-board revenue collections system is working effectively. The system captured the transactions, cash was collected, reconciled, and deposited, and revenue receipts were posted to the general ledger.

The "Proof of Payment" system fare collection receipts represent approximately 18% of the total revenue receipts. Fares paid with credit cards were collected, reconciled, and deposited without exception. Cash collections included some immaterial differences between machine totals and amounts deposited, due to known system errors.

Issues for Board Consideration: None

**Procurement Card (P-Cards)**

Purpose:

The GCRTA launched a P-Card Program many years ago. P-Cards provide a means for streamlining the procure-to-pay process, allowing cardholders to procure goods and services in a timely manner, reduce transaction costs, track expenses, take advantage of supplier discounts, reduce, or redirect staff in the purchasing and/or accounts payable departments, reduce or eliminate petty cash, and more.

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<b>CONTINUOUS AUDITING PROGRAM</b>
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Scope:

Internal Audit developed a continuous auditing script to evaluate P-Card transactions for compliance with the GCRTA Procurement Card Policy. We also evaluate transactions for potential fraud, waste, and abuse.

Results:

Internal Audit updated and executed the script for the period January 1, 2023 through March 31, 2023. We analyzed and summarized the data and met with management.

We will continue to provide the PCard manager with monthly audit reports designed to target risk areas. This will enable the manager to evaluate compliance with the PCard Policies and Procedures. We will provide additional audit or investigative services as needed.

Issues for Board Consideration: None

**Paratransit Certification System Database**

Purpose

GCRTA management certifies eligible applicants who schedule and ride Paratransit services. Management utilizes a computerized system to store inactive and active customer information.

Scope:

Internal Audit developed a continuous auditing script to evaluate both inactive and active customer information with the death records posted to the State of Ohio – Department of Health - Vital Statistics Database. We will provide management with data matches to update the Certification System database and search for fraud, waste, and abuse.

Results:

We identified data matches between the Paratransit System customer database and death records posted to the State of Ohio – Department Health – vital statistics database. Management will deactivate these customer accounts.

Issues for Board Consideration: None

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<b>CONTINUOUS AUDITING PROGRAM</b>
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**Nepotism**

Purpose:

The GCRTA Code of Ethics provides policy to ensure the hiring and supervision, by and within the Authority, is conducted in compliance with the Ohio laws, and in a manner that enhances public confidence in the Authority, prevents situations that give the appearance of partiality, preferential treatment, improper influence, and conflict of interest.

Scope:

Internal Audit evaluated the relationships and employment placement for all the active employees. GCRTA Personnel Policy 300.03 Employment of Relatives provides:

*“...For purposes of this policy, “immediate family” shall mean spouse, children, parents, grandparents, brothers, sisters, grandchildren, or any person related by blood or marriage, or relative residing in the same household...”*

Update:

Internal Audit is updating the script to account for employee movements, new hires, and promotions. Field work is complete. We will issue a report after discussion with management.

**Payroll**

Purpose:

Payroll (Labor) is typically the highest line-item expense on the operating financial statement. Internal Audit will execute a computerized audit script, combining human resources and payroll transaction data, to detect scenarios that may indicate fraud, waste, and abuse.

Scope:

Internal Audit plans to execute the script after each of the bi-weekly payrolls (bargaining and non-bargaining payroll runs).

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<b>CONTINUOUS AUDITING PROGRAM</b>
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Update:

The script is completed, searching for terminated employees, excessive overtime, unusual changes in salary/rates, excessive work hours, unusual deductions, lump sum payouts, and other anomalies.

**Accounts Payable**

Purpose:

The GCRTA Accounting Department processes payment to vendors and contractors.

Scope:

Internal Audit is developing a continuous auditing script to evaluate payables and to search for fraud, waste, and abuse.

Update:

We suspended the development of this audit script due to lack of audit resources. We will resume the work during the Second Quarter 2023.

**Accounts Receivable**

Purpose:

The GCRTA Accounting Department collects payments from sales agents, lease agreements, legal settlements, and others.

Scope:

Internal Audit is developing a continuous auditing script to evaluate receivables and to search for fraud, waste, and abuse.

Update:

We suspended the development of this audit script due to lack of audit resources. We will resume the work during the Second Quarter 2023.

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CONTINUOUS AUDITING PROGRAM

**Fuel Expense**

Purpose

GCRTA management contracts with suppliers to deliver diesel fuel to storage tanks. The price of fuel fluctuates throughout the day.

Scope:

Internal Audit is developing a continuous auditing script to evaluate price fluctuations, delivery dates, the quantity of fuel delivered, and amounts paid for fuel. We will evaluate contract compliance and search for fraud, waste, and abuse.

Update:

We suspended the development of this audit script due to lack of audit resources. We will resume the work during the Second Quarter 2023.

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**PROJECTS IN PROGRESS**

**Public Transportation Agency Safety Plan  
(Accident Notification and Investigation)**

Purpose:

The FTA, via Title 49 CFR Part 673, requires States and certain operators of public transportation systems that receive Federal financial assistance to publish and maintain a Public Transportation Agency Safety Plan (PTASP). The contents of the PTASP are subject to audit on a three-year cycle. The Internal Audit Department assists the Safety Department with completion of an agreed upon number of audits annually. This audit will address Accident Notification and Investigation.

Scope:

- Review the PTASP section on accident notification and investigation, the State Safety Oversight Program Standard (SSOPS), and GCRTA's Administrative Procedure 002 Revenue Vehicle Accident Investigation.
- Evaluate that the PTASP and administrative procedure adhere to FTA and SSO requirements for accident notification and investigation.
- Sample a selection of accident notifications and Safety Department investigations to ensure that GCRTA adheres to the administrative procedure and oversight requirements.

Update:

Field work is complete. We will issue a final report after discussion with management.

**GCRTA Fare Media – Ticket Stock**

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2020-129 with Electronic Data Magnetics, Inc. for the purchase of magnetic fare media.

Scope:

- Review the ticket stock vendor contract and identify compliance obligations and risks to management objectives;
- Document controls over the ticket stock, including their design, storage, and distribution;
- Evaluate compliance with the contract and determine if controls are well-designed and working effectively.

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<b>PROJECTS IN PROGRESS</b>
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Update:

Field work is complete. We will issue a final report after discussion with management.

**Employee Hiring Practices**

Purpose:

Recruitment audit to document and understand the current process, evaluate the bottlenecks, evaluate compliance with applicable laws and regulations, and learn how the candidates perceive the GCRTA during the process.

Scope:

Internal Audit will complete a consulting project to process map the workflow and evaluate recent hirings efforts for process improvements.

Update:

Field work is complete. We will issue a final report after discussion with management.

**Employee Overtime Expenses**

Purpose:

Internal Audit is evaluating employee overtime expenses. Overtime is both scheduled and unscheduled based on the business objective.

Scope:

We will evaluate overtime expenses across all business units. The scope will be determined after the risk assessment.

Update:

Field work is complete. We will issue a final report after discussion with management.

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<b>PROJECTS IN PROGRESS</b>
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**Railcar Vehicle Replacement**

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2019-115 with LTK Consulting Services, Inc. dba LTK Engineering Services for technical specification, program management and engineering services for Red Line HRV replacement.

Scope:

Internal Audit will evaluate contract compliance and management controls.

Update:

The Procurement Department canceled the first procurement due to lack of a responsive proposal. Management updated the specifications and issued a second Request for Proposal.

Internal Audit is completing a pre-award review. Management is evaluating management proposals. Internal Audit continues to attend project meetings to evaluate compliance with applicable federal and state procurement laws and regulations.

Management issued a Request for Proposal and received proposals in May 2022. Internal Audit will monitor the project as a non-voting member of the GCRTA procurement evaluation team.

Update:

Field work is complete. We will issue a final report after discussion with management.

**Triskett Garage Compressed Natural Gas Plant Construction**

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2019-062 with Trillium Transportation Fuels, LLC, dba Trillium CNG to provide installation of the CNG fueling system at the Triskett bus garage.

Scope:

Internal Audit evaluated contract compliance and management controls.



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<b>PROJECTS IN PROGRESS</b>
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Update:

Fieldwork is complete for this audit. Management is waiting on the delivery, installation, and testing of gas monitoring sensors at the Triskett District facility to fully utilize the fueling system, maintain, and store the compressed natural gas buses. We will conclude our work and issue the report at the conclusion of these activities.

**Fare Collection – (Brinks, Incorporated)**

Purpose:

The Board of Trustees authorized Contract No. 2019-131 with Brink's, Inc. to provide revenue collection and processing services.

Scope:

Internal Audit will evaluate contract compliance and management controls.

Update:

Brinks, Incorporated released their independent auditor's SSAE 16 SOC 1 Report and bridge letter. The SSAE 16 is the Statements on Standards for Attestation Engagements No. 16. It provides a set of standards and guidance for attestation reporting on organizational controls and processes at service organizations. We will use this report to evaluate both GCRTA and Brink's operations. Internal Audit staff and employees from Transit Police and Revenue Collection toured the Brinks operations to observe the internal controls and processes in place to comply with the terms of the agreement.

**Transit Police Body Cameras**

Purpose:

Management will purchase and implement body cameras for Transit Police personnel.

Scope:

Internal Audit will evaluate the system implementation for compliance with applicable contracts, Transit Police policies, records retention and storage plans and policies, and the chain of custody for transferring information.

Update:

Internal Audit completed an inventory of body worn cameras. We also reviewed the Transit Police procedures to conduct a pilot program for the cameras. The pilot program

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<b>PROJECTS IN PROGRESS</b>
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is continuing; Internal Audit is engaged to monitor compliance with management controls.

Transit Police expanded the project to include the installation of Dash-Cams into patrol cars for integration with the system.

**Paratransit Supplemental Services**

Purpose:

The GCRTA Board of Trustees authorized three contracts to provide Paratransit Services for a three-year period, beginning June 1, 2019.

- Contract No. 2018-097C with Senior Transportation Connection
- Contract No. 2018-097B with GC Logistics of Mississippi, LLC
- Contract No. 2018-097A with Future Age, Inc. DBA Provide A Ride

Scope:

Internal Audit will evaluate contract compliance and management controls.

Update:

Internal Audit suspended the audit due to lack of audit resources. We plan to resume the audit during the Second Quarter 2023.

**Fiber Optic Line Replacement - Red Line Construction**

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2017-122 with Clifton, Weiss & Associates, Inc. for Project 59 - Fiber Optic Communications System Improvements and

Contract No. 2019-146 with Lake Erie Technologies, Inc. for Project 59 - Fiber Optic Communications System Improvements.

Scope:

Internal Audit will evaluate contract compliance and management controls.

Update:

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<b>PROJECTS IN PROGRESS</b>
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We noted this construction project experienced delays with long lead-time for supplies and some conflicts between supporting design firms.

**Viaduct Rehabilitation**

Purpose:

The Board of Trustees authorized Contract No. 2021-044 with BECDIR Construction Co. for Project 27Y - Rehabilitation of the Cuyahoga Viaduct.

Scope:

Internal Audit will evaluate compliance with contract terms and conditions.

**Tower City Common Area Maintenance Agreement**

Purpose:

The GCRTA entered into a 1994 agreement with Tower City Properties, Inc. The agreement includes governing language for easements, property, and the

reimbursement of costs. It also includes pass-through expenses to the GCRTA for utilities, security, cleaning, and building maintenance.

Scope:

Internal Audit developed an agreement abstract to identify these pass-through expenses. We will conduct an audit of supporting information for these costs and payments.

**Heavy Rail – Motor Overhaul (Swiger Coil Systems)**

Purpose:

The Board of Trustees authorized Contract No. 2021-181 with Swiger Coil Systems, a Wabtec Co., to provide heavy rail traction motor overhaul services for a total contract amount not to exceed \$2,210,344.00 for a two-year period.

Scope:

Internal Audit will conduct a contract compliance audit.

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<b>PROJECTS IN PROGRESS</b>
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**Change and Patch Management Controls**

Purpose:

The purpose of this audit is to evaluate Information Technology Governance, software and application security, and software and application functionality.

Security: Patch management fixes vulnerabilities on our software and applications that are susceptible to cyber-attacks, helping the GCRTA reduce its security risk.

System Uptime: Patch management ensures our software and applications are kept up to date and run smoothly, supporting system uptime.

Scope:

Internal Audit will review and evaluate IT Governance controls in place. We will also perform tests of change and patch management controls.

**Healthcare – Employee and Dependent Eligibility**

Purpose:

The Authority provides health care and related employee benefits for eligible employees and dependents, where applicable. Employees are required to submit a birth certificate, marriage license, court order, or crib card to support the eligibility of dependent family members.

Scope:

To be determined at the conclusion of the risk assessment.

**Parts Inventory**

Purpose:

GCRTA supply chain management warehouses and issues parts to the maintenance technicians to support the state of good repair for vehicles, equipment, and other assets. Management is conducting a physical inventory of approximately 80% of the value of parts across the central and district warehouses.

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<b>PROJECTS IN PROGRESS</b>
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Scope:

Internal Audit will review the physical inventory, reconciling systems, and reports. We will trace adjustments to the general ledger. Management will reconcile the counts and value to the December 31, 2022 system balance.

**Records Retention**

Purpose:

GCRTA maintains a public records management program in accordance with State of Ohio law and GCRTA policy.

Scope:

We will conduct spot audits across all GCRTA departments to evaluate compliance with applicable laws and policy.

**TRACTION Performance Measurement**

Purpose:

Evaluate the design, methodology, execution, and results of the survey inputs for TRACTION Performance Measurement.

Scope:

Customer Experience, Community Value, and Workplace Experience Surveys conducted in 2022.

**Engineering Project Controls and Project Support**

Purpose:

Identify the management controls in place to support project management for Engineering division projects. Develop a template of test procedures that can be used for evaluating construction project controls in future audits.

Scope:

Engineering and project management support environment.

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**Accrued Time Reconciliation**

Purpose:

Document processes involved in employee accrued balances, and development of a process for regular auditing.

Scope:

Employee accrual rates and balances accrued and used since go-live of Kronos Workforce Development system.

**Compensation Study - Implementation**

Purpose:

GCRTA management engaged a consultant to evaluate compensation structure for salaried (non-bargaining) employees.

Scope:

Internal Audit will evaluate the implementation of the consultant's recommendations accepted by management.

**Configuration Management:**

Purpose:

GCRTA utilizes configuration management processes to guide the procurement, maintenance, modification, and disposal of assets including facilities, rolling stock, and support infrastructure. Configuration management at GCRTA is guided by a Configuration Management plan and governed by the Configuration Management Steering Committee.

Scope:

- To validate that GCRTA's PTASP section on configuration management meets the requirements outlined in FTA and SSO guidance.
- To evaluate that the configuration management plan, and GCRTA's configuration management governance, is designed to meet the needs of the authority.
- To evaluate overall organizational compliance with configuration management requirements.

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<b>SPECIAL REQUEST AND EMERGING ISSUES</b>
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**Bus Operator - Revenue Collection**

Purpose:

The Acting Director of Revenue Collection requested an investigation into multiple acts of potential occupational fraud.

Scope:

Internal Audit is working with GCRTA Transit Police to investigate these allegations.

**Incompatible Employment – Hayden District**

Purpose:

Internal Audit received multiple tips concerning an employee engaged in incompatible employment. External employment activities are governed by GCRTA Personnel Policy and the GCRTA Code of Ethics.

Scope:

Internal Audit will investigate this tip and concern.

**Mileage Reimbursement**

Purpose:

Internal Audit received a tip concerning the reimbursement of personal auto mileage reimbursement.

Scope:

Internal Audit will investigate this tip and concern.

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<b>EXTERNAL AUDIT COORDINATION</b>
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The International Standards for the Professional Practice of Internal Audit provides:

- 2050 – *Coordination:*
  - *“The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.*

The following Federal and State Agencies performed audits and reviews of the Authority’s policies and records during the First Quarter 2022:

State of Ohio – Office of the Auditor

- The State Auditor is conducting the 2022 Single Audit. Internal Audit completed several analyses for the State Auditor. They will share the results with the Board of Trustees at the June 2023 Board meeting.

Federal Transit Administration – Triennial Review

- The Triennial Review is one of FTA’s management tools for examining recipient performance and adherence to current FTA requirements and policies. The review examined 23 areas. The FTA released the draft report to management during the First Quarter 2023. Management is addressing two areas of deficiency.

State of Ohio – Ohio Department of Transportation (ODOT)

- Federal legislation requires each state to have and implement a State Safety and Security Oversight program for its rail transit systems. The ODOT Rail Transit Safety and Security Oversight Program fulfills this requirement.
- ODOT selected a consultant, Vital Assurance Inc., to act as the Program Manager for Rail Safety and Security Audits.
- Internal Audit will work with GCRTA Safety to perform the audits as required by ODOT.
- The Consultant meets with GCRTA Management on a quarterly basis to review and follow-up on outstanding corrective action.

Internal Audit will coordinate final audit and review findings within our audit management system. We track recommendations and required corrective actions through implementation. Audit staff will review supporting evidence to close out outstanding issues.



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**STATUS OF OUTSTANDING FOLLOW-UP**

The International Standards for the Professional Practice of Internal Audit provides:

- 2500 – Monitoring Progress
  - “The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.”
  - “The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.”

All outstanding issues and recommendations from internal and external audits and reviews are tracked within the Internal Audit Management System (TeamMate) application module (TeamCentral).

Audit staff is directed to follow-up with management to evaluate actions are effectively implemented.

(See the following table from the audit management system).

Recommendation Implementation Tracking

Recommendation	State	Project Code	Project Name	Issue	Issue Type	Priority	Estimated Date	Revised Date	Actual Date	Owner	Entity
Point of Sale System - Cash Register	Started	2016 - SP - 04	Tower City Customer Service Center Investigation	Point of Sale System - Cash Register	Material Weakness	High Priority	6/30/2016	6/30/2023		Miranda, Josh	Customer Service Center
IT Disaster Recovery Planning	Started	2021 - EX - 01	2020 State of Ohio Financial Audit - Follow-up	IT Disaster Recovery Planning	Management Letter	Medium Priority	11/30/2021	6/30/2023		Miranda, Josh	Innovation & Technology
IT Governance - Purchase of Information Technology Assets	Started	2021 - FWA - 04	CIO IT Asset Purchases	IT Governance - Purchase of Information Technology Assets	Material Weakness	High Priority	3/31/2022	3/31/2023		Lively, Michael	Innovation & Technology
Determine Which Fareboxes Are Assigned to Rail Stations and Update Ultramain	Started	2021 - RA - 02	Farebox Inventory	Ultramain Records of Rail Station Fareboxes Are Inaccurate	Reportable Condition		6/30/2022	2/1/2023		Weil, Christopher	Fleet Management
Obtain Consignment Agreements for All Sales Agents	Started	2021 - IA - 04	Sales Agent - Collections	Missing Consignment Agreements	Material Weakness		9/30/2022	6/30/2023		Togher, John	Accounting
Increase Sales Agent Orders of One and Two-Trip Farecards	Started	2021 - IA - 04	Sales Agent - Collections	Sales Agents Have Not Adopted One and Two Trip Farecards	Reportable Condition		9/30/2022	6/30/2023		Togher, John	Accounting
Identify Sales Agent Prospects in Underserved Areas	Started	2021 - IA - 04	Sales Agent - Collections	Uneven Distribution of Sales Agents	Management Letter		9/30/2022	6/30/2023		Togher, John	Accounting
Close the Hayden Petty Cash Fund	Started	2021 - IA - 05	Petty Cash	Outstanding Hayden Account	Reportable Condition		9/30/2022	12/31/2022		Purnell, Cynthia	Accounting
Remove Non-Inventory Personnel From Stores Areas	Started	2022 - IA - 04	Inventory Parts - Cycle Counting	Personnel Outside of Inventory Have Access to Stores	Reportable Condition	Medium Priority	9/30/2022	12/24/2022		Berry, Michelle	Operations
Train Employees on Lug Locks & Wheel Retorque SOP	Started	2021 - CA - 01	Tire Lease/Maintenance	GCRTA District Mechanics Do Not Use Lug Locks	Material Weakness		10/28/2022			Adams, Jeffrey	Fleet Management
Improve Technical Capabilities	Pending	2022 - IA - 04	Inventory Parts - Cycle Counting	Inadequate Citrix Server Environment	Reportable Condition	Medium Priority	10/31/2022	4/28/2023		Berry, Michelle	Operations
Increase Cameras at Triskett Stores	Pending	2022 - IA - 04	Inventory Parts - Cycle Counting	Insufficient Camera Views at Triskett Stores	Reportable Condition	Medium Priority	11/1/2022			Straub, Larry	Operations
Develop a Methodology to Mitigate the Improper Valuation of Inventory; Expand Cycle Count Program	Started	2022 - IA - 04	Inventory Parts - Cycle Counting	Inventory Valuation Reporting is Questioned	Reportable Condition	Medium Priority	12/1/2022			Straub, Larry	Operations
Identify Source of Inconsistencies,	Started	2022 - IA - 04	Inventory Parts - Cycle Counting	Cycle Count Configuration Could	Reportable Condition	Medium Priority	12/31/2022	1/9/2023		Berry, Michelle	Operations

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<b>STATUS OF OUTSTANDING FOLLOW-UP</b>
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Document Configuration Early, Consider Items without Forecasted Annual Demand	Not be Validated								
IT Business Analyst	Pending	2021 - FWA - 03	AT&T Services	IT Managers - Contract Management Support	Management Letter	Medium Priority	1/31/2023	Lively, Michael	Network Services
Implement Effective Physical and Environmental Controls for System Hardware	Pending	2022 - IT - 03	Consolidated Train Dispatch System	Environmental Controls	Material Weakness		6/30/2023	Piggery, Robert	Power & Way - Rail
Patch and Upgrade Schedule	Pending	2022 - IT - 03	Consolidated Train Dispatch System	Expired Vendor Support - Expertise/Legacy Systems	Material Weakness		6/30/2023	Piggery, Robert	Power & Way - Rail
Replace System; Implement Maintenance Plan for New System; Enhance Redundancy	Pending	2022 - IT - 03	Consolidated Train Dispatch System	Host Server A Down	Reportable Condition		6/30/2023	Piggery, Robert	Power & Way - Rail
Procure System with Robust Reporting Capabilities	Pending	2022 - IT - 03	Consolidated Train Dispatch System	Inadequate System Reporting	Reportable Condition		6/30/2023	Piggery, Robert	Power & Way - Rail

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**OTHER PROJECTS**

**Fraud Hotline**

The GCRTA Fraud Hotline (216) 350-5130 is established to reduce and recover the loss of public funds from any acts of fraud, waste and/or abuse. GCRTA contracts include contact information and require contractors to call whenever they suspect an illegal act or an ethics violation. The Hotline is available to our employees and the public. Audit Staff will work closely with Management, Transit Police as well as law enforcement agencies, prosecutors, professional associations, and the public to ensure GCRTA assets are safeguarded.

**Information Technology Steering Committee**

The Director of Innovative Transit Technology chairs this committee. The purpose of this committee is to oversee, analyze and prioritize the overall technology needs of the Authority.

**Change Order Review Committee**

The General Manager/CEO created this committee to review potential contract change orders greater than (50) thousand dollars to validate the appropriateness of the request and to ensure appropriate Procurement and Project Management processes are adhered to. Internal Audit serves as a resource to the committee.

**First Quarter 2023 Change Orders:**

Internal Audit is a member of the Change Order Committee, established to review potential change orders, greater than \$50,000, for compliance with Federal and State laws and regulations.

- Contract No. 2021-098, Advertising Services
- Contract No. 2021-152, AT&T Switched Ethernet On-Demand Services

**Railcar Replacement Steering Committee**

The Deputy General Manager of Operations chairs this committee. The purpose of this committee is to provide advice; ensure delivery of the project outputs, and the achievement of project outcomes.

**Maintenance Management System Upgrade (UltraMain)**

The Deputy General Manager of Operations chairs this committee. The purpose of this committee is to provide advice; ensure delivery of the project outputs, and the achievement of project outcomes.

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OTHER PROJECTS

**Oracle Upgrade Steering Committee**

The Deputy General Manager of Operations chairs this committee. The purpose of this committee is to provide advice; ensure delivery of the project outputs, and the achievement of project outcomes.

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<b>STAFF TRAINING</b>
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Internal Audit Department staff received the following training during the First Quarter 2023:

**Northeast Ohio Internal Audit Local Chapter**

- Sarbanes-Oxley and Data Analytics (IIA/OSCPA)
- Building Resistance Against Ransomware (Jefferson Wells, USA)
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**Northeast Ohio Certified Fraud Examiners Local Chapter**

- Fraud and Investigation Tactics and Techniques (Grant Thornton)
- FBI Healthcare Fraud Overview and Case Brief (Federal Bureau of Investigation)
- Fraud Controls – (Federal Reserve Bank of Cleveland)
- Dark Waters: The Story Behind the Environmental Legal Battle Exploiting Corporate Coverup (Taft, Stettinius, & Hollister LLP)
- Financial Exploitation Against the Elderly (Federal Bureau of Investigation)
- Optimizing Fraud Risk Management (RGP)

**Northeast Ohio Information System Audit and Control Association**

- None during the First Quarter 2023

**GCRTA Internal Audit Department - Audit Management System**

- TeamMate+ Risk Assessment (Wolters Kluwer)
- Project Management Training (GCRTA Management)
- Agile Auditing (Wolters Kluwer)
- First Aid CPR/AED (GCRTA Management)

**Federal Transit Administration**

- Cybersecurity Assessment Tool (FTA)

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<b>STAFF PROFILES</b>
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<b>Anthony A. Garofoli</b> Executive Director of Internal Audit	Anthony joined the GCRTA on September 23, 1996. He earned his BA in Accounting from Cleveland State University. Prior to joining the GCRTA, he worked 16 years in progressively responsible positions for the Office of the Auditor of the State of Ohio. His experience includes financial audits of State and Local Governmental Units; fraud investigations; contract compliance, operational and internal audits. He has earned several certifications.
Manager of Internal Audit	(Vacant)
<b>Steven Zimmerman</b> Lead Auditor/ Acting Manager of IA	Steven joined the GCRTA on June 1, 2015. He earned a BS in Biology from Cleveland State University and his Master's Degree in City and Regional Planning from Rutgers University. He is a graduate of the GCRTA Management Development Program. Steven is a Certified Internal Auditor.
<b>Andrew Scott</b> Information Technology Auditor	Andrew joined the GCRTA on June 5, 2016 and filled multiple roles within the information technology division. He joined IA on September 6, 2020. He earned his BS in Computer Science from the University of Akron. He is a graduate of the GCRTA Management Development Program.
<b>Molly O'Donnell</b> Staff Auditor	Molly joined the GCRTA on February 23, 2020. She earned a BA in Public Administration, Urban Planning, Sustainability from Miami University, Oxford Ohio. Molly is a Certified Internal Auditor.
<b>Laura Crawshaw</b> Staff Auditor	Laura joined the GCRTA on September 20, 2021. She earned a BS in Public Policy Analysis from The Ohio State University. Laura participated in the GCRTA Public Transit Development Program.
<b>Randall Bowles</b> Information Technology Specialist Auditor	Randall joined the GCRTA on February 24, 2020 as the Hayden District Business Analyst. He joined IA on January 24, 2022. He earned his BSBA in Information Systems from the Ohio State University and his MBA from Case Western Reserve University.
<b>Darren Garlock</b> Staff Auditor	Darren joined the GCRTA on February 14, 2014 as an electronic equipment maintainer and a member of the Amalgamated Transit Union 268. He earned his BA in Business Administration from Hiram College and promoted to a computer system specialist in the Intelligent Transportation Systems unit. He joined IA on April 3, 2022.