

Minutes

RTA Audit, Safety Compliance & Real Estate Committee Meeting

9:37 a.m. November 17, 2020

Committee Members: Moss (Chair) Lucas (Vice Chair), Joyce, McCall, Weiss

Other members: Bibb, Byrne, Clough, Serrano, Pelot

Not present: None

Also Present: Becker, Benford, Birdsong, Bitto, Burney, Caver, Cottrell, Dangelo, Davidson, Fields, Freilich, Garofoli, Gautam, Ghanem, Harris, Kirkland, Laule, Mothes, Orlando, Penning, Rusnov, Schipper, Sutula, Tarka

Ms. Moss called the meeting to order 9:37 a.m. The secretary called the roll and reported that five (5) committee members were present. This meeting was conducted by teleconference for members of the Board in accordance with House Bill 197 of the 133rd General Assembly, signed by the Governor of the State of Ohio on March 27, 2020, the March 9, 2020 order of the Governor of the State of Ohio declaring a public health emergency and the April 30, 2020 order of the Director of the Ohio Department of Public Health prohibiting any gathering of ten (10) or more people. The meeting was live-streamed on RTA's Facebook page (www.facebook.com/rideRTA) for staff and members of the public.

Internal Audit Quarterly Report – 3rd Quarter

Tony Ghanem, Manager of Internal Audit, gave the presentation. The content in the Introduction on pages 2-3 focused on their work on the COVID-19 pandemic. Pages 6-8 covers the work in this area. Pages 4-5 is the Risk Based Internal Audit Plan, which the Board approved in the February Committee meeting. They transitioned from their high risk COVID-19 projects upon their completion and stabilization of risks over to their regularly planned activities in late June. They are doing their best to catch up to their planned activities.

Inclusive of the COVID work was an all hands on deck project, which they took on collaboratively in the office to review almost 400 employees (for an eight week period), that were subject to the FFCRA. The audit included testing, implementation of pay codes to payroll process, accrued leave and FMLA benefits. The federal government introduced new laws providing benefits for employees subject to the Pandemic. They completed a 100% audit to ensure those employees were paid correctly and were provided the benefit entitlements. They issued a report to management where they found over payments and under payments. They issued recommendations accordingly.

They also conducted the controls in place to account for the approximate \$112 million afforded from the CARES Act grant. They said the controls are in place and working effectively. Management drew down approximately 100% of the money. This will provide a financial solvent bridge into the operating dollars through 2023 and hopefully through 2024. On page 9, are projects completed from their Risk Based Audit Plan as well as their ongoing Travel Expense and Reimbursement audits. Travel was severely restricted so they reviewed travel for essential business purpose only. They looked at the Time and Attendance System in the Kronos Dimensions, which is a Cloud based system to capture time and attendance data for all employees.

Pages 10-13, include the Continuous Auditing Efforts. They have implemented a continuous monitoring program over the last few years. They implemented a robotic automation system, which is

based on writing scripts and tests. The significance of this is that it identifies non-compliance, risk, errors, omissions and anomalies. They are running these mission critical systems to address fare collection, purchasing cards, Accounts Payable, Accounts Receivables, paratransit eligibility, nepotism and fuel expense. They believe this is the future of Internal Auditing and they will continue to enhance this process.

Pages 14-19 include a description of several of their Projects in Progress. There are sixteen (16) projects in total. Upon completion, they meet with management and discuss their findings and issue recommendations. Some of these projects were requested by Ms. Birdsong to address some fundamental concerns within the organization. On page 17 is the Fare Collection Audit, which took up quite some time. They are completing the audit, wrap up and reporting. They will issue a report in the coming weeks. Pages 20-23 include Special Requests or Emerging Issues. They allocate approximately 10% of their audit time in the plan to special requests. There are ten (10) total projects listed. They are in the final negotiations with our crime insurance company regarding one of the claims, which they undertook as part of fraud. That claim is the compound drug fraud case. The insurance company is attempting to discount some of the coverage terms and conditions they introduced. They expect a negotiation to conclude in the coming weeks. Two of the other claims have been settled and negotiated. The Board member healthcare claim is still outstanding.

On page 25, is the External Audit Coordination Initiatives with external auditors and review teams. Page 26-28 include the status of the Outstanding Follow-up Issues. Management is doing well in implementing those recommendations. Most of the follow-up is related to the COVID-19 pandemic issues for collection and pay discussed earlier. Pages. 29-30 is the Fraud Hotline. During most of the 3rd quarter, they received customer complaints about COVID safety and security. They reviewed contracts, change orders in excess of \$50,000 during the 3rd quarter. These change orders complied with the policy and addressed the business needs of the Authority. They also participated in seven Steering Committee Meetings during the 3rd quarter, which provided the opportunity to learn, address risks and corrective actions. Page 31 covers Training. They participated in several virtual audit trainings and an APTA training. Page 32 includes staff profiles. They filled their previously vacant IT Auditor position with Andrew Scott. Their IT Audit Specialist resigned to take another position.

Rev. Lucas said that on page 22 in reference to Board Member Compensation, it states that the Vice President of the Board requested an investigation, but the VP at that time was Mayor Clough, not him. He asked that be made clear. Staff said they would make that correction. Ms. Moss thanked the staff for their additional work during the Pandemic in addition to keeping up with their current projects.

The meeting was adjourned at 9:52 a.m.



Floun'say R. Caver, Ph.D.,
Interim Secretary/Treasurer



Theresa A. Burrage
Executive Secretary