



GREATER CLEVELAND
REGIONAL TRANSIT
AUTHORITY

INTERNAL AUDIT
QUARTERLY
REPORT
Third Quarter 2020

November, 2020



**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTION	2-3
2020 INTERNAL AUDIT PLAN	4-5
COVID-19 PROJECTS AND ACTIVITIES	6-8
COMPLETED PROJECTS	9
CONTINUOUS AUDITING	10-13
PROJECTS IN PROGRESS	14 -19
SPECIAL REQUESTS AND EMERGING ISSUES	20-24
EXTERNAL AUDIT COORDINATION	25
STATUS OF OUTSTANDING FOLLOW-UP	26-28
OTHER PROJECTS	29-31
STAFF TRAINING	32
STAFF PROFILES	33

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

INTRODUCTION

Presented herein and in accordance with Board Policy is the report of the Internal Audit Department activities for the Third Quarter 2020. 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 Internal Audit Department is an independent appraisal function established within the Authority to examine and evaluate its activities as a service to the Board of Trustees and management. The objective is to assist management in the effective discharge of their responsibilities. To this end, Internal Audit furnishes management with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed. The audit objective includes promoting effective control at reasonable cost.

We suspended several projects in the 2020 Internal Audit Plan to address the risks posed by the global pandemic. The challenges posed by the coronavirus (COVID-19) continues to grow and evolve with each passing day. Organizations require timely information and a sophisticated approach to manage the pandemic's impacts on employee health and productivity, fiscal implications, supply chain disruptions, cybersecurity vulnerabilities, the health of local and global markets, and more.

Internal Audit has an important role to play in supporting organizational efforts to navigate these challenges. Responding to this dynamic risk, both short-term and long-term, requires access to relevant, up-to-date information. Since March 9, 2020, we altered our coverage dramatically to address the risks presented by the COVID-19 health and financial crisis.

- We continue to participate in both the scheduled executive management team and the operations division meetings, held to learn and address strategic and tactical challenges related to COVID-19.
- We continue to engage our public transit peers through the American Public Transportation Association (APTA Internal Audit Committee), and other learning and information sources.
- We are employing a continuous methodology to assess risks, and identify those that present the most significant threats to the GCRTA, before they arrive.
- We adapted to the remote workplace environment, and no key risks are falling through the cracks because they cannot be audited in person.
- We continue to emphasize quality despite the obstacles.
- We believe the impacts from the pandemic will linger well into 2021. We are already assessing the risks and planning audit coverage. These risks are likely to include:
 - COVID health and safety (employees and customers)
 - Business continuity
 - Global macroeconomic instability
 - Pressure to maintain a positive ending operating balance
 - Supply chain disruption
 - Cyber fraud

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020

INTRODUCTION

Presented herein this report are the results of several internal audit projects and activities.

The Internal Audit Department will respond to the Board of Trustee requests for audit services in a timely manner. Please contact me at (216) 356-3106 to service your requests.

Anthony A. Garofoli 11/9/2020

Anthony A. Garofoli
Executive Director of Internal Audit

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

2020 INTERNAL AUDIT PLAN

Project Name	Quarter	(Hours)
<u>Consulting Projects</u>		
Cost of Collecting Fares	2	200
Data Analytics Consulting	TBD	160
Third Party Risk Assessment	2	200
<u>Continuous Auditing</u>		
Accounts Payable	All	200
Accounts Receivable	All	200
Nepotism	All	100
Payroll Expense	All	300
Paratransit Eligibility/Certification	All	100
Revenue Collection	All	100
<u>Contract Audits</u>		
CNG Bus Purchase	2,3,4	120
CNG Fueling Plant Construction	2,3,4	200
Common Area Maintenance – Tower City		
Fiber Optic Line Replacement	3,4	300
Health Care Benefits	3,4	300
Red Line Heavy Rail Vehicle Replacement	TBD	
Scrap Metal	2	400
Shop Uniforms	2	200
Supplemental Paratransit Service	4	300
Tower City Track Replacement	2.3	340
<u>External Audits</u>		
Financial Audit Support	2	320
Safety System Program Plan	3	320
System Security Plan	4	160

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

2020 INTERNAL AUDIT PLAN

Project Name	Quarter	(Hours)
<u>Information Technology Audits</u>		
Business Continuity Management	2,3	200
Change and Patch Management	3	200
Employee Issued Equipment - Inventory	2	240
Employee Time & Attendance System	1,2	200
Facilities Access Security	2	200
Maintenance-Management System Upgrade	3	240
Network and Application Security	3,4	240
Transit Police CAD AVL System Upgrade	3,4	200
<u>Internal Audits</u>		
Absence Control - FMLA	3	240
Accrued Leave	3,4	340
Closed-Circuit Camera System	2	350
Customer Service Center – Tower City	2,3	200
ESMS ISO 14001 Conformance Audit	2,3,4	300
Facilities Access	2	200
Fare Media Inventory/Distribution	TBD	250
Hiring Practices	4	320
Ridership Counting	2	100
Petty Cash	2	200
Travel Reimbursement	All	200
<u>Revenue Audits</u>		
Farebox Inventory	3	200
Fare Collection & Counting Services	2	160
Sales Agent - Accounts Receivable	4	320
Special Requests & Emerging Issues		2000

"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 Auditing Standards – Planning 2010.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

COVID-19 PROJECTS AND ACTIVITIES

Bus, Railcar, and Paratransit Vehicle Disinfecting Program

Purpose:

GCRTA announced the enhanced cleaning protocol in response to concerns about the spread of the coronavirus. GCRTA staff said it would clean all touchable surfaces on board its vehicles with a cleaning agent recommended by the Centers for Disease Control (CDC). As of March 9, 2020, GCRTA staff sanitizes all buses, railcars, and paratransit vehicles at least every 24 hours. The objective of the audit is to provide assurance to management and promise made to our customers.

Scope:

Internal Audit completed a compliance and internal controls review to evaluate the cleaning and sanitizing process, the CDC product and inventory control, and product application per the respective manufacturers' instructions.

We are also conducting random spot audits, weekly at each of the operating districts, to evaluate compliance with management directives.

Results:

GCRTA staff is using CDC approved products to sanitize buses, railcars, and paratransit vehicles at least every 24 hours. Management has an adequate supply and control of inventory to ensure product availability. Controls are in place and working effectively to ensure product the mix and application per the respective manufacturers' instructions.

Internal Audit conducted weekly spot audits at each of the operating districts. These spot audits are unannounced; we found no exceptions.

Management continues to identify new products and enhanced processes to sanitize and disinfect touchable surfaces.

Family First Coronavirus Response Act (FFCRA)

Purpose:

The FFCRA requires the GCRTA to provide employees paid sick leave or expanded family and medical leave for specified reasons related to COVID-19.

Under the FFCRA, an employee qualifies for expanded family leave if the employee is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

COVID-19 PROJECTS AND ACTIVITIES

Scope:

Internal Audit conducted a compliance audit to provide assurance eligible employees receive the applicable benefits per the FFCRA. We included 100% of the applicants in the scope of the audit.

Results:

Internal Audit queried the GCRTA Time & Attendance System to capture all COVID-19 employee time records during a 10-week period. Staff recalculated the compensation paid to 393 individual employees and reconciled each amount with the payroll system employee payments. We provided management recommended adjustments for employee underpayments and overpayments.

We compared the amounts paid with the respective Families First Coronavirus Response Act Leave Request Form, completed by eligible employees for compliance with the Act. Finally, we reconciled Family Medical Leave Act employee records with the Time & Attendance System records for compliance with the General Manager/CEO's directive and the FFCRA. We provided management recommended adjustments to correct employee accrued leave and FMLA accounts.

GCRTA Human Resources Information Systems management created, tested, and implemented new COVID-19 pay codes in May 2020. Management is using the new pay codes to process payroll. Internal Audit discontinued the recalculation of the employee compensation after validating the systems processed time & attendance and payroll in compliance with the FFCRA.

Internal Audit will support management to meet with collective bargaining unit leaders and individual employees, as requested, to implement corrective actions. We will monitor follow-up activities through our internal audit management system.

GCRTA Employee-Issued Computer Equipment

Purpose:

GCRTA management issued computer equipment to employees who are able to telecommute.

Scope:

Internal Audit is conducting a 100% inventory of computer laptops, desktops, and other devices. We will compare the inventory with management records to provide evaluate accountability and the inventory control process. We will also compare the inventory with the management system in place (ZenWorks) used to update software and anti-virus for every machine.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

COVID-19 PROJECTS AND ACTIVITIES

Added Value: Management can use the information to recover equipment from the employees.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Purpose:

The CARES Act, a bipartisan stimulus bill recently approved by the federal government, includes \$25 billion in emergency relief for public transit agencies across the country to offset lost revenue and the extraordinary costs associated with COVID-19.

GCRTA is scheduled to receive approximately \$112 million of CARES Act funding which will address lost revenue and increased operating expenses related to COVID-19, including:

- Lost sales tax revenue
- Lost fare box revenue
- Purchase of cleaning supplies and personal protective equipment
- Other expenses

Scope:

Internal Audit developed an audit to evaluate compliance with CARES Act.

Other Internal Audit Activities and Considerations

- Sharing COVID-19 national and local information captured from social media with management for decision-making.
- Conducting assurance audits to evaluate the effectiveness of controls in place for employee health & safety COVID-19 protocols (i.e. absence management, completion of COVID-19 forms, return to work protocols).
- Support for management to review COVID-19 related metrics (i.e. ridership data, absence control, revenue collection, equipment failures, and supply chain shutdowns).
- Conduct audits of employee time & attendance system data for inclusion of COVID-19 related payroll codes.
- Conducting audits of PCard transactions for COVID-19 related expenses.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

COMPLETED PROJECTS

GCRTA Travel Expense & Reimbursements

Purpose:

Per Administrative Code 220.03 - Expense Reimbursement, the Internal Audit Department reviews all of the travel expenses for authorization, approval, and reimbursement in accordance with the Authority's policies and procedures.

Scope:

Internal Audit reviewed all the Travel Reports and Reimbursement Requests for the period July 1, 2020 through September 30, 2020 prior to cash disbursement. The review included tests for allowability, reasonableness, and timeliness.

Results:

Internal Audit reviewed all of the travel expenses and reimbursement requests prior to payment. If necessary, reimbursement requests were adjusted to comply with applicable policies and procedures.

Time & Attendance System (Kronos) - Upgrade

Purpose:

Management upgraded the employee time and attendance system. This system and data migrated to cloud technology.

Scope:

Internal Audit evaluated:

- System access and profiles
- System interfaces
- Parallel Testing, data processing comparison between the old version and new version

Results:

Management successfully upgraded the system. Internal Audit staff supported project management with controls review, transaction testing, and reconciliation reviews.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

CONTINUOUS AUDITING

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 executes daily. Any exceptions are noted for investigation with appropriate management.

Results:

We noted several immaterial differences between system collections and deposits during the Third Quarter 2020. Management is engaged with the fare collection vendor to resolve the differences.

Procurement Card (P-Cards)

Purpose:

The GCRTA launched a P-Card Program several 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.

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.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

CONTINUOUS AUDITING

Results:

We identified several instances of non-compliance, including split purchases to avoid policy thresholds and other issues for management awareness. We met with appropriate management and cardholders to provide the results of our analysis. Management is evaluating our findings for corrective actions and implementation of enhanced internal controls.

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 of 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...”

Results:

We compiled a list of employee relationships based on a computerized analysis of the GCRTA Human Resources Information System records and interviews. Our analyses revealed approximately 15% of GCRTA employees are related, as defined by GCRTA Personnel Policy 300.03.

Internal Audit developed a heat map to identify non-compliance and risk of non-compliance:

- Employees who report to a relative in the same business unit
- Employees who work in the same business unit, but do not report to a relative
- Employees who work in a different business unit than a relative

We will share this information with Human Resources and Legal for corrective actions. Internal Audit will re-perform this analysis on a quarterly basis in our continuous audit program.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

CONTINUOUS AUDITING

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.

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.

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.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020

CONTINUOUS AUDITING

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.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

PROJECTS IN PROGRESS

Closed-Circuit Camera Systems

Purpose:

The GCRTA Transit Police maintains many systems of closed circuit cameras throughout the buildings, facilities, and vehicles.

Scope:

Internal Audit will summarize and evaluate the camera systems for life cycle, data retention, access, and operability (safe and reliable functioning).

Update:

Audit fieldwork is complete. We will meet with management to share results during the Fourth Quarter.

Facilities Access – (Swipe Cards)

Purpose:

The GCRTA Transit Police is responsible for building and facility access control. They maintain a system for access control and inventory control of employee identification/access cards.

Scope:

Internal Audit will summarize and evaluate the system and inventory controls in place for employee identification/access control cards. The audit will include a review of security templates, the inventory of access points, access to secured areas, and other security components.

Update:

Audit fieldwork is complete. We will meet with management to share results during the Fourth Quarter.

Facilities Access – (Keys)

Purpose:

The GCRTA Transit Police is responsible for building and facility access control. They maintain a system and inventory of keys.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

PROJECTS IN PROGRESS

Scope:

Internal Audit will summarize and evaluate the system and inventory controls in place for keys.

**GCRTA – Cleveland State University Student Universal Access Fare Program
(U-Pass Program)
(Board Resolution 2004-001)**

Purpose:

The GCRTA entered into an agreement to provide prepaid and universal access to public transportation services. Each full time student pays a flat fee per semester and is able to ride GCRTA services on an unlimited basis during the semester.

Scope:

Internal Audit will evaluate compliance with the agreement.

Update:

Management is negotiating terms and conditions with CSU. Internal Audit will apply these terms and conditions to complete the audit.

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 will evaluate contract compliance and management controls.

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

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

PROJECTS IN PROGRESS

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.

Red Line Heavy Rail 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.

Tower City Track Replacement

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2019-001 with Railworks Track Services, Inc., for Project 52M - Rehabilitation of Tracks 10 and 13 at Tower City Station

Scope:

Internal Audit will evaluate contract compliance and management controls.

Fare Collection – (Brinks, Incorporated)

Purpose:

Management utilizes a third-party contractor to pick-up, count, and deposit fare collections.

Scope:

Internal Audit will evaluate contract compliance and management controls.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

PROJECTS IN PROGRESS

Fare Collection

Purpose:

On September 1, 2020, the GCRTA Board of Trustees adopted Resolution No. 2020-68, amending Chapter 840 "Commissions and Fare Structure of the Codified Rules and Regulations of the Greater Cleveland Regional Transit Authority. Chapter 840, as amended, includes fares, transfers, and sales commissions.

Scope:

- Verify the fare structure, established in the codified rules and regulations, was uploaded to the fare collection systems and deployed to revenue service vehicles, effective October 4, 2020 at 12:01 AM.
- Verify the paratransit contractors are selling fare media at the rates established in the codified rules and regulations.
- Verify the transfer privileges to and from out-of-county partner agencies (Laketran, Akron Metro, PARTA, and SARTA).
- Verify the Tower City Rapid Station Customer Service Center is selling fare media at the rates established in the codified rules and regulations.
- Evaluate the GCRTA sales agent program and verify the sales agents are selling fare media at the rates established in the codified rules and regulations.
- Trace audit field transactions, including the purchase and use of fare media, into the computerized fare collections systems, general ledger, and bank deposit.
- Evaluate and verify public facing fare collection information, including website content, signage, and other customer information.
- Evaluate the change card (stored value fare media) available within the on-board fare collection system.

Fare Media Inventory

Purpose:

GCRTA management warehouses fare media (tickets) in secured locations. A computerized order entry system is used to account for inventory, point of sale and customer orders, invoices, and delivery locations.

Scope:

Internal Audit conducts audits to evaluate the existence, completeness and value of the inventory.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

PROJECTS IN PROGRESS

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.

HealthLine Ridership

Purpose:

The HealthLine is Cleveland's first Bus Rapid Transit (BRT) system, serving the Euclid Corridor. It connects the two largest regional employment areas, Downtown and University Circle, and extends to the Louis Stokes Station at Windermere in East Cleveland. The purpose of the audit is to validate the equipment used to capture ridership is working effectively and as designed.

Scope:

Each vehicle is equipped with an automatic passenger counter. Internal Audit will test the vehicle counters and evaluate equipment maintenance.

Scrap Metal

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2017-163 with Alliance National LTD. dba DeMilta Iron & Metal LTD. for the recycling of scrap metal.

Scope:

Internal Audit will evaluate contract compliance and management controls.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

PROJECTS IN PROGRESS

Customer Service Center – Point of Sale System

Purpose:

GCRTA management is implementing a new point of sale software system. The system will support sales transactions, inventory management, and provide management reports.

Scope:

Internal Audit will evaluate system configuration, workflow, access controls, input controls, processing controls, and output controls. Management will implement this system at both the Tower City Center Customer Service Center and the Main Office Building Customer Service Center.

Vehicle Purchase – (19) Compressed Natural Gas Coaches – (Gillig, LLC)

Purpose:

The Board of Trustees authorized the exercise of an option under Contract 2013-100 with Gillig, LLC, for the purchase and delivery of up to 25, 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 will complete the applicable Buy America Review, required by Federal Transit Administration.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

SPECIAL REQUESTS AND EMERGING ISSUES

Shop Uniforms

Purpose:

The Procurement Contract Administrator – Services Team Leader requested support to review invoices and payments to the contractor.

Scope:

The scope of the review is September 1, 2019 through June 30, 2020. Internal Audit evaluated contract compliance and management controls.

Results:

Base contract management estimates did not account for replacement uniforms, increases in costs, and adequate outerwear for employees. Management will negotiate a change order to remedy these and other issues.

Management will recover overcharges for uniform insurance, not included in the base contract, for contractor uniform repairs. Management will evaluate the cost of benefit of insurance coverage for option years.

We identified some management control weaknesses resulting in additional charges for lost or missing uniform components. Management will seek recovery of uniforms or charges from employees, where uniforms were lost or missing.

Internal Audit will follow-up to validate the implementation of management controls.

Employee Separation Settlement Agreement

Purpose:

The General Manager/CEO requested support to review allegations reported by a former employee.

Scope:

Internal Audit evaluated the allegations, supporting documentation, and payments to the former employee. We are working with the General Counsel's office for supporting documentation, advice, and counsel.

Results:

We completed the investigation and found no evidence to support the allegations. We shared our results with management to resolve the conflict with the former employee.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

SPECIAL REQUESTS AND EMERGING ISSUES

Health Care – Pharmacy Claims Expense

Purpose:

The Executive Director of Internal Audit initiated an audit to evaluate the costs of employee and their eligible dependent pharmacy claim expenses.

Scope:

Claims processed by the third-party pharmacy claims processor for the period January 1, 2014 through June 30, 2016.

Update:

The Internal Audit completed the fieldwork for the internal investigation. Management crisis suspended and terminated the employment of several employees. We referred this matter to the Federal Bureau of Investigation, the United States Attorney and the Cuyahoga County Prosecutor.

Management immediately implemented Internal Audit recommendations to mitigate the risks of employee fraud, waste and abuse.

We are working with GCRTA Legal and Risk Management to recover the financial loss through a crime insurance claim. A claim was filed in February 2018.

We will issue a final report after completion of the investigation. The claim adjudication process was suspended during the COVID-19 pandemic. The matter should be resolved during the Fourth Quarter 2020.

Board Member Health Care Benefits

Purpose:

The General Manager/CEO requested an audit of trustee's health care premiums paid into the GCRTA Health Care Self-Insurance Program. After sharing the results of the audit with the Board of Trustees, they directed Internal Audit to conduct an investigation.

Scope:

We will conduct the audit for compliance with the policy per Board Resolution 1994-35.

Update:

The Internal Audit completed the fieldwork for the internal investigation. The trustee resigned his position. We referred this matter to the Cuyahoga County Prosecutor.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

SPECIAL REQUESTS AND EMERGING ISSUES

The Board of Trustees implemented Internal Audit recommendations to mitigate the risks of fraud, waste and abuse.

We are working with GCRTA Legal and Risk Management to recover the financial loss through a crime insurance claim. GCRTA management filed a claim March 1, 2019.

We will issue a final report after completion of the investigation. The claim adjudication process is suspended during the COVID-19 pandemic.

Board Member Compensation

Purpose:

The Vice President of the Board of Trustees requested an investigation into allegations received in an anonymous letter.

Scope:

Internal Audit engaged appropriate resources to conduct the investigation into the allegations included in the anonymous letter.

Results:

Internal Audit referred the matter to law enforcement agencies. The State Auditor of Ohio investigated the matter and issued a finding for recovery in their 2019 Single Audit Report.

Event Sponsorship

Purpose:

The Vice President of the Board of Trustees requested an investigation into allegations received in an anonymous letter.

Scope:

Internal Audit engaged appropriate resources to conduct the investigation into the allegations included in the anonymous letter.

Update:

Internal Audit referred the matter to law enforcement agencies. We will issue a final report after completion of the investigation.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

SPECIAL REQUESTS AND EMERGING ISSUES

Contractor Invoices

Purpose:

The District Director of Paratransit requested support to review contractor invoices.

Scope:

Internal Audit will review and evaluate contractor invoices and payments for compliance with the agreement.

Time and Attendance Records

Purpose:

The District Director of Triskett requested support to review operator time and attendance, and payroll records.

Scope:

The scope will be determined at the completion of the Internal Audit preliminary evaluation.

Sales Manager Commissions

Purpose:

The Deputy General Manager of Finance and Administration requested a review of the sales commissions paid to the GCRTA Sales Manager.

Scope:

Internal Audit will review the process workflow to capture sales and the supporting records to pay commissions.

GCRTA Waterfront Line

Purpose:

Karen Moss, GCRTA Board Member and Audit Chair, requested an evaluation of customer ridership, the service schedule, and maintenance costs for the Waterfront Line.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

SPECIAL REQUESTS AND EMERGING ISSUES

Scope:

Internal Audit will evaluate ridership, service schedules, and maintenance costs for the past five years (2016-2020).

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

EXTERNAL AUDIT COORDINATION

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 Third Quarter 2020:

- State of Ohio – Office of the Auditor
 - The State of Ohio – Office of the Auditor completed the 2019 Single/Financial Audit. The exit conference was held on June 23, 2020 – Board of Trustees - Audit, Safety Compliance and Real Estate Committee (Executive Session). The State of Ohio released the results on August 27, 2020.
 - Management is working with local law enforcement to address reported findings for recovery. Internal Audit will provide support and follow-up.
- United States Department of Homeland Security
 - The Federal Emergency Management Agency (FEMA) conducted a desk review of a Transit Police grant: FY 2016 TSGP (EMW-2016-RA-00059).
 - Management fully cooperated, providing responses to a questionnaire by August 7, 2020.
- 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 closeout outstanding issues.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

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.”

(See the Recommendation Implementation Tracking Report on the next page)

The report is generated from the GCRTA Internal Audit Department audit management system (TeamMate). All outstanding issues and recommendations from internal and external audits and reviews are tracked within the application module (TeamCentral).

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

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

STATUS OF OUTSTANDING FOLLOW-UP

Recommendation Implementation Tracking

Recommendation	Status	Project Code	Issue	Issue Type	Priority	Estimated Date	Revised Date	Actual Date	Owner	Entity
Upgrade the Fare Collection System	Started	2015 - RA - 03 - Farebox Change Cards	GFI software outdated	Reportable Condition	Medium Priority	1/31/2016	3/31/2021		Goodwin, Wesley	Customer Service Center
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	9/11/2020		Cox, Kristie	Customer Service Center
Hire a Manager of Asset and Configuration Management	Started	2019 - IA - 17 - Configuration Management Committee	The Manager of Asset and Configuration Management Position is Vacant	Reportable Condition		5/29/2020	12/31/2020		Caver, Ph. D., Floun'say	Asset Management
FFCRA Childcare Paycodes - Underpayments	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	Employees Underpaid Due to Childcare Mis categorization	Compliance	Medium Priority	9/30/2020			Smith, Kristyn	Human Resources
Time Card Correction	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	Employees Not Paid for Time Not Worked Codes	Compliance	Medium Priority	10/30/2020			Smith, Kristyn	Human Resources
FFCRA Childcare Paycodes - Overpayments	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	Employees Overpaid due to Omission from HRIS Reports to Accounting	Compliance	Medium Priority	10/30/2020			Smith, Kristyn	Human Resources
Determine Cause for Irreconcilable Differences	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	Unknown Irreconcilable Differences in Paid and Calculated Earnings	Reportable Condition		10/30/2020			Smith, Kristyn	Human Resources
Fix FFCRA Childcare Paycodes	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	Employees Erroneously Paid \$200 Daily Maximum for Childcare Leave	Compliance	Medium Priority	11/30/2020			Shurik, Maria	Human Resources
Collect Overpayment	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	Employees Overpaid Due to Late Submission of Form	Compliance	Medium Priority	11/30/2020			Shurik, Maria	Human Resources
Deduct Accruals for FFCRA Non-Childcare Overages	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	Employees Paid More than 80 Illness Hours	Compliance	Medium Priority	11/30/2020			Shurik, Maria	Human Resources
FFCRA Quarantine	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	Employees Paid	Compliance	Medium Priority	11/30/2020			Shurik, Maria	Human Resources

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

STATUS OF OUTSTANDING FOLLOW-UP

Paycode	ng	COVID-19 - Families First Coronavirus Response Act	More than 80 Illness Hours	Priority	Resources
Determine Cause for Salary Pay Exceeding 80 Hours	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	Salary Employees Paid in Excess of 80 Hours	Medium Priority	Shurik, Maria Human Resources
Deduct Accruals for Management Policy Overage	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	Employees Paid for More Than 80 Leave Hours under Management Policy	Medium Priority	Phillips, MaTia Human Resources
Correct FMLA Balances	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	FMLA Accounts Not Deducted for FFCRA Childcare Leave	Medium Priority	Phillips, MaTia Human Resources
Correct FMLA Balances	Pending	2020 - IA - 14 - COVID-19 - Families First Coronavirus Response Act	FMLA Accounts not deducted for Management Policy Leave	Medium Priority	Phillips, MaTia Human Resources

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

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 Chief Information Officer 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.

Third Quarter 2020 Change Orders:

Change Orders #1, 2, & 3 to Contract No. 2017-030 with Occupational Health Center of Ohio, P. A. Co., d/b/a Concentra Medical Centers to perform additional temperature testing at various GCRTA locations in an effort to protect the health and safety of GCRTA employees during the COVID-19 pandemic.

Change Order #1 to Contract # 2018-090 for Rental & Maintenance of Shop Uniforms with Cintas Corp.

Change Order #2 to contract 2018-133 for On-Board Equipment & Services with Trapeze. This contract is the largest component of the Authority's approximately \$15 Million Radio Replacement Project, and replaces the on-board vehicle CAD/AVL and radio equipment for Bus, Rail & Paratransit vehicles.

Change Order #2 for an additional 200 HRV Steel wheels under contract 2018-112 for \$174,000

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

OTHER PROJECTS

TransitStat

The Executive Director of the Office of Management & Budget created this Program. The purpose of this Program is to provide management feedback and the resources to self-assess. The program is designed to improve the efficiency and effectiveness of management. Internal Audit serves as a panel member and a resource to management.

Railcar Replacement Steering Committee

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

Radio Replacement Steering Committee

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

Time and Attendance System Upgrade (Kronos Dimensions)

The Acting General Manager/CEO chairs this committee. The purpose of this committee is provide advice; ensure delivery of the project outputs and the achievement of project outcomes.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

STAFF TRAINING

Internal Audit Department staff received the following training during the Third Quarter 2020:

Northeast Ohio Internal Audit Local Chapter

- Chapter Activities were suspended due to the COVID-19 Pandemic

Northeast Ohio Association of Certified Fraud Examiners

- Chapter Activities were suspended due to the COVID-19 Pandemic

American Public Transportation Association – Committee of Audit Professionals

- Various COVID-19 Topics

Greater Cleveland Regional Transit Authority

- Audimation – Data Analytics Software
- GCRTA Customer Service Learning

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2020 THROUGH SEPTEMBER 30, 2020**

STAFF PROFILES

Anthony A. Garofoli
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.

Anthony Ghanem
Manager of Internal
Audit

Anthony joined the GCRTA on June 4, 2012. He earned his BA in Economics and International Studies from Case Western Reserve University and his Master's Degree in Public Administration from Cleveland State University. He is a graduate of the GCRTA Management Development Program.

Andrew Scott
Information Technology
Auditor

Andrew joined the GCRTA on June 5, 2016. He earned his BS in Computer Science from the University of Akron. He is a graduate of the GCRTA Management Development Program.

Edward Gaio
Staff Auditor

Ed joined the GCRTA on February 21, 2006. He earned his BA in Criminal Justice and a BBA in Finance from Kent State University. Edward is a Certified Fraud Examiner.

Steven Zimmerman
Staff Auditor

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.

Molly O'Donnell
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.

Alma Diaz Ramos
Information Technology
Specialist Auditor

Alma joined the GCRTA on September 24, 2017. She earned a BS in Marketing from Baldwin Wallace University.

Neletre Burts-Tolbert
Secretary

Nell joined the GCRTA in 1990. In addition to her clerical and administrative responsibilities, she assists the Executive Director and Audit staff with a variety of specialized audit support services.

Sarah Bartlome
Business Analyst

Sarah joined the GCRTA on June 5, 2020. She earned her BS in Public Policy Analysis from the Ohio State University. Management recruited Sarah to participate in the GCRTA Management Development Program, where she will complete rotational assignments throughout the Authority.