

GREATER CLEVELAND  
REGIONAL TRANSIT  
AUTHORITY

INTERNAL AUDIT  
QUARTERLY REPORT  
Fourth Quarter - 2025

February, 2026

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**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>TABLE OF CONTENTS</b>
--------------------------

	<u>Page(s)</u>
<b>INTRODUCTION</b>	<b>2</b>
<b>2025 INTERNAL AUDIT PLAN</b>	<b>3-5</b>
<b>COMPLETED PROJECTS</b>	<b>6-8</b>
<b>VEHICLE REPLACEMENT AUDITS</b>	<b>9</b>
<b>CONTINUOUS AUDITING</b>	<b>10-14</b>
<b>RAILCAR REPLACEMENT PROGRAM</b>	<b>15-22</b>
<b>PROJECTS IN PROGRESS</b>	<b>23-26</b>
<b>SPECIAL REQUESTS AND EMERGING ISSUES</b>	<b>27</b>
<b>EXTERNAL AUDIT COORDINATION</b>	<b>28</b>
<b>STATUS OF OUTSTANDING FOLLOW-UP</b>	<b>29</b>
<b>OTHER PROJECTS</b>	<b>30-32</b>
<b>STAFF TRAINING</b>	<b>33</b>
<b>STAFF PROFILES</b>	<b>34</b>

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>2025 INTERNAL AUDIT PLAN</b>
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Presented herein and in accordance with Board Policy is the report on the Internal Audit Department activities for the Fourth Quarter 2025. 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.

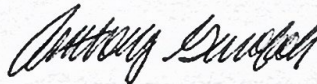
The purpose of the Greater Cleveland Regional Transit Authority's Internal Audit Department is to provide independent, objective assurance and advisory services designed to add value and improve GCRTA's operations. The mission of internal audit is to enhance and protect organizational value by providing 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 advisory services in a timely manner. Please contact me on (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, forward 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>

***“The GCRTA Internal Audit Department conforms with the International Standards for the Professional Practice of Internal Auditing.”***



February 7, 2026

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Anthony A. Garofoli  
Executive Director of Internal Audit

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>2025 INTERNAL AUDIT PLAN – REVISED NOVEMBER 2025</b>
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<b>Project</b>	<b>Budgeted Hours</b>	<b>Audit Theme</b>
<b><u>Advisory Projects</u></b>		
Change Order Committee	40	Financial Health
Data Analytics	40	Financial Health
Enterprise Resource Planning (ERP) RFP	20	Financial Health
Fraud Risk Assessment	80	Financial Health
FTA Pre-Triennial	100	Financial Health
Global Internal Audit Standards Implementation	80	Employee Investme
Insurance Application Support	40	Financial Health
IT Policies and Procedures	40	IT Governance
Real Property Identification	40	Financial Health
TVM/CSK Replacement	40	Financial Health
<b><u>Internal Audits</u></b>		
Accounts Payable	150	Financial Health
ADA Certification Process	160	Customer Experienc
ADA Stop Announcements	150	Customer Experienc
Bus Field Supervision Follow-up	40	Employee Investme
Capital Planning Funding Process Development	200	Financial Health
CSU U-Pass Closeout	100	Financial Health
Customer Communication - Service Interruptions Follow-Up	80	Customer Experienc
Customer Complaints	150	Customer Experienc
Electronic Funds Transfer Follow-up	40	Financial Health
Fare Collection	250	Financial Health
Federal Grant Funding Compliance Review	40	Financial Health
Fuel Expense - CNG and Propulsion	60	Financial Health
GCRTA Board Stipends and General Manager Salary	40	Financial Health
Healthcare Claims Expense	40	Financial Health
Independent Cost Estimates	200	Financial Health
In-Service Vehicle Failures	100	Customer Experienc
Neptotism Self-Disclosure File Audit	20	Employee Investme
On-Time Performance	150	Customer Experienc
Operator Training Program	200	Employee Investme
Outage Scheduling	200	Financial Health
Physical Inventory	400	Configuration Manage
Power & Way - Asset & Configuration Management	250	Configuration Manage
Predictive Maintenance Program	200	Configuration Manage
PTASP - AP 016 Safety Review Policy and Procedures	80	Configuration Manage
Purchasing Card Process	150	Financial Health
Student Operator Overtime	100	Employee Investme
Third-Party Risk Assessment	100	Financial Health
Transit Ambassadors	40	Customer Experienc
Travel Policy/Expenditures	100	Financial Health
Travel Reimbursement	150	Financial Health
Work Order Management	200	Configuration Manage
Workers' Compensation and Claims Process	40	Financial Health

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>2025 INTERNAL AUDIT PLAN – REVISED NOVEMBER 2025</b>
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<b>Project</b>	<b>Budgeted Hours</b>	<b>Audit Theme</b>
<b><u>Railcar Replacement</u></b>		
66B Railcar Port Connection	80	Community Impact
66C Brookpark Yard and Track	100	Community Impact
66C2 Brookpark Rail Shop Modifications	100	Community Impact
Buy America - Domestic Content Monitoring	100	Community Impact
Buy America - Locomotive Replacement	60	Community Impact
Buy America - Owner Furnished Equipment	40	Community Impact
Buy America - Railcar Option – Pre Award	40	Community Impact
Railcar Infrastructure Modifications	80	Community Impact
Railcar Replacement Contract - Siemens	150	Community Impact
<b><u>Information Technology Audits</u></b>		
Accrued Leave	200	IT Governance
Artificial Intelligence Policy	40	IT Governance
Change and Patch Management	200	IT Governance
CISA External Dependencies Management Assessment	40	IT Governance
Consolidated Train Dispatch System Replacement	100	Community Impact
Cybersecurity	40	IT Governance
Disaster Recovery	120	IT Governance
Hastus Operator Performance Module	80	Employee Investment
IT Equipment Inventory	80	IT Governance
IT Governance	80	IT Governance
Maintenance Management System Upgrade	100	Configuration Management
Pass Upgrade/Mobility App	120	Community Impact
Salary Non-Exempt Compensatory Time	20	Financial Health
Third-Party System and Organization Controls (SOC)	80	IT Governance
Windows 11 Upgrade	40	IT Governance
<b><u>Continuous Audit</u></b>		
Continuous Audit Dashboard Development	250	Financial Health
Fuel Expense Script Development	40	Financial Health
Mobile Ticketing Script Development	500	Financial Health
Nepotism Script	50	Employee Investment
Paratransit Script	20	Financial Health
Payroll Script	50	Financial Health
Purchasing Script	50	Financial Health
Revenue Script	50	Financial Health
<b><u>External Audits</u></b>		
Financial Audit Support	40	Financial Health
FTA Project Management Oversight	40	Community Impact
System Security Plan	40	Financial Health

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>2025 INTERNAL AUDIT PLAN – REVISED NOVEMBER 2025</b>
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Project	Budgeted Hours	Audit Theme
<b><u>Contract Audits</u></b>		
12D Trunk Line Signal System Construction	100	Community Impact
52N East Portal Construction	100	Community Impact
59 Fiber Optic Line Replacement	40	Community Impact
60E E.120th Substation Construction	100	Community Impact
Access Records Retention/Holding Costs	100	Financial Health
Background Checks	200	Employee Investment
Buy America - Articulated Coach Replacement – Pre Award	40	Community Impact
Buy America - CNG Coach Replacement – Pre Award	40	Community Impact
Buy America - CNG Coach Replacement – Post Delivery	40	Community Impact
Buy America - Paratransit Vehicle Replacement – Pre Award	40	Community Impact
Buy America - Paratransit Vehicle Replacement – Post Delivery	40	Community Impact
Common Area Maintenance Expense Review	200	Financial Health
Special Requests & Emerging Issues	2000	

***Success Outcomes and Audit Themes:***

**GCRTA management developed four success outcomes with performance metrics to achieve the long-term strategic vision and action plan to guide everyday decision-making.**

- I. ***Customer Experience***
- II. ***Community Impact***
- III. ***Financial Health***
- IV. ***Employee Investment***

**In addition to these four success outcomes, the Internal Audit Department identified two additional agency priorities and high-risk areas to guide our audit plan development.**

- V. ***IT Governance***
- VI. ***Configuration Management***

**These six topics represent the six audit themes we prioritized for our 2025 annual audit plan. Our plan is designed to support management to achieve the business objectives through risk-based assurance audits and advisory engagements.**

***“The chief audit executive must create an internal audit plan that supports the achievement of the organization’s objectives” – Global Internal Audit Standards – Section 9.4 Internal Audit Plan***

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>COMPLETED PROJECTS</b>
---------------------------

**GCRTA Travel Expense & Reimbursements**

Objective:

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 October 1, 2025 through December 31, 2025 prior to cash disbursement. The review included tests for allowability, reasonableness, and timeliness.

Audit Theme: Employee Investment

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.

Issues for Board Consideration: None

**PTASP AP 016 – Safety Reviews**

Purpose:

To assess how the Public Transportation Agency Safety Plan (PTASP) further defines roles and responsibilities associated with Administrative Procedure (AP) 016 safety reviews, to evaluate whether PTASP governance structures operationalize AP 016 requirements, to document how AP 016 safety reviews are initiated, tracked, and documented through PTASP-defined systems, and to provide examples of how AP 016 safety review responsibilities are embedded within PTASP-defined functions.

Scope:

Safety reviews completed in 2025

Audit Theme: Configuration Management

Results: Satisfactory

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>COMPLETED PROJECTS</b>
---------------------------

Management Successful Practices:

- Development and use of a central repository for the asset and configuration management (ACM) and change control processes
- Tracking of safety reviews within the central repository

Recommendations:

- Document changes to training programs within the ACM Tracker to prompt safety reviews
- Create a standard operating procedure for safety review within the Safety Department

**In-Service Mechanical Failures**

Purpose:

To provide assurance over the process to respond to in-service mechanical failures, including communication to customers, response and coordination by Service Quality, response by mobile equipment maintainers, and review of towing contract

Scope:

Mechanical failures for GCRTA bus fleet

Audit Theme: Customer Experience

Results: Unsatisfactory

Management Successful Practices:

- Dispatching assignments to mobile equipment maintainers

Recommendations:

- Create Standard Operating Procedure for process
- Create checklist for response aligned with SOP; include confirmation of operator announcement to passengers
- Simulate in-service failures during operator training
- Evaluate work request and work order process for mobile truck operations
- Review questioned towing costs

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>COMPLETED PROJECTS</b>
---------------------------

**Cybersecurity and Infrastructure Security Agency (CISA) Assessment Follow-up**

Purpose:

To assess the GCRTA's controls, processes, and overall capability to defend, mitigate, and recover from a potential cyber attacks.

Scope:

CISA Cybersecurity Evaluation

Audit Theme: Cybersecurity

Results: Marginally Satisfactory

Management Successful Practices:

- Performance of cyber tabletop exercise
- Procurement of cyber liability insurance
- Vigilant response to potential incidents and vulnerabilities
- Creation of cybersecurity focused roles

Recommendations:

- Several recommendations were made by the CISA team to enhance our cybersecurity posture
- After all recommendations have been implemented, CISA will be engaged again for a new assessment topic

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>COMPLETED PROJECTS</b>
---------------------------

**Vehicle Replacement Audits**

As a condition of receiving Federal Transit Administration (FTA) funding for the procurement of rolling stock (such as buses or rail vehicles), grant recipients are required to ensure compliance with the Buy America provisions set forth in 49 U.S.C. § 5323(j) and 49 CFR Part 661 and 663.

**Pre-Award Audit:**

A Pre-Award Buy America Audit must occur before a contract is executed with the selected vehicle manufacturer. The primary objective of the Pre-Award Buy America Audit is to verify the proposed vehicle complies with federal domestic content and final assembly requirements. Specifically, for contracts signed after October 1, 2019, the rolling stock must have a minimum of 70% domestic content, and the final assembly of the vehicle must take place in the United States.

**Post-Delivery Audit:**

A Post-Delivery audit must be completed prior to final acceptance and payment and is an essential compliance checkpoint to ensure the vehicles delivered meet all federal Buy America requirements.

The purpose of the Post-Delivery Audit is to verify the manufacturer fulfilled its contractual and legal obligations related to domestic content and final assembly.

<b>Manufacturer</b>	<b>Vehicle Type</b>	<b>Location</b>	<b>Type</b>	<b>Audit Status</b>
<b>Geismar</b>	(1) Locomotive	Beaufort, SC	Post-Delivery	In-progress
<b>Siemens</b>	(6) High-floor LRV Option	Sacramento, CA	Pre-Award	Complete
<b>Siemens</b>	(60) High-floor LRV	Sacramento, CA	Domestic Content Monitoring	To be scheduled
<b>Endera</b>	(19) Paratransit Coaches	Lima, OH	Post-Delivery	In-progress
<b>Gillig</b>	(40) CNG Coaches	Livermore, CA	Post-Delivery	In-progress

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>CONTINUOUS AUDIT PROJECTS</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.*

GCRTA Internal Audit uses technology and automated tools, including computerized audit scripts to perform ongoing, real-time assessments of the GCRTA's financial, operational, and compliance controls. Unlike traditional auditing, which typically occurs at set intervals (e.g., quarterly or annually), continuous auditing allows for the frequent and systematic review of the GCRTA's activities and transactions as they occur.

**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 monthly during the Fourth Quarter 2025. 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 11% 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

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>CONTINUOUS AUDIT PROJECTS</b>
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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.

Results:

Internal Audit executed the script monthly during the Fourth Quarter 2025. All results were shared with management.

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

Issues for Board Consideration: None

## **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 developed a continuous auditing script to evaluate each of the bi-weekly payrolls (bargaining and non-bargaining payroll runs). The script is designed to identify terminated employees, excessive overtime, unusual changes in salary/rates, excessive work hours, unusual deductions, lump sum payouts, and other anomalies.

Results:

Internal Audit executed the script monthly during the Fourth Quarter 2025. All results were shared with management.

We will continue to provide management with monthly audit reports designed to target risk areas and anomalies. This will enable management to evaluate payroll expenses. We will provide additional audit or investigative services as needed.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>CONTINUOUS AUDIT PROJECTS</b>
----------------------------------

Issues for Board Consideration: None

**Nepotism**

Purpose:

The GCRTA Code of Ethics provides a 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...”*

Results:

Internal Audit executed the script monthly during the Fourth Quarter 2025. All results were shared with management.

Issues for Board Consideration: None

**Diesel and Gasoline Fuel Expense**

Purpose:

On February 25, 2025, the Board of Trustees authorized Contract No. 2024-210 with Petroleum Traders Corporation for the furnishing of approximately 1,000,000 gallons of Ultra Low Sulfur Diesel fuel, as specified and as required, for each year of the three years contract term, at a cost of minus \$.0333 per gallon for year one, minus \$.0308 per gallon below the OPIS index for year two, and minus \$.0283 per gallon below the OPIS index for year three.

On October 29, 2024, the Board of Trustees authorized Contract No. 2024-133 with Sunoco, LLC for the furnishing of approximately 450,000 gallons of 87 octane unleaded gasoline, as specified and as required, for each of three years at a cost of plus \$0.0313 per gallon above the OPIS index for year one, at a cost plus \$0.0338 per gallon above the OPIS index for year two, and at a cost of plus \$0.0363 per gallon for year three.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>CONTINUOUS AUDIT PROJECTS</b>
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Internal Audit will evaluate whether charges are accurate and compliant with contract terms.

Scope:

Internal Audit developed a computerized audit script to conduct a continuous audit of gasoline and diesel fuel purchases. The script reconciles tank monitoring equipment, daily rate changes, delivery fees, federal and state taxes, environmental surcharges, and other contract specified components.

Results:

GCRTA payments for diesel and gasoline fuel expenses complied with contract terms and conditions. No exceptions were noted during the Fourth Quarter 2025.

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:

Internal Audit will execute the script during the First Quarter 2026.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>CONTINUOUS AUDIT PROJECTS</b>
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**Audit Scripts in Development:**

Title	Objective	Status
Compensatory Time – Salaried Non-Exempt	Reconcile employee compensatory hours and earnings across timekeeping and payroll systems	2025 Rerun
Mobile Ticketing Reconciliation	Reconcile mobile fares collected to mobile fare contract	In Development - Monthly
Fuel Expense	Reconcile payments for compressed natural gas with contract terms and conditions.	2026 Development
Dashboards	Development of dashboard for continuous audits for ease of sharing results	In Development

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>RAILCAR REPLACEMENT PROGRAM</b>
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**Railcar Replacement Contract**

Purpose:

On April 18, 2023, the Board of Trustees authorized Contract No. 2021-125 with Siemens Mobility, Inc. for the design, manufacture, and delivery of up to twenty-four **(24)** high floor light rail vehicles, spare parts, tooling, and training in an amount not to exceed \$163,920,115.00.

The base contract Notice to Proceed was issued on June 26, 2023. The contract includes options to purchase 36 additional railcars.

On November 28, 2023, the Board of Trustees authorized the exercise of an option under Contract No. 2021-125 with Siemens Mobility, Inc. for the purchase and delivery of up to six **(6)** High Floor Light Rail Vehicles at a unit price of \$5,166,336.00, for an amount not to exceed \$30,998,016.00.

On November 19, 2024, the Board of Trustees authorized the exercise of an option under Contract No. 2021-125 with Siemens Mobility, Inc. for the purchase and delivery of up to eighteen **(18)** High Floor Light Rail Vehicles at the contractual base price of \$5,166,336.00 plus an inflationary price increase calculated at the time of final assembly based on the producer price index for transportation equipment and a labor index published monthly by the United States Department of Labor Bureau of Labor Statistics

On September 23, 2025, the Board of Trustees authorized the exercise of an option under Contract No. 2021-125 with Siemens Mobility, Inc. for the purchase and delivery of up to six **(6)** high floor light rail vehicles at the contractual base price of \$5,166,336 plus an inflationary price increase calculated at the time of final assembly based on the Producer Price Index for transportation equipment and a Labor Index published monthly by the United States Department of Labor Bureau of Labor Statistics.

Internal Audit will provide ongoing contract compliance assurance on program management and procurement activities and will complete the required Federal Transit Administration Pre-Award and Post-Delivery audits.

Scope:

Internal Audit will evaluate contract compliance and management controls.

Per request from the GCRTA Audit Committee, Internal Audit will provide an update on change orders to the contract on a quarterly basis.

Fourth Quarter 2025 Update:

Management is tracking railcar assembly activities and preparing for upcoming delivery and commissioning. First Article Inspections of full railcar assemblies is anticipated. Major infrastructure upgrades are underway (including several under audit).

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025

**RAILCAR REPLACEMENT PROGRAM**



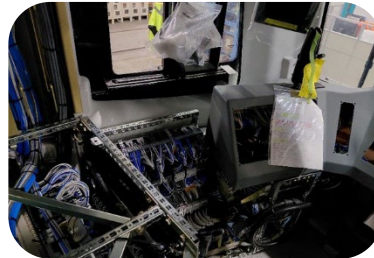
Electrical  
Resistance Testing



Electrical  
Resistance Testing



Cab Console Installation



Cab Console  
Installation



Windshield  
Installation



Windshield  
Installation



Floor Panels Awaiting  
Installation

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

**RAILCAR REPLACEMENT PROGRAM**

Change Orders:

No change orders during the Fourth Quarter 2025.

<b>CHANGE ORDER No. 8 LOG</b>					
<b>CONTRACT NO. 2021-125</b>					
<b>RAILCAR REPLACEMENT PURCHASE</b>					
Contract #2021-125			Contractor: Siemens Mobility Inc.		
Original Contract Amount		<u>\$163,920,115.00</u>	Total G.M./C.E.O. Authority Remaining		<u>\$ 5,516,005.42</u>
Total Change Order Amount To Date <u>\$180,469,735.00</u>					
ITEM NO.	NOTE No.	APPROVAL DATE	CHANGE ORDER AMOUNT	APPROVAL AUTHORITY	NEW CONTRACT AMOUNT
1	1	11-28-23	\$30,998,016.00	BOT	\$194,918,131.00
2	2	12-5-23	\$510,888.00	\$5,989,112.00	\$195,429,019.00
3	3	12-6-23	\$0.00	\$5,989,112.00	\$195,429,019.00
4	4	3-29-24	\$108,916.54	\$5,880,195.46	\$195,537,935.54
5	5	8-6-24	\$51,913.67	\$5,828,281.79	\$195,589,849.21
6	6	12-13-24	\$112,800,000.79	BOT	\$308,389,850.00
7	7	9-3-25	\$0.00	\$5,516,005.42	\$308,389,850.00
8	8	9-23-25	\$36,000,000.00	BOT	\$344,389,850.00
<b>NOTES/CHANGE ORDER DESCRIPTION:</b>					
CO No. 1 – Exercise 6 Vehicle Options					
CO No. 2 – 4 Additional Couplers					
CO No. 3 – Modification of SP-20B					
CO No. 4 – Smoke Detectors					
CO No. 5 – Additional Wheel Profiles					
CO No. 6 – 18 Option Vehicles, Spare Parts and Tools					
CO No. 7 – Delivery Schedule Spare Parts and Tools					
CO No. 8 – 6 Option Vehicles					

- **Original Contract Amount:**  
**\$163,920,115**
- **Vehicle Option Change Orders to date:**  
**\$179,798,016**
- **Additional Change Orders to date:**  
**\$671,718**
- **Total Contract Amount to date:**  
**\$344,389,850**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>RAILCAR REPLACEMENT PROGRAM</b>
------------------------------------

**GCRTA Financial Management System**

**RTA Set of Books:**

**Purchase Order – Railcar Replacement**

- Purchase Order Line Items – totaling \$344,389,850.00 (per board approval)
- \$125,339,525.28 paid (as of 01/30/2026)
- 36% of contract amount plus change orders is paid.

**OTHER RAILCAR REPLACEMENT PROGRAM CONTRACTS:**

Contract	Contract Amt	Expenditures	Change Orders
Hatch Engineering Consulting	\$5,936,923.21	\$4,029,515.90	2
K&J Safety and Security Consulting	\$517,024.02	\$281,962.50	2
66B Port Connector Track (Design)	\$78,130.00	\$77,739.78	0
66B Port Connector Track (Construction)	\$890,714.37	\$890,714.37	1
66C Brookpark Shop & Yard Tracks (Design)	\$80,250.00	\$45,088.36	1
66C Brookpark Shop & Yard Tracks (Construction)	\$3,003,045.36	\$1,853,188.34	10
66C2 Brookpark Rail Shop Modifications (Design)	\$283,739.00	\$214,865.00	0
66C2 Brookpark Rail Shop Modifications (Construction)	\$3,208,194.00	\$3,082,470.00	9

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>RAILCAR REPLACEMENT PROGRAM</b>
------------------------------------

66D Central Rail Maintenance Modifications (Design)	\$590,762.24	\$477,404.51	2
66D Central Rail Maintenance Modifications (Construction)	\$9,505,365.00	\$0	0
66E1 Red Line Platform Mods (Design)	\$861,676.92	\$745,452.50	0
66E1 Red Line Platform Mods (Construction)	Pending Design	N/A	N/A
66E2 Light Rail Platform Mods (Design)	\$586,608.00	\$111,500.00	0
66E2 Light Rail Platform Mods (Construction)	Pending Design	N/A	N/A
24Y Superior, Cedar East, West Blvd, West Park Platform Replacement (Design)	\$746,188.98	\$35,690.22	0
24Y Superior, Cedar East, West Blvd, West Park Platform Replacement (Construction)	Pending Design	N/A	N/A



Green = Project complete



Yellow = Currently under audit

Internal Audit will provide ongoing contract compliance assurance on program management and procurement activities and will complete the required Federal Transit Administration Pre-Award and Post-Delivery audits.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>RAILCAR REPLACEMENT PROGRAM</b>
------------------------------------

**Projects Completed:**

**Port of Cleveland Track Connector**

Purpose:

The Board of Trustees authorized Contract No. 2024-002 with Kennedy Railroad Services, LLC for Project No. 66B - Port of Cleveland Connector Track in an amount not to exceed \$883,443.00.

Scope:

Internal Audit will evaluate the project management controls for the track connector project, and contract compliance.

Audit Theme: Community Impact

Results: Satisfactory

Management Successful Practices:

- Project management logs were updated and complete
- Change order was supported with appropriate documentation

Recommendations:

- None

**Projects in Progress:**

**Brookpark Rail Shop Modifications**

Purpose:

The Board of Trustees authorized Contract No. 2024-205 with Standard Contracting & Engineering, Inc. for Brookpark Rail Shop modifications in an amount not to exceed \$2,893,100.00

Scope:

Internal Audit will evaluate the project management controls for the Brookpark Rail Shop modifications project, and contract compliance.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>RAILCAR REPLACEMENT PROGRAM</b>
------------------------------------

**Brookpark Yard Tracks Improvements**

The Board of Trustees authorized Contract No. 2024-195 with Railworks Track Services, LLC for Brookpark Yard Tracks improvements in an amount not to exceed \$2,589,826.00.

Scope:

Internal Audit will evaluate the project management controls for the Brookpark Yard Tracks improvement project, and contract compliance.

**Federal Transit Administration – Project Management Oversight – Buy America (Domestic Content Monitoring)**

Purpose:

U.S. DOT Federal Transit Administration Project Management Oversight monitors the management of FTA-supported major capital projects to determine whether the projects:

- are on time,
- within budget,
- in conformance with design and quality criteria,
- in compliance with all applicable Federal requirements, and
- constructed to approved plans and specifications, delivering the identified benefits, and safely, efficiently, and effectively.

The FTA engaged a third-party contractor (LS Gallegos Inc. and Steve Policar, LLC) to conduct a Buy America Review of the GCRTA Internal Audit activities. The contractor utilized Oversight Procedure 36 - Buy America Compliance Review. The instructions in this OP are subordinate to the regulations in 49 CFR 661 - Buy America Requirements and 49 CFR 663 - Pre-Award and Post-Delivery Audits of Rolling Stock Purchases.

Scope:

- Internal Audit will conduct a Pre-Award Buy America Review prior to the NTP for each contract option.
- Internal Audit will conduct an intermediate Buy America Review, when applicable. This is based on manufacturer supplied reporting.
- Internal Audit will conduct a Post-Delivery Buy America Review prior to accepting title to railcars or placing the railcars into revenue service.
- Internal Audit will conduct Post-Delivery Domestic Content Monitoring throughout the duration of the contract.
- Internal Audit will review and evaluate Resident Inspector Reports in accordance with 49 CFR §663.37.(a).

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>RAILCAR REPLACEMENT PROGRAM</b>
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**Federal Transit Administration – Project Management Oversight – Project Management Review**

Purpose:

U.S. DOT Federal Transit Administration Project Management Oversight monitors the management of FTA-supported major capital projects to determine whether the projects are:

- on time,
- within budget,
- in conformance with design and quality criteria,
- in compliance with all applicable Federal requirements, and
- constructed to approved plans and specifications, delivering the identified benefits, and safely, efficiently, and effectively.

Scope:

The FTA engaged a third-party contractor (LS Gallegos, Inc.) to conduct a Project Management Review, including:

- Monthly Check-in Meetings
- FTA Project Management Oversight Procedures

The contractor will utilize U.S. DOT Federal Transit Administration TPM-20 Office of Capital Project Management Project Management Oversight Procedure 20 - Project Management Plan Review.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>PROJECTS IN PROGRESS</b>
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**Projects in Progress – Planning/Risk Assessment**

Audit Title	Objective
<b>Capital Improvement Planning Cycle</b>	<b>*Note: We completed risk assessment and due to low risk, we will defer this audit engagement to prioritize high-risk engagements in 2026.*</b>
<b>Configuration Management Follow-up</b>	<b>*Audit Management is tracking implementation through participation on the ACM steering committee. A separate engagement will not be performed.*</b>
<b>CSU U-Pass Program</b>	<b>To evaluate agreement compliance for Cleveland State University Student “Universal Pass” program. *Audit delayed: Plan to reengage in 2026*</b>
<b>Outage Requests</b>	<b>To provide assurance over the process to request, approve, and deliver track and power outages.</b>
<b>Physical Inventory</b>	<b>*Management’s system implementation challenges have been overcome and this audit will begin in 2026*</b>
<b>Power &amp; Way Asset &amp; Configuration Mgt</b>	<b>To provide assurance over asset configuration, configuration management plan compliance, SOGR ratings, maintenance requirements and records, and preventative maintenance compliance.</b>
<b>Predictive Maintenance</b>	<b>To provide assurance over the predictive maintenance program, including compliance per fleet, quantifying cost reduction, and evaluate whether the program achieved projected cost savings.</b>
<b>Travel Policy/Expenditures</b>	<b>To assess compliance with AP 024 “Travel Requests”, the Board travel policy, and Ohio Ethic Commission guidance on travel.</b>
<b>Work Order Management</b>	<b>Evaluate how work orders are scheduled, completed, approved, closed, and quality assured. *Delayed to perform fieldwork in tandem with Predictive Maintenance audit*</b>

Green = New this quarter

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>PROJECTS IN PROGRESS</b>
-----------------------------

**Projects in Progress - Fieldwork:**

Audit Title	Objective
<b>ADA Stop Announcements</b>	<b>To evaluate GCRTA compliance with FTA requirements for ADA stop announcements for revenue vehicles.</b>
<b>Accounts Payable</b>	<b>To provide assurance over GCRTA’s accounts payable controls, including segregation of duties, payment supporting documentation, timely payments, three-way match, and payment reconciliation.</b>
<b>Customer Communications – Service Interruptions</b>	<b>To evaluate GCRTA processes for communicating planned and unplanned service interruptions to customers.</b>
<b>Fare Collection</b>	<b>To provide assurance over the fare collection process, including front-line staff training, customer-facing information, equipment and processes for purchasing and validating fares, and controls to mitigate fare evasion.</b>
<b>Fraud Risk Assessment</b>	<b>An entity-wide risk assessment of fraud vulnerabilities and the controls in place to detect, prevent, and mitigate fraud.</b>
<b>Healthcare Claims Expense</b>	<b>To provide assurance that GCRTA’s Third-Party Administrator (TPA) Anthem is processing medical claims according to GCRTA plan design and industry standards.</b>
<b>IT Equipment Inventory</b>	<b>To evaluate the governance of IT inventory throughout the lifecycle of end user equipment managed by the GCRTA Information Technology Department.</b>

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>PROJECTS IN PROGRESS</b>
-----------------------------

<b>IT Governance</b>	Internal Audit support for IT Council and implementation of IT Governance.
<b>Nepotism Self-Disclosure File Audit</b>	To evaluate controls for obtaining, recording, and storing self-disclosure forms, and to update reported relationships for our continuous audit script.
<b>Purchasing Card Process</b>	To provide assurance on the purchasing card program, including compliance with policies and procedures, controls for detecting and preventing fraud and misuse, and identifying opportunities for process improvement.
<b>Railcar Replacement Contract (Siemens)</b>	To provide ongoing contract compliance assurance on program management and procurement activities and to complete necessary Buy America reviews.
<b>Trapeze Pass Upgrade/Mobility App</b>	To evaluate the upgrade of the Trapeze PASS application and the future implementation of the Trapeze Pass mobile application.

Green = New this quarter

**Projects in Progress - Reporting**

Audit Title	Objective
<b>Change and Patch Management</b>	Perform a review of the IT change management process to provide assurance the process is controlled, monitored, and is compliant with industry best practices.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>PROJECTS IN PROGRESS</b>
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<b>Hastus Operator Performance Module</b>	To ensure the proper configuration and implementation of absence tracking and follow-up in the Employee Performance Management module in Hastus.
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**Projects in Progress – Construction**

Project Name	Audit Phase	Construction Budget w/ COs	Construction Target Completion Date
<b>12D Trunk Line Signals</b>	<b>Risk Assessment</b>	<b>\$5,689,009.74</b>	<b>November 2026</b>
<b>12H Consolidated Train Dispatch</b>	<b>Fieldwork</b>	<b>\$4,110,154.00</b>	<b>May 2026</b>
<b>52N East Portals</b>	<b>Fieldwork</b>	<b>\$18,267,764.23</b>	<b>October 2026</b>
<b>60E E.120th Substation</b>	<b>Risk Assessment</b>	<b>\$7,194,208.00</b>	<b>March 2027</b>
<b>66C Brookpark Yard and Track</b>	<b>Fieldwork</b>	<b>\$3,003,045.36</b>	<b>February 2026</b>
<b>66C2 Brookpark Rail Shop Mods</b>	<b>Fieldwork</b>	<b>\$3,208,194.00</b>	<b>February 2026</b>

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>SPECIAL REQUESTS AND EMERGING ISSUES</b>
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**Lost and Found:**

Purpose:

To evaluate whether the Lost and Found workflow for items on RTA property operates in compliance with Administrative Procedure No. 35 – Lost and Found on RTA Property, and to determine whether controls are adequately designed and operating effectively to ensure proper intake, safeguarding, documentation, retention, and disposition of lost and found items.

Scope:

- The review will cover the end-to-end lost and found process for items discovered on RTA property (including vehicles, stations, facilities, and administrative offices), from initial discovery/intake through storage, claim/owner verification, and final disposition in accordance with Procedure No. 35.
- Included activities: receipt and logging of items; tagging and inventory practices; verification of ownership and release of items; storage and security arrangements; retention timeframes; final disposition methods (return to owner, donation, destruction, or other approved methods); and documentation and recordkeeping supporting each step in the workflow.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

**EXTERNAL AUDIT COORDINATION**

*IIA Global Audit Standards*

*Standard 9.5 Coordination and Reliance – The chief audit executive must coordinate with internal and external providers of assurance services and consider reliance on their work.*

The following Federal and State Agencies performed audits and reviews of the Authority's policies and records during the Third Quarter 2025:

State of Ohio – Office of the Auditor .

- The State Auditor is engaged to conduct the Financial and Single Audit for the period ending December 31, 2025. Internal Audit will dedicate support to the State Auditor.

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.

Federal Transit Administration - Project Management Oversight – Railcar Replacement Program:

- The FTA contracted with LS Gallegos to provide project management oversight for the railcar replacement program.
- The consultant utilizes FTA developed oversight procedures to monitor and evaluate the compliance with grant requirements.
- Internal Audit will work with contractors to perform the audits as required.
- The consultant meets with GCRTA Management monthly to review a prescribed agenda and follow-up on outstanding corrective actions.

Federal Transit Administration – Triennial Review

- The Federal Transit Administration will assess how the GCRTA uses federal funds and complies with applicable requirements. Internal Audit will dedicate support to the State Auditor.
- The review typically covers up to 23 program areas and occurs once every three years to evaluate performance, adherence to statutes and regulations, and the alignment of actual activities with approved plans.

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

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

**STATUS OF OUTSTANDING FOLLOW-UP**

*IIA Global Audit Standards*

*Standard 15.2 Confirming the Implementation of Recommendations or Action Plans – Internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans.*

All outstanding issues and recommendations from internal and external audits and reviews are tracked within the Internal Audit Management System *Issue Tracking Module*.

Internal Audit and management agree on audit findings, issues, recommendations, corrective actions, and implementation dates.

Audit staff are directed to follow-up with management to evaluate corrective actions are effectively implemented. Upon verification, issues are closed.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>OTHER PROJECTS</b>
-----------------------

**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.

**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.

**Fourth Quarter 2025 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.

Project 20.04 Main Office Building Roof Replacement  
Contract 2024-063

Assure Claims Software Licensing, Maintenance and Support Services  
Contract No. 2025-075

Project 52N Tower City East Portals Rehabilitation  
Contract 2023-155

Project 24X East 79th St. Green and Blue Line Station Reconstruction  
Contract 2025-007

**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.

**Executive Records Management Commission**

The Deputy General Manager of Finance chairs this commission. The purpose of the commission is to define and establish GCRTA business records for retention, review

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>OTHER PROJECTS</b>
-----------------------

applications for one-time disposal of obsolete records, review records retention schedules, and schedules for the disposal of records. Internal Audit is a standing member of this council.

**Information Technology Council**

The Deputy General Managers of Finance and Operations chair this council. The purpose of this council is to develop and enforce GCRTA's IT priorities. They identify which IT projects and initiatives are the most important for the GCRTA's success and provide support to ensure the IT teams achieve their business objectives. Internal Audit is a standing member of this council.

**Ongoing Technology Audit Projects:**

- Bid Dispatch
  - System Enhancements
- Disaster Recovery
- Paratransit Scheduling
  - Upgrade: Complete
  - App Implementation
- IT Council
  - Governance
    - AI Finalization
  - External Recommendation Follow-up
- Cyber Security
- Robotic Process Automation
- Fluid Management
- Learning Management
- Applicant Tracking
- Infrastructure Updates
- ERP Replacement\*
- Fare Updates
  - Ticket Vending Machine
  - Account Based Ticketing
  - Fare Capping

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**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<b>OTHER PROJECTS</b>
-----------------------

**Healthcare Claims Expenses:**

- Annual healthcare expenses exceed approximately \$50 million
- Scope will include previous two years of claims: calendar years 2023 and 2024
- Update: TFG Partners, LLC was selected as GCRTA's claims audit consultant

**Scope:**

- Validates claims accuracy, eligibility compliance, and adherence to benefit plan rules for medical, dental, and pharmacy programs
- Reconciles claims paid with funding transfers and verifies sampled claims against eligibility data
- Tests plan design and claims for correct adjudication, benefit limits, and errors such as duplicate payments
- Reviews administrative fees and ensures billing aligns with contract, credits, and rebates
- Reports findings with management response, recommending process improvements for future HR documentation and control

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

**STAFF TRAINING**

**Internal Audit Department staff received the following training during the Fourth Quarter 2025:**

- December Meeting – NEO IIA
  - Cybersecurity: An Overview for Public Sector Agencies
- January Meeting – NEO ISACA
  - IIA Cybersecurity Topical Requirement
- February Meeting “Fraud Day” – NEO IIA/NEO ACFE
  - Forensic Accounting
  - Healthcare Fraud Analytics
  - Consumer Scams
  - Enron Whistleblower and Ethical Leadership
  - Financial Crimes

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT  
OCTOBER 1, 2025 THROUGH DECEMBER 31, 2025**

<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.
<b>Steven Zimmerman</b> Manager of Internal Audit	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 and a Certified Fraud Examiner.
<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. Andrew is a Certified Information Systems Auditor.
<b>Molly O'Donnell</b> Lead 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 II	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. Laura is a Certified Internal Auditor.
<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. He earned his BA in Business Administration from Hiram College and was promoted to a computer system specialist in the Intelligent Transportation Systems unit. He joined IA on April 3, 2022. Darren is a Certified Internal Auditor.
<b>Kylie Cianciolo</b> Staff Auditor	Kylie joined the GCRTA on August 12, 2024. She earned her BA in Philosophy and Sustainability (Focus: Ethics and Policy) from Baldwin Wallace University.