GREATER CLEVELAND
REGIONAL TRANSIT
AUTHORITY

# INTERNAL AUDIT
# QUARTERLY REPORT
## Second Quarter - 2014

August, 2014

**RTA**
GREATER CLEVELAND
REGIONAL TRANSIT AUTHORITY

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**
**INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT**
**APRIL 1, 2014 THROUGH JUNE 30, 2014**

| TABLE OF CONTENTS |
|---|

## INTRODUCTION

Presented herein and in accordance with Board Policy is the report of the Internal Audit Department activities for the Second Quarter 2014. 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.

The Internal Audit Department will respond to the Board of Trustee requests for audit services in a timely manner. Please contact me at (216) 566-5064 to service your requests.

_Anthony A. Garofoli_       7/28/14

Anthony A. Garofoli
Executive Director of Internal Audit

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**2014 INTERNAL AUDIT PLAN**
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## Contract Audits

Cedar-University Rapid Station Rehabilitation
Clifton Boulevard Transportation Enhancement Project
CNG Fueling Station
Elevator/Escalator Maintenance
Little Italy-University Circle Rapid Station
Magnetic Fare Media Cards
Marketing/Advertising Consultant
Supplemental Paratransit Services
Tire Lease/Services
Tower City Maintenance Agreement
Vehicle Purchases
Vehicle Towing

## Internal Audits

(ADA) Paratransit Certification Program
Bridge Maintenance Program
Customer Service Center Operations
Employee Compensation
Employee Hiring Practices
Petty Cash
Preventative Maintenance - Facilities
Purchasing Card
Safety Sensitive – Drug and Alcohol Program
Travel Expense Reimbursement
Vehicle Maintenance & Warranty Program

## Information Technology Audits

Enterprise Resource Production System (Oracle)
Fuel/Fluids Dispensing System (Fleetwatch)
Maintenance/Management System (Ultramain)
Non-Operators Time/Attendance System (Kronos)
Operators Time/Attendance System (Midas/Giro)
Network Access Control System (Citrix)
Oracle User Productivity Kit
Radio/Communication System (TransitMaster)
System(s) Access Control
Transit Police CAD/RMS (Spillman)

| 2014 INTERNAL AUDIT PLAN |
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**Continuous Auditing **

Absence Control
Accounts Payable
Accounts Receivable
Fuel Expense
Healthcare Claims Expense
Inventory Management
Payroll
Revenue Collection


**External Audits**

Ohio Department of Transportation
Federal Transit Administration
State of Ohio – Office of the Auditor
US Department of Homeland Security


**Revenue Audits**

Fare Collection System(s)
Fare Enforcement/Proof-of-Payment
Farebox Maintenance/Defect Reporting
Special Event Collections
Ticket/Pass - Sales Agent Consignment/Collections
Ticket/Pass Customer Refunds
Ticket/Pass Inventory

Staff Training
Audit Recommendation Follow-up
15% of budgeted hours will be reserved for Special Requests and/or Emerging Issues


**Continuous Auditing is achieved through the use of audit software tools to assure the internal control system is functioning to detect fraud, errors and waste

| COMPLETED PROJECTS |
|---|

**GCRTA Employee Travel & Expense Account Reimbursements**

Purpose:

The Internal Audit Department reviews all employee travel expenses to ensure they are properly approved and are reimbursed in accordance with the Authority's policies and procedures.

Scope:

Audit staff reviewed all requests for employee travel expense reimbursements for the period April 1, 2014 through June 30, 2014 prior to cash disbursement. The review included tests for allowability, reasonableness and timeliness.

Results:

All requests were reviewed and, if necessary, adjusted to comply with applicable policies and procedures.

**Compressed Natural Gas - Fueled (CNG) Coaches – Gillig, LLC**
(Board Resolution 2013-110)

Purpose:

The Board of Trustees authorized Contract No. 2013-100 with Gillig, LLC for the manufacture and delivery of up to two-hundred-forty CNG coaches, training, special tools and parts. The first (60) coaches are scheduled for delivery in 2015.

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, including the Pre-Award and Post Delivery Rules.

Scope:

Audit staff completed the Pre-Award Review, for the purchase of the coaches, to evaluate compliance with the Code of Federal Regulations – Part 663.

Results:

Audit staff completed an on-site review of contractor records and toured the manufacturer's final assembly plant. The contractor complied with federal regulations.

| COMPLETED PROJECTS |
|---|

**Compressed Natural Gas - Fueled (CNG) Coaches – Gillig, LLC – (continued)**

Considering this result, GCRTA management can execute the contract and issue notice to proceed.

**Articulated Low-Floor Coaches – New Flyer of America Inc.**
(Board Resolution 2013-80)

Purpose:

The Board of Trustees authorized Contract No. 2013-125 with New Flyer of America Inc. for the furnishing of twenty-three 60-ft. articulated low floor coaches.

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, including the Pre-Award and Post Delivery Rules.

Scope:

Audit staff completed the Post-Delivery Review, for the purchase of the 23 coaches, to evaluate compliance with the Code of Federal Regulations – Part 663.

Results:

Audit staff completed an on-site review of contractor records, toured the manufacturer's final assembly plant, inspected the vehicles and reviewed GCRTA records. Both the contractor and GCRTA management complied with federal regulations. Considering this result, GCRTA management can transfer title and place the vehicles in revenue service.

**Light Duty Transit Vehicle Purchase – Senior Transportation Connection**
**(Transportation Equipment Sales Corporation)**
(Board Resolution 2013-081)

Purpose:

The GCRTA (Federal Grant Recipient) entered into Contract No. 2013-140 on behalf of the Senior Transportation Connection (STC) (Subrecipient) to purchase (3) light duty transit vehicles.

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

| COMPLETED PROJECTS |
|---|

**Light Duty Transit Vehicle Purchase – Senior Transportation Connection – (continued)**

comply with several federal regulations, including the Pre-Award and Post Delivery Rules.

Scope:

Audit staff completed the Post-Delivery Review to evaluate compliance with the Code of Federal Regulations – Part 663.

Results:

Audit staff completed an on-site review of contractor records, toured the manufacturer's final assembly plant, inspected the vehicles and reviewed GCRTA records. Both the contractor and GCRTA management complied with federal regulations.

Per the Sub-Recipient Agreement, the STC must provide the local match (20% of the contract price) before GCRTA management can transfer title and place the vehicles in revenue service.

**Modified Van (Vehicle) Purchase – Senior Transportation Connection (American Bus & Accessories, Inc.)**
(Board Resolution 2013-116)

Purpose:

The GCRTA (Federal Grant Recipient) entered into Contract No. 2013-174 on behalf of the Senior Transportation Connection (Subrecipient) to purchase (4) rear wheel drive vans with rear mounted wheelchair lifts.

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, including the Pre-Award and Post Delivery Rules.

Scope:

Audit staff completed the Post-Delivery Review, for the purchase of the (4) coaches, to evaluate compliance with the Code of Federal Regulations – Part 663.

| COMPLETED PROJECTS |
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**Modified Van (Vehicle) Purchase – Senior Transportation Connection – (continued)**

Results:

Audit staff completed an on-site review of contractor records, toured the manufacturer's final assembly plant, inspected the vehicles and reviewed GCRTA records. GCRTA management complied with federal regulations.

Per the Sub-Recipient Agreement, the STC must provide the local match (20% of the contract price) before GCRTA management can transfer title and place the vehicles in revenue service. The contractor transferred title to the vehicles to the STC before payment was made. The vehicles remain in the custody of GCRTA management.

**Fare Collection**

Purpose:

The purpose of the audit was to evaluate and verify revenue collections were deposited and posted to accounting records.

Scope:

The audit includes all cash and debit/credit card transactions for the bus, rail, ticket vending machines and kiosks during the period January 1, 2013 through December 31, 2013.

Results:

Audit staff utilized audit software to query 100% of the data within the fare collection computer systems. Cash collections and debit/credit card transactions were reconciled with third-party counting records, bank deposits and traced to the GCRTA accounting records.

Immaterial differences were identified, mostly caused by timing differences between collections and deposits. The external auditors tested and relied on the work for the 2013 Single Audit.

<div style="border:1px solid black">**COMPLETED PROJECTS**</div>

**Fare Media Inventory**

Purpose:

Management stores and distributes fare media (tickets) for consignment or to sell to sales agents, schools and employers.

Scope:

Audit staff developed a risk based methodology to test 100% of the fare media inventory stored in the vaults.

Results:

Audit staff completed several un-announced tests during the quarter. No exceptions were noted, fare media was located, secured in vaults and reconciled to the inventory control system.

**Operator – Bid/Dispatch/Time & Attendance - System Replacement (Giro, Inc.)**
(Board Resolution 2012-015)

Purpose:

Management entered into Contract No. 2011-122 with Giro, Inc. to provide Bid Dispatch system replacement services with options for three one-year maintenance terms following warranty expiration.

Scope:

Audit staff evaluated the:
- execution of the Project Management Plan
- data conversion/migration
- acceptance test plan
- user-acceptance testing procedures
- training

Results:

The system is in place and working effectively.

The project manager executed a well-designed plan. She coordinated activities of management and the software provider. The contractor is planning to share the work with other clients as a model system implementation.

| COMPLETED PROJECTS |
|:---:|

**Operator – Bid/Dispatch/Time & Attendance - System Replacement (Giro, Inc.) – (continued)**

Audit staff supported the project manager with test script design, testing and other support. Implementation issues were resolved.

Audit staff is trained and will use the system to support management to attain management objectives.

**Continuous Audit Program**

Purpose:

Continuous Auditing defines the technologies and processes that allow an on-going review and analysis of business information on a real time basis. Internal Audit will monitor specific information electronically and incorporate the use of intelligent agents, computer modeling and other software tools. Continuous auditing will give end users of information more timely assurance that information is correct and may eventually lead to continuous reporting where business information is updated and published as events occur.

Scope:

Audit staff developed a "continuous audit" for the following contracts and/or activities:

Diesel Fuel
- Diesel fuel is delivered to several GCRTA facilities on a daily basis
- Rates fluctuate daily in accordance with contract terms and conditions
- Other contract rates apply

Results:

Diesel Fuel - No exceptions were noted during the Second Quarter 2014.

| **PROJECTS IN PROGRESS** |
| --- |

**Health Care Benefits - Claims Audit**
(Board Resolution 2010-081 - Medical Mutual of Ohio)
(Board Resolution 2011-094 - Caremark PCS Health, LLC (Caremark))
(Board Resolution 2010-083 - MetLife Securities, Inc.)

Purpose:

GCRTA employee health care benefits expense totals approximately $20,000,000
annually. The Board of Trustees authorized:

- Contract No. 2010-72A with Medical Mutual of Ohio to provide medical plan
  insurance coverage;
- Contract No. 2011-108 with Caremark PCS Health, LLC (Caremark) to provide a
  managed prescription drugs benefit program;
- and Contract No. 2010-72C with MetLife Securities, Inc. to provide dental
  insurance coverage

These third-party administrators (TPA) contract with healthcare providers and process
eligible employee claims for payment in compliance with respective GCRTA plan
designs.

Scope:

Audit staff will perform a healthcare claims audit to evaluate third-party administrator
(TPA) compliance with respective plan designs and other contract terms and conditions.

We will also complete a dependent eligibility audit to ensure the respective TPAs
processed claims for eligible employees and dependents (only).

The audit period is January 1, 2011 through December 31, 2013.

Update:

Audit staff engaged a health care audit consultant to support this review.

We received the claims files from the medical and pharmacy TPAs to date. We are
evaluating the claims for compliance with the respective health plan designs.

We selected claims for further review with the medical TPA. Any TPA overpayments will
be recovered.

We are pursuing the claims data from the dental TPA.

| PROJECTS IN PROGRESS |
|:---:|

**University-Cedar Rapid Transit Station Renovation**
(Board Resolution - 2007-110 - URS Corporation - Design)
**(**Board Resolution - 2012-057 - McTech Corporation - Construction)

Purpose:

Contracts 2007-047 and 2012-034 were authorized for the planning, design and construction of the University-Cedar Rapid Station.

Scope:

Audit staff will evaluate contract compliance.


**Clifton Boulevard Transportation Enhancement Project**
(Board Resolution - 2009-094 – Richard L. Bowen, Inc. - Design)
**(**Board Resolution - 2013-079 – Perk Company, Inc. - Construction)

Purpose:

Contracts 2009-120 and 2013-123 were authorized for the planning, design and construction of the Clifton Boulevard Transportation Enhancement Project.

Scope:

Audit staff will evaluate contract compliance.


**Little Italy-University Circle Rapid Station**
(Board Resolution - 2008-099 – City Architecture. - Design)
**(**Board Resolution - 2013-089 – McTech Corporation - Construction)

Purpose:

Contracts 2008-109 and 2013-131 were authorized for the planning, design and construction of the Little Italy-University Circle Rapid Station and track bridge.

Scope:

Audit staff will evaluate contract compliance.

| PROJECTS IN PROGRESS |
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**Non-Bargaining Employee Merit Increase**

Purpose:

Management employees received a pay increase during the first quarter 2014. Audit staff will review the pay increases and human resource system updates for compliance with the approved criteria and process.

Scope:

All non-bargaining employees eligible for a pay increase for the period January 1, 2013 through December 31, 2013.

**Employment Separation**

Purpose:

Human Resource management has a process to separate employment due to employee retirements, resignations and other separations. This process must be timely, accurate and complete to mitigate the risk of improper payment of payroll and benefits, collection of assets and access to facilities and computer systems.

Scope:

Audit staff will document the controls in place and test for compliance with established processes. The audit period will be determined after the control risk assessment.

**Petty Cash**

Purpose:

GCRTA Administrative Procedure 003 (Petty Cash) provides the procedures for the establishment of accounts, custodians and allowable expenditures. The special provision states, "…a representative from the Internal Audit Department will perform cash counts of the funds at least annually."

Scope:

Audit staff will perform cash counts of the funds and evaluate compliance with the administrative procedure.

| PROJECTS IN PROGRESS |
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### Central Bus Maintenance Facility – ISO 14001 Certification

Purpose:

The ISO 14001 standard represents a core set of standards used by organizations for designing and implementing an effective Environmental Management System (EMS).

Management is engaged in an effort to seek certification for the Central Bus Maintenance Facility. This includes documented sustainable and environmental processes for the use and/or disposal of certain elements such as rags, scrap metals, waste oil and other elements.

The standards include an internal audit component to evaluate compliance.

Scope:

Audit staff will develop an audit program to evaluate compliance with established processes. We will support the certification oversight and management teams to attain the objective.

### Sales Agent Revenue Collections

Purpose:

Management licenses sales agents to sell fare media (tickets and passes) throughout the Cuyahoga County service area. Sales agents receive periodic consignments of fare media based on customer demand.

Scope:

Audit staff will document and evaluate the process for licensing, consignment and collections.

The Accounting Department is revising the process to invoice, collect and reconcile sales agent activity. Audit staff will work with the management to maximize the effort.

| PROJECTS IN PROGRESS |
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**Continuous Auditing**

<u>Purpose</u>:

Continuous Auditing defines the technologies and processes that allow an on-going review and analysis of business information on a real time basis. Internal Audit will monitor specific information electronically and incorporate the use of intelligent agents, computer modeling and other software tools. Continuous auditing will give end users of information more timely assurance that information is correct and may eventually lead to continuous reporting where business information is updated and published as events occur.

<u>Scope</u>:

The General Manager identified and monitors "Key Performance Indicators." These include Revenue and Absence Control. Internal Audit will assist management to develop continuous "monitoring" queries to provide management "real time" information to meet organizational goals. Internal Audit will develop continuous "auditing" queries to test for compliance and control risk.

| SPECIAL REQUESTS AND EMERGING ISSUES |
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**Railcar Derailment**

Purpose:

The General Manager/CEO requested a special audit to evaluate the "pre/post" events and activities relevant to a May 2014 railcar derailment.

Scope:

Audit staff was directed to evaluate root cause(s) for the derailment and evaluate compliance with standard operating and maintenance procedures including: Track Inspection and Maintenance Procedures, Control Center Standard Train Control Procedures, Service Quality Standard Operating Procedures, Safety Department Procedures, Administrative Procedures, the Rail Operator Rule Book and to share lessons learned with management.

Results:

Auditors identified 19 issues for management to address. These include development or revisions to policies/procedures; compliance with procedures for capturing information and reporting to management; employee training and certification, compliance with inspection and maintenance standards, revisions to the service schedule and strategic planning for maintenance and training.

Management implemented immediate actions to address issues raised by the Safety Department and Internal Audit. Management entered into Contract No. 2014-114 with Delta Railroad Construction, Inc. to replace approximately 2000 feet of track infrastructure. The action was ratified by the Board of Trustees in July 2014 (Resolution 2014-056).

Internal Audit met with respective management to develop a schedule to implement outstanding recommendations. We will follow-up until these issues are closed.


**Claims Processing**

Purpose:

The Executive Director of Internal Audit initiated a review of the claims payment processes from the GCRTA Risk Management System to payees.

The system processes information for workers compensation and accident claims. These payments are processed through a series of manual controls. The system is not integrated with the ERP System (Accounts Payable) module.

| SPECIAL REQUESTS AND EMERGING ISSUES |
|:---:|

**Claims Processing – (continued)**

Scope:

Audit staff will flowchart and test the payment processes. The system software and hardware are being upgraded. We will evaluate the opportunity to integrate the system to automate manual controls.

Update:

The results were shared with management. We will issue a final report in August 2014.

**Paratransit Operator Schedule Adherence**

Purpose:

The Paratransit District Director requested a special audit to evaluate Paratransit Operators are adhering to route schedules.

Scope:

Audit staff will evaluate operator compliance with for the period January 1, 2013 through the most current information available.

Update:

Fieldwork is completed. We will share the audit results with management in August 2014.

**Rail Operator Signal Adherence**

Purpose:

The Deputy General Manager of Operations requested a special audit to evaluate Rail Operators are adhering to track signals.

Scope:

Audit staff will evaluate operator compliance for the period January 1, 2013 through the most current information available.

| SPECIAL REQUESTS AND EMERGING ISSUES |
| --- |

**Rail Operator Signal Adherence – (continued)**

Update:

Fieldwork is substantially complete. Audit staff was directed to expand the scope of the audit due to unforeseen conditions. We will share the results with management in August 2014.

**Electric Motor Rebuild**

Purpose:

The Director of Rail and Manager of Rail Equipment requested a special contract audit. The contractor rehabilitates and repairs electric motors for the Rail Equipment Shop.

Scope:

Audit staff will evaluate compliance with contract terms and conditions.

**Pantograph Maintenance**

Purpose:

The Director of Safety requested a special audit to evaluate the preventative maintenance activities for railcar pantographs. A pantograph is an apparatus mounted to the roof of an electric train to collect power through contact with the overhead catenary wire.

Scope:

Audit staff will evaluate the technician compliance with maintenance standards

**Worker's Compensation Payments**

Purpose:

The Executive Director of Internal Audit initiated an audit to review payments to a health care provider.

| SPECIAL REQUESTS AND EMERGING ISSUES |
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**Worker's Compensation Payments – (continued)**

Scope:

To be determined after the risk assessment is complete.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**
**INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT**
**APRIL 1, 2014 THROUGH JUNE 30, 2014**

| EXTERNAL AUDIT COORDINATION AND FOLLOW-UP |
|---|

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 Second Quarter 2014:

- Federal Transit Administration (FTA)
    - The FTA is conducting a review of the Indirect Cost Plan for the periods 2010-11 and 2012-13 (July-August).
    - The FTA is conducting a review of GCRTA safety-sensitive contractors (July-August).

- State of Ohio – Office of the Auditor
    - The State of Ohio – Office of the Auditor completed the fiscal year 2013 Financial/Single Audit.
    - The draft report was presented to the Committee of the Whole Board in June 2014.
    - The final audit report was released July 24, 2014.

- State of Ohio – Ohio Department of Transportation (ODOT)
    - ODOT selected a consultant, Battelle 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 Emergency Management Agency (FEMA)
    - FEMA is conducting a "desk review" of a grant to the Transit Police (July-August).

| 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 <u>Recommendation Implementation Tracking Report</u> on the next 2 pages)**

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.

| STATUS OF OUTSTANDING FOLLOW-UP |
|:---:|

## RECOMMENDATION IMPLEMENTATION TRACKING

| Recommendation | State | Project Code | Estimated Date | Owner |
|---|---|---|---|---|
| Create a Derailment Standard Operating Procedure | Pending | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 7/31/2014 | Richardson, Anthony |
| Create a Slow Order/Restricted Speed Log in the ICC | Pending | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 7/31/2014 | Richardson, Anthony |
| Worksite Conditions | Started | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 7/31/2014 | Evans, Mark |
| National Transit Safety Board Reporting (NTSB) | Started | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 8/30/2014 | Huyck, Robert |
| Documentation Standards | Started | 2013 - IA - 13 - Rail District Maintenance Program | 8/31/2014 | Rehfuss, Dennis |
| Maintenance Planner - Resource Analysis | Started | 2013 - IA - 13 - Rail District Maintenance Program | 8/31/2014 | Boyce, William |
| Record Vendor Costs for Planned Maintenance Inspections | Started | 2013 - IA - 13 - Rail District Maintenance Program | 8/31/2014 | Boyce, William |
| Maintenance Employee Certification | Pending | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 8/31/2014 | Kawecki, Edward |
| Recording Track Contractor Maintenance | Pending | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 8/31/2014 | Boyce, William |
| Tie Replacement Strategic Plan | Pending | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 8/31/2014 | Fedikovich, John |
| Maintenance vs. Track Time (Outage) | Pending | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 9/1/2014 | Erenrich, Alan |
| Conduct Report Writing Training for all Service Quality Supervisors | Pending | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 9/1/2014 | Chapman, Ricky |
| Incomplete Operator Incident Report | Pending | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 9/30/2014 | Carlton, Cynthia |
| Inspection of Reported Track Kinks | Started | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 9/30/2014 | Evans, Mark |

**STATUS OF OUTSTANDING FOLLOW-UP**

## RECOMMENDATION IMPLEMENTATION TRACKING

| Recommendation | State | Project Code | Estimated Date | Owner |
|---|---|---|---|---|
| Point of Derailment Measure Form | Started | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 9/30/2014 | Evans, Mark |
| Work Order Locations | Started | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 9/30/2014 | Fedikovich, John |
| Clock-on Clock-Off on Work Orders | Started | 2013 - IA - 13 - Rail District Maintenance Program | 12/31/2014 | Rehfuss, Dennis |
| Develop Rail District Performance Metrics | Started | 2013 - IA - 13 - Rail District Maintenance Program | 12/31/2014 | Boyce, William |
| Standard Operating Procedure - Quality Assurance Review | Started | 2013 - IA - 13 - Rail District Maintenance Program | 12/31/2014 | Rehfuss, Dennis |
| Slow Orders | Started | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 12/31/2014 | Fedikovich, John |
| Track Inspection Form Requirements | Pending | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 12/31/2014 | Evans, Mark |
| Unrecorded Parts Inventory Issuance | Pending | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | 12/31/2014 | Marshall, Austin |
| Record Inventory Issued to Work Orders | Started | 2013 - IA - 13 - Rail District Maintenance Program | 12/31/2015 | Marshall, Austin |

| OTHER PROJECTS |
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## Fraud Hotline

The GCRTA Fraud Hotline (216) 781-4080 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 Deputy General Manager of Finance and Administration created 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.

Second Quarter 2014 Change Order:

Contract No. 2008-146 with Genuine Parts Company to provide additional material management services for the Paratransit parts inventory stores.

## System Security Program Planning Committee

The Deputy General Manager of Operations created this committee. The purpose of this committee is to oversee, analyze, and prioritize the overall system security needs of the Authority. The Transit Police provide the agenda for the quarterly meetings.

## 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.

| OTHER PROJECTS |
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## Oracle Upgrade Steering Committee

The Deputy General Manager of Finance & Administration created this Steering Committee. The purpose of the Steering Committee is to participate in the planning and oversight for the Oracle Upgrade Project.

## Operator Bid Dispatch/Time & Attendance System Steering Committee

The Deputy General Manager of Operations created this Steering Committee. The purpose of the Steering Committee is to participate in the planning and oversight for the Operator Bid Dispatch/Time & Attendance replacement system.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**
**INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT**
**APRIL 1, 2014 THROUGH JUNE 30, 2014**

| STAFF TRAINING |
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The following training was provided to Audit staff during the Second Quarter 2014:

**Northeast Ohio Internal Audit Local Chapter Training**
- Root Cause Analysis – (April)
- RPM International Inc. – Best Internal Audit Practice (May)

**Northeast Ohio Certified Fraud Examiner Local Chapter Training**
- None this quarter

**Software Application Training**
- Audimation – (IDEA) – Data analysis software (April)
- Hastus – Operator Time & Attendance/Bid Dispatch System (May)

## STAFF PROFILES

| | |
|---|---|
| **Anthony A. Garofoli**<br>Executive Director of<br>Internal Audit | Anthony joined the GCRTA on September 23, 1996.  He earned his BBA 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 audit experience includes Financial Audits of State and Local Governmental Units, Fraud and Contract Compliance Audits. He has earned several certifications. |
| **Samuel Henderson**<br>Senior Auditor | Samuel joined the GCRTA on May 17, 1999.  Sam earned his BS in Accounting from the University of Akron. Sam is a graduate of the GCRTA/Cleveland State University Public Management Academy. |
| **Bonson Yee**<br>Information Technology<br>Auditor | Bonson joined the GCRTA on September 6, 2005. He earned his BBA in Accounting from Cleveland State University. Bonson is a Certified Information Systems Auditor. |
| **Edward Gaio**<br>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. |
| **Shaina Bryan**<br>Staff Auditor | Shaina joined the GCRTA on June 4, 2012. She earned her BA in Management from Hiram College and is a graduate of the GCRTA Management Development Program. |
| **Anthony Ghanem**<br>Staff Auditor | Anthony joined the GCRTA on June 4, 2012. He earned his BA in Economics and International Studies from Case Western Reserve University and his Masters of Public Administration from Cleveland State University. He is also enrolled at CSU to earn his Ph.D. He is a graduate of the GCRTA Management Development Program. |
| **Neletre Burts-Tolbert**<br>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. |
| **Daniel Carroll**<br>Intern | Dan joined the GCRTA on June 23, 2014. He earned his BA in Economic Development and Finance from Cleveland State University. Dan also studied at Cuyahoga Community College. Dan will work with us through September 2014 on a variety of assignments. |