GREATER CLEVELAND
REGIONAL TRANSIT
AUTHORITY

INTERNAL AUDIT
QUARTERLY REPORT
Second Quarter - 2016

August, 2016

RTA
GREATER CLEVELAND
REGIONAL TRANSIT AUTHORITY

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
APRIL 1, 2016 THROUGH JUNE 30, 2016

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INTRODUCTION

Presented herein and in accordance with Board Policy is the report of the Internal Audit Department activities for the Second Quarter 2016. 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 8/10/16
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Anthony A. Garofoli
Executive Director of Internal Audit

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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:

Internal Audit reviewed all requests for employee travel expense reimbursements for the period April 1, 2016 through June 30, 2016 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.

Vehicle Purchases
(Board Resolution 2013-110 - Gillig, LLC)
(Board Resolution 2014-111 - Gillig, LLC)
(Board Resolution 2015-048 - Gillig, LLC)
(Board Resolution 2015-060 - Gillig, LLC)
(Board Resolution 2015-096 – Transportation Equipment Sales Corp.)

Purpose:

Contract 2013-100 was authorized to manufacture and deliver up to (240) 40 foot Compressed Natural Gas (CNG) buses, training, tooling and spare parts. The first order was placed with the contractor to deliver (60) buses.

Contract 2013-100 was authorized to manufacture and deliver up to (240) 40 foot Compressed Natural Gas (CNG) buses, training, tooling and spare parts. The second order was placed with the contractor to deliver (30) buses.

Contract 2014-170 was authorized to manufacture and deliver up to (8) 35 foot trolley replica coaches, training, tooling and spare parts.

Contract 2015-048 was authorized to manufacture and deliver up to (4) 35 foot trolley replica coaches, training, tooling and spare parts.

Contract No. 2015-159 was authorized for the purchase and delivery of up to twenty (20) dedicated mobility access vehicles, training, tools and spare parts.

COMPLETED PROJECTS

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

Scope:

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

Results:

(60) Bus Order: Audit staff completed Post-Delivery Review. This included 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 transferred title and can place the vehicles in revenue service.

(30) Bus Order: Audit staff completed Post-Delivery Review. This included 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 transferred title and can place the vehicles in revenue service.

(12) Trolley Bus Order(s): Audit staff completed Post-Delivery Review. This included an on-site review of (2) contractor records, toured both manufacturers' final assembly plants, inspected the vehicles and reviewed GCRTA records. Both the contractors and GCRTA management complied with federal regulations. Considering this result, GCRTA management transferred title and can place the vehicles in revenue service.

(20) Mobile Access Vehicle Order: Audit staff completed Post-Delivery Review. Both the contractor and GCRTA management complied with federal regulations. These vehicles were built prior to the contract. Audit staff obtained supporting evidence to support compliance with federal regulations. Considering this result, GCRTA management transferred title and can place the vehicles in revenue service.

COMPLETED PROJECTS

Customer Fare Collections

Purpose:

To evaluate and provide assurance customer fares, collected within 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:

No exceptions were noted during the second quarter 2016.

Note:

The Auditor of State reviewed the audit methodology, script and results. They relied on our audit results for the 2015 Financial Audit.

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

Scope:

Internal Audit will perform a healthcare claims audit to evaluate third-party administrator compliance with respective plan designs and contract terms and conditions for the period January 1, 2012 through December 31, 2014.

Update:

Field work is complete for the period January 1, 2012 through December 31, 2013. The audit identified several issues to discuss with the respective third-party administrators. We engaged an audit consultant to co-source this work.

Contract provisions require us to complete the 2-year audit before we can analyze the 2014-15 calendar year claims.

PROJECTS IN PROGRESS

Information Technology Security

Purpose:

Management relies on data from a variety of business and intelligent transportation systems. Audit staff will evaluate controls over user access to GCRTA mission critical systems.

Scope:

The scope of the audit is to evaluate whether user access to GCRTA's network, applications and data is adequately controlled, including the process for granting, maintaining and removing such access. We will also evaluate administrator rights, password management and policy awareness.

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.

GCRTA – Case Western Reserve University Student Universal Access Fare Program (U-Pass Program)
(Board Resolution 2008-127)

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.

PROJECTS IN PROGRESS

GCRTA – Cuyahoga Community College Student Universal Access Fare Program (U-Pass Program)
(Board Resolution 2015-62)

Purpose:

The GCRTA entered into an agreement to provide prepaid and universal access to public transportation services. GCRTA and CCC agreed upon a semester rate, with an escalation clause through 2021. Students are able to ride GCRTA services on an unlimited basis during the semester.

Scope:

Internal Audit will evaluate compliance with the agreement.

Manual All-Day Passes

Purpose:

Each month, Operators are issued one book with 25 Manual All-Day passes. These passes are issued to passengers when a farebox is capable of collecting cash fares, but the "Trim unit" is malfunctioning and will not print/issue an All-Day pass.

Scope:

Internal Audit is evaluating risks and internal controls for the handling of Manual All Day Passes

Workers' Compensation/Third-Party Claims - Process Review

Purpose:

The Legal Division contracted with an insurance company to evaluate internal controls and processes to manage workers' compensation and third-party claims.

Scope:

- Effective use of the computerized risk management computer system
- Tests of risk factors identified through an assessment of various processes

PROJECTS IN PROGRESS

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 conformance.

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.

Continuous Auditing

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:

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

Paratransit Operations

Purpose:

In February 2015, as a result of a routine audit, RTA identified some issues regarding the dispatching and use of Paratransit services.

Scope:

Internal Audit is evaluating the Paratransit Dispatch Office operations. These activities include:

- Timekeeping
- Scheduling
- Operator Supervision

Update:

Between February 10, 2015 and March 22, 2015, Internal Audit and Transit Police conducted a joint investigation, including interviews of management, dispatchers, operators and schedulers (17 employees). We summarized our findings to meet with GCRTA management, including GCRTA Legal.

Internal Audit reviewed internal controls to identify root cause and provide management recommendations. These recommendations were implemented immediately.

The matter was referred to the County Prosecutor's Office in March 2015. The County Prosecutor referred the matter to the United States Attorney's Office – Department of Justice. GCRTA Internal Audit supported the investigation conducted by the Federal Bureau of Investigation and United States Department of Transportation – Office of the Inspector General. We were informed to suspend our internal investigation. The matter was referred back to the County Prosecutor in August 2015. On January 28, 2016, (2) former GCRTA employees and (1) active employee were indicted by a Grand Jury and various charges of fraud, theft in office and theft.

The former RTA employees were sentenced by Cuyahoga County Common Pleas Court Judge Joan Synenberg.

On August 2, 2016, Dispatcher (A) pled guilty to theft in office, a fourth-degree felony. The former Paratransit dispatcher retired last year, after the investigation into this case began. She was ordered to pay $4,241.74 restitution to GCRTA, and perform 20 hours of community service within 6 months.

SPECIAL REQUESTS AND EMERGING ISSUES

On July 28, 2016, Dispatcher (B) was convicted of unauthorized use of property/computer system, a misdemeanor. A former GCRTA employee, she had worked for a company that contracted with GCRTA to provide Paratransit rides. She was ordered to pay $2,524.73 in restitution to GCRTA and perform 500 hours of community service, preferably to a Veteran's organization.

On May 25, 2016, Dispatcher (C) was sentenced to a diversion program. A former Paratransit dispatcher, she was fired from GCRTA.

The County Prosecutor removed the investigation suspension. Internal Audit will resume the internal investigation immediately.

Railcar Cleaning

Purpose:

The Deputy General Manager of Operations requested a special audit concerning employee allegations and processes for cleaning railcars.

Scope:

Audit staff will interview employees, review management records and complete a walkthrough of cleaning processes and resources.

Results:

The supervisor, responsible for employees and resources to clean the railcars, was ineffective. Employees were not provided the resources to clean the railcars per established procedures and management directives. The supervisor resigned his position following the audit.

Management implemented the audit recommendations to clean railcars per established procedures. These recommendations included work shift changes, training for employees, revised standards and the purchase of cleaning equipment and supplies.

Employee Vacation Account Balances

Purpose:

The Human Resources Information System Manager requested a special audit to review employee vacation accounts. She identified unreconciled differences between the payroll system balances and the time & attendance capturing system balances.

SPECIAL REQUESTS AND EMERGING ISSUES

Scope:

Internal Audit will evaluate the employee accounts, system control risks and root causes to determine the scope for audit. Staff will re-calculate account balances and recommend adjustments for management consideration.

Third-Party Contract – Check Printer

Purpose:

A contractor, responsible to print and deliver new checks, delivered an order to a non-GCRTA address. Fraudsters found, altered and cashed some of the checks at various check cashing agencies. The GCRTA's bank third-party controls identified the fraud and informed GCRTA management. Per the controls, the bank did not cash the checks presented by the check cashing agencies.

Scope:

Support Transit Police during the investigation and recovery of missing checks.

Update:

This is an on-going investigation.

GCRTA management implemented new controls to mitigate risk.

Tower City Customer Service Center Operations

Purpose:

The Transit Police Chief requested audit services to evaluate internal controls and processes at the Tower City Customer Service Center.

Scope:

Audit staff will interview employees, review management controls and support the Transit Police as requested.

Update:

This is an on-going investigation. Management immediately implemented Internal Audit recommendations to mitigate the risks of employee fraud, waste and abuse. The Tower City Customer Service Center was re-opened to service GCRTA customers.

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 2016:

- State of Ohio – Office of the Auditor
  - The State of Ohio – Office of the Auditor conducted the 2015 Financial/Single Audit.
  - Results of the draft audit report were shared with executive management and the Board of Trustees during the June Board Meeting (executive session).
  - The State of Ohio – Office of the Auditor released the final report July 21, 2016.

- 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.
  - The Federal Transit Administration conducted a Triennial Review of the State Safety Oversight Program during the Second Quarter 2016. Final results are forthcoming.

- Federal Transit Administration (FTA)
  - The Triennial Review is one of the Federal Transit Administration's (FTA) management tools for examining grantee performance and adherence to current FTA requirements and policies. Mandated by Congress in 1982, the Triennial Review occurs once every three years. It examines how recipients of Urbanized Area Formula Program funds meet statutory and administrative requirements. The review currently examines 17 areas. In addition to helping evaluate grantees, the review gives FTA an opportunity to provide technical assistance on FTA requirements and aids FTA in reporting to the Secretary, Congress, other oversight agencies and the transit community on the Urbanized Area Formula Program.
  - Management and Internal Audit provided preliminary information as requested by the FTA consultant's review team.
  - The FTA conducted the on-site review during the first week of July 2016. Management is addressing preliminary findings. Final review results are forthcoming.

EXTERNAL AUDIT COORDINATION AND FOLLOW-UP

Internal Audit will coordinate final audit and review findings within our audit management system. Recommendations and required corrective actions will be tracked through implementation. Audit staff will review supporting evidence to close-out outstanding issues.

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 3 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 have been effectively implemented.

Recommendation Implementation Tracking

Recommendation	State	Project Code	Issue	Issue Type	Priority	Estimated Date	Revised Date	Actual Date	Owner	Entity
Documentation Standards	Started	2013 - IA - 13 - Rail District Maintenance Program	Missing Maintenance Management System Supporting Documentation	Reportable Condition		8/31/2014	12/31/2016		Fedikovich, John	Rail District Maintenance Program
Unrecorded Parts Inventory Issuance	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Unrecorded Parts Inventory Issuance	Reportable Condition	High Priority	12/31/2014	12/31/2016		Coleman, Teresa	Rail District
Covert Alarm Standard Operating Procedure	Started	2015 - CA - 13 - Gillig CNG Bus Purchase	Covert Alarm Standard Operating Procedure	Reportable Condition	High Priority	10/30/2015	9/30/2016		Lively, Michael	
Revaluate Change Card configurations	Started	2015 - RA - 03 - Farebox Change Cards	Change Cards have embedded transfers	Reportable Condition	Medium Priority	12/31/2015	9/30/2016		Lively, Michael	Revenue
Tablet installation	Started	2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation	Standard equipment for all TP vehicles	Management Letter	High Priority	12/31/2015	8/25/2016		O'Neil, Sean	Transit Police
General Police Orders Update	Started	2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation	General Police Orders Update	Reportable Condition	Medium Priority	1/31/2016	8/20/2016		O'Neil, Sean	Transit Police
Upgrade the Fare Collection System	Pending	2015 - RA - 03 - Farebox Change Cards	GFI software outdated	Reportable Condition	Medium Priority	1/31/2016	9/30/2016		Lively, Michael	
Fare Collection Data/Systems Manager	Started	2015 - RA - 03 - Farebox Change Cards	Fare Collection Data/Systems Manager	Reportable Condition	Medium Priority	2/29/2016	8/31/2016		Lively, Michael	
Employee Background Checks - Customer Service Center	Started	2016 - SP - 04 - Tower City Customer Service Center Investigation	Employee Background Check	Compliance	High Priority	4/29/2016	9/9/2016		Jaszczak, Elizabeth	Customer Service Center
Revise Railcar Pre-Trip Inspection Form - Rail District Transportation Management	Pending	2015 - IA - 18 - Rail Yard Operations	Revise Railcar Pre-Trip Inspection Form - Rail District Transportation Management	Reportable Condition	Medium Priority	5/13/2016	9/1/2016		Rehfuss, Dennis	Rail District
Akron Metro Fare Media Sales	Started	2016 - SP - 04 - Tower City Customer Service Center Investigation	Akron Metro Fare Media Sales	Reportable Condition	Medium Priority	5/31/2016	7/21/2016		Bitto, Steve	Customer Service Center
Evaluate CCTV System	Started	2015 - IA - 18 - Rail Yard Operations	Camera Bandwidth Lack of Yard Personnel	Reportable Condition	Medium Priority	5/31/2016	8/31/2016		Orlando, Chris	Service Quality
Update GCRTA Train Control SOP for Yard Control Responsibilities	Started	2015 - IA - 18 - Rail Yard Operations	Supervision Criteria within CCS Train Control SOP	Material Weakness	Medium Priority	5/31/2016	9/30/2016		Mercer, Robert	Service Quality
Develop a Job Description for the Rail District Yardperson Position	Started	2015 - IA - 18 - Rail Yard Operations	Job Description	Reportable Condition	Medium Priority	5/31/2016	9/30/2016		Mercer, Robert	Rail District

Title	Status	Audit Reference	Description	Finding Type	Priority	Target Date	Revised Date	Owner	Department
Develop Qualifications for Yardpersons	Pending	2015 - IA - 18 - Rail Yard Operations	Missing Yardperson Test Results	Reportable Condition	Medium Priority	5/31/2016	9/1/2016	Rehfuss, Dennis	Rail District
Lost and Found Internal Controls	Pending	2016 - SP - 04 - Tower City Customer Service Center Investigation	Lost and Found Internal Controls	Reportable Condition	High Priority	5/31/2016		Perez, Hilda	Customer Service Center
Update Railcar Defect Card	Pending	2015 - IA - 18 - Rail Yard Operations	Defect Card Design	Reportable Condition	Medium Priority	5/31/2016	9/1/2016	Rehfuss, Dennis	Rail District
Establish Dedicated Railyard Radio Communication Channel	Started	2015 - IA - 18 - Rail Yard Operations	Yard Radio Communication	Reportable Condition	High Priority	5/31/2016	9/30/2016	Newell, Richard	Service Quality
Define Pre-Trip Inspection Roles and Responsibilities	Pending	2015 - IA - 18 - Rail Yard Operations	Conflicting Responsibility for Pre-Inspection Duties	Reportable Condition	Medium Priority	5/31/2016	9/1/2016	Carlton, Cynthia	Rail District
Re-assign a Service Quality Supervisor to E.55th Yard and Station during Peak Service	Pending	2015 - IA - 18 - Rail Yard Operations	Limited Rail Yard Control Supervision	Reportable Condition	High Priority	5/31/2016	8/31/2016	Mercer, Robert	Service Quality
Point of Sale System - Cash Register	Pending	2016 - SP - 04 - Tower City Customer Service Center Investigation	Point of Sale System - Cash Register	Material Weakness	High Priority	6/30/2016		Perez, Hilda	Customer Service Center
Rail Car Movements - Communication/Supervisory Controls	Started	2015 - IA - 18 - Rail Yard Operations	Rail Car Movements - Communication/Supervisory Controls Use of	Reportable Condition	Medium Priority	6/30/2016	9/30/2016	Mercer, Robert	Service Quality
Use of Yardpersons to Operate Railcars in Revenue Service	Pending	2015 - IA - 18 - Rail Yard Operations	Yardpersons to Operate Railcars in Revenue Service	Material Weakness	High Priority	6/30/2016	7/31/2016	Ferraro, Scott	Rail District
Training for Vehicle Maintainers	Started	2016 - SP - 01 - Railcar Cleaning	Training for Vehicle Maintainers	Reportable Condition	Medium Priority	6/30/2016	9/1/2016	Strack, Sandra	Rail District
Create Control Center SOPs for Rail Yard Control	Started	2015 - IA - 18 - Rail Yard Operations	Rail Yard Control	Reportable Condition	High Priority	6/30/2016	9/30/2016	Mercer, Robert	Service Quality
Evaluate and Revise Standard Process for Defect Reporting	Pending	2015 - IA - 18 - Rail Yard Operations	Defect Reporting - Rail Cars	Reportable Condition	Medium Priority	6/30/2016	9/1/2016	Rehfuss, Dennis	Rail District
Standards for Capturing and Reporting Mechanical and Facility Corrective Maintenance	Started	2015 - IA - 18 - Rail Yard Operations	Defect Reporting - Control Center	Material Weakness	High Priority	6/30/2016	9/30/2016	Newell, Richard	Service Quality
Comply with System Design for Work Requests	Started	2015 - IA - 18 - Rail Yard Operations	Creating Work Orders from Work Requests	Material Weakness		6/30/2016	8/31/2016	Newell, Richard	Service Quality
Customer Service Center Farebox Use	Pending	2016 - SP - 04 - Tower City Customer Service Center Investigation	Customer Service Center Farebox Use	Reportable Condition	High Priority	7/29/2016		Perez, Hilda	Customer Service Center
Manual All Day Passes Books	Pending	2016 - SP - 08 - Manual All Day Pass	Manual All Day Passes Books	Reportable Condition	High Priority	7/29/2016		Kirk, Loretta	Hayden District
Create Crew Chief Position	Started	2016 - SP - 01 - Railcar Cleaning	Orders - Cleaning Railcars	Reportable Condition	Medium Priority	8/31/2016		Blaze, Casey	Rail District
Customer Service Center Facility and Equipment	Pending	2016 - SP - 04 - Tower City Customer Service Center Investigation	Customer Service Center Facility and Equipment	Reportable Condition	High Priority	8/31/2016		Bitto, Steve	Customer Service Center

Finding	Status	Review	Category	Condition	Date	Reviewer	Entity
DBE program not uploaded to the EAMS	Pending	2016 - EA - 01 - Federal Transit Administration - 2016 Triennial Review	Disadvantaged Business Enterprises	Reportable Condition	12/9/2016	Sims, Steven	Greater Cleveland Regional Transit Authority
DBE Uniform Reports do not Include Required Information	Pending	2016 - EA - 01 - Federal Transit Administration - 2016 Triennial Review	Disadvantaged Business Enterprises	Reportable Condition	12/9/2016	Sims, Steven	Greater Cleveland Regional Transit Authority
No Proportionate Reduction of Race Conscious Goals	Pending	2016 - EA - 01 - Federal Transit Administration - 2016 Triennial Review	Disadvantaged Business Enterprises	Reportable Condition	12/9/2016	Sims, Steven	Greater Cleveland Regional Transit Authority
No Current Agreement or Deficiencies in Agreement with MPO	Pending	2016 - EA - 01 - Federal Transit Administration - 2016 Triennial Review	Planning/Program of Projects	Reportable Condition	12/9/2016	Feke, Maribeth	Greater Cleveland Regional Transit Authority
Other	Pending	2016 - EA - 01 - Federal Transit Administration - 2016 Triennial Review	Disadvantaged Business Enterprises	Reportable Condition	12/9/2016	Sims, Steven	Greater Cleveland Regional Transit Authority
Inactive Grants/Untimely Closeouts	Started	2016 - EA - 01 - Federal Transit Administration - 2016 Triennial Review	Technical Capacity	Reportable Condition	12/9/2016	Wiehe, Craig	Greater Cleveland Regional Transit Authority
Excess Cash Problems	Started	2016 - EA - 01 - Federal Transit Administration - 2016 Triennial Review	Financial Management and Capacity	Reportable Condition	12/9/2016	Gautam, Rajan	Greater Cleveland Regional Transit Authority
Associated Transit Improvement Report Issues	Pending	2016 - EA - 01 - Federal Transit Administration - 2016 Triennial Review	Technical Capacity	Reportable Condition	12/9/2016	Daugherty, Michael	Greater Cleveland Regional Transit Authority
Late Facility/Equipment Preventive Maintenance	Pending	2016 - EA - 01 - Federal Transit Administration - 2016 Triennial Review	Maintenance	Reportable Condition	12/9/2016	Boylan, Terrence	Greater Cleveland Regional Transit Authority
Late Vehicle Preventive Maintenance	Pending	2016 - EA - 01 - Federal Transit Administration - 2016 Triennial Review	Maintenance	Reportable Condition	12/9/2016	Boylan, Terrence	Greater Cleveland Regional Transit Authority

OTHER PROJECTS

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 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.

Second Quarter 2016 Change Order:

Board Resolution (2016-044)

Authorizing an increase to Contract No. 2015-014 with Mid American Construction LLC for Project 24J(c) - Brook Park Station Reconstruction in the amount of $82,779.74 for a total contract amount of $11,862,044.96 and reinstating the CEO, General Manager/Secretary-Treasurer's change order signing authority in its entirety.

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

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.

STAFF TRAINING

The following training was provided to Audit Staff during the Second Quarter 2016:

Northeast Ohio Internal Audit Local Chapter
- Internal Audit Functional Design
- Quality Assessment Reviews
- Industry Round Tables – Risk Trends
- Introduction to Internal Audit for Beginners and Interns

Northeast Ohio Association of Certified Fraud Examiners Local Chapter
- Ethics Training

Environmental Auditing
- ISO 14001:2004 Auditing Standards

STAFF PROFILES

Anthony A. Garofoli
Executive Director of
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.

Senior Auditor

Vacant

Bonson Yee
Information Technology
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
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.

Anthony Ghanem
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 Master's Degree in Public Administration from Cleveland State University. He is a graduate of the GCRTA Management Development Program.

Maria Shurik
Staff Auditor

Maria joined the GCRTA on June 1, 2014. She earned a BA in Urban Studies and her Master's Degree in Public Administration from Cleveland State University. She is a graduate of the GCRTA Management Development Program.

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.

Mark Filipic
Audit Intern

Mark joined the GCRTA on June 20, 2016. He earned his BA in Marketing from Cleveland State University and is working towards his MBA at Cleveland State University.