



GREATER CLEVELAND
REGIONAL TRANSIT
AUTHORITY

INTERNAL AUDIT
QUARTERLY REPORT
Fourth Quarter - 2016

February, 2017

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2016 THROUGH DECEMBER 31, 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 Fourth 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.

Presented herein and for the Board of Trustee approval is the proposed 2017 Internal Audit Plan (Pages 5-6).

Per the International Standards for the Professional Practice of Internal Auditing:

2012 – Planning

"The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals."

We considered feedback from the Board of Trustees, the Executive Management Team, GCRTA management and employees, the Citizens Advisory Board and GCRTA customers.

The plan is the result of a five-step process. The process included the identification of audit areas, establishment of risk-based audit priorities, allocation of audit resources, development of audit schedules and formulation of the annual plan.

Each audit project is linked to one or more of the (9) "Vital Few Objectives" from the 2016-18 GCRTA Strategic Plan.

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.



11/30/17

Anthony A. Garofoli
Executive Director of Internal Audit

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2016 INTERNAL AUDIT PLAN

Contract Audits

Blanket Purchase Order Contracts
Brookpark Rapid Transit Station Rehabilitation
Cleveland Metropolitan School District - Student Transportation Agreement
Fare Collection Systems
Fiber Optic Network Replacement
Elevator/Escalator Maintenance
Magnetic Fare Media Cards
Marketing/Advertising Consultant
Supplemental Paratransit Services
Tire Lease/Services
Tower City Escalator Replacement
Tower City Track Replacement
U-Pass Programs (CSU, CWRU, CCC)
Vehicle Purchases
Vehicle Warranty Program

Internal Audits

Customer Service Center Operations
Employee Hiring Practices
Employee Separation Process
Facilities Access System
Force Account Reimbursements
Fuel Hedging Program
Paratransit Operations
Payroll
Petty Cash
Purchasing Card Program
Safety System Program Plan
Sub-Recipient Monitoring
Third-Party/Worker's Compensation Claims
Transit Police Compensation Time
Transit Police System Security Plan
Travel Expense Reimbursement
Waterfront-Line Operations

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2016 INTERNAL AUDIT PLAN

Information Technology Audits

Compensated Leave
Claims System Implementation
Consolidated Train Dispatch System
Health Care Claims
Information Technology Systems Security
Telephone System Replacement

Continuous Auditing Program - *

Absence Control
Accounts Payable
Accounts Receivable
Fuel Expense
Inventory Management
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 Enforcement/Proof-of-Payment
Fare System Increase Reprogramming
Manual All Day Pass Program
Lease Revenue
Special Event Collections

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.

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PROPOSED 2017 INTERNAL AUDIT PLAN
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Contract Audits

Blanket Purchase Orders
Brookpark Rapid Transit Station Rehabilitation
Fiber Optic Network Replacement
Elevator/Escalator Maintenance
Marketing/Advertising Consultant
Supplemental Paratransit Services
Third-Party Risk Assessment
Tire Lease/Services
Towing
Track Replacement
U-Pass Programs (CSU, CWRU, CCC)
Vehicle Purchases
Vehicle Warranty Program

Internal Audits

Claims Processing
Construction Management Standards
Customer Service Center Operations
Facilities Access System
Environmental Management System – ISO 14001
Fare Collection System Maintenance
Fuel Hedging Program
Internal Audit – Internal Assessment
IRS I-9 Employment Form Review
Paratransit Eligibility
Petty Cash
Purchasing Card Program
Safety System Program Plan
Service Quality Operations
Transit Police Compensation Time
Signal Maintenance Program
Transit Police System Security Plan
Travel Expense Reimbursement
Work Orders – Controls Review

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PROPOSED 2017 INTERNAL AUDIT PLAN

Information Technology Audits

Accrued Leave
Data Backup & Recovery
Health Care Claims
Information Technology Systems Security
Software License Agreements
Telephone System Replacement

Continuous Auditing Program - *

Accounts Payable
Accounts Receivable
Fuel 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 Evasion
Fare Media Inventory
Lease Revenue
Mobile Ticketing
Special Event Collections

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.

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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 October 1, 2016 through December 31, 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.

Customer Fare Collections

Purpose:

To evaluate and provide assurance customer fares, collected from fare collections systems are reconciled, posted to accounting records and deposited in the bank.

Scope:

Internal Audit Staff developed a continuous audit test, utilizing audit software, to query the fare collections systems data to reconcile with cash counts, GCRTA accounting records and third-party bank deposits. The audit script executes daily. Any exceptions are noted for investigation with appropriate management.

Results:

No exceptions were noted during the Fourth Quarter 2016.

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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.

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.

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PROJECTS IN PROGRESS

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.

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

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PROJECTS IN PROGRESS

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.

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

Human Resources Hiring Process

Purpose:

The objective of the audit is to assess the efficiency and effectiveness of the Authority's current hiring process.

Scope:

- Evaluate the consistent application of hiring policies and procedures
- Evaluate the staffing levels and workloads of Human Resources employees
- Review a sample of recruitments performed by Human Resources, including reviewing applications, resumes, scoring and final selection

Vehicle Purchases

Purpose:

Contract 2013-100 with Gillig, LLC, was authorized for the purchase and delivery of up to sixteen 40-ft. low floor CNG coaches, training, special tools and spare parts.

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PROJECTS IN PROGRESS

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.

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.

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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.

On July 28, 2016, Dispatcher (B) was convicted of unauthorized use of property/computer system, a misdemeanor. A former GCRTA employee, she had

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SPECIAL REQUESTS AND EMERGING ISSUES

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.

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.

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.

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.

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Health Care – Pharmacy Claims Expense

Purpose:

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

Scope:

Claims processed by the third-party pharmacy claims processor for the period January 1, 2015 through June 30, 2016.

Fare Evasion – Internal Controls Review

Purpose:

The General Manager/Chief Executive Officer requested an audit to estimate the rates of fare evasion and compliance. The secondary purpose is to analyze results by time and geography; and identify any trends in fare evasion.

Scope:

The scope for this audit is monitoring fare compliance and evasion for passengers required on the Red Line, Green Line, Blue Line and Health Line modes of transit. Data will be collected during various time periods and locations.

Main Office Building Parking Garage

Purpose:

A GCRTA Associate Counsel requested a compliance audit of the Reciprocal Operating and Easement Agreement by and between Lakeside Complex Limited Partnership and the GCRTA.

Scope:

Validate the existence, accuracy, completeness and apportionment of the Common Expenses per the terms and conditions of the Reciprocal Operating and Easement Agreement.

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EXTERNAL AUDIT COORDINATION AND FOLLOW-UP
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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 Fourth Quarter 2016:

- State of Ohio – Office of the Auditor
 - The State of Ohio – Office of the Auditor is conducting 2016 Financial/Single Audit.
 - External Auditors are on-site to conduct interim audit work.
- 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 Third Quarter 2016. Final results are forthcoming.

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.

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STATUS OF OUTSTANDING FOLLOW-UP
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The International Standards for the Professional Practice of Internal Audit provides:

- 2500 – Monitoring Progress
 - “The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.”
 - “The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.”

(See the Recommendation Implementation Tracking Report on the next 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.

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STATUS OF OUTSTANDING FOLLOW-UP

Recommendation Implementation Tracking

Recommendation	Status	Project Code	Issue	Issue Type	Priority	Estimated Date	Revised Date	Actual Date	Owner	Entity
<u>Time & Attendance System Interface with ERP System HRIS Module</u>	Implemented	2014 - SP - 01 - Kronos - Home Group Unbundling	Missing Kronos "Home Group" Employee Accounts	Reportable Condition		3/14/2014	3/25/2015	3/30/2015	Baszuk, Patricia	Human Resource Information System
<u>Human Resource Information System - Employee Driver's License Information</u>	Implemented	2014 - SP - 04 - Employee Driver's License Check	Human Resource Information System Reporting Error	Reportable Condition	High Priority	3/14/2014	5/9/2014	6/4/2014	Baszuk, Patricia	Human Resource Information System
<u>Work Order Review/Close-out</u>	Implemented	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Work Order Review/Close-out	Reportable Condition	Medium Priority	6/30/2014	6/30/2015	3/18/2015	Coleman, Teresa	Rail District
<u>Open Status Maintenance Work Orders</u>	Implemented	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Open Status Maintenance Work Orders	Reportable Condition	Medium Priority	6/30/2014	6/30/2015	3/18/2015	Coleman, Teresa	Rail District
<u>Remove Anonymous Account Names - ADA Certification Database</u>	Implemented	2015 - SP - 03 - Paratransit Scheduling & Operator Assignments	Anonymous Account Names - ADA Certification Database	Material Weakness	High Priority	3/20/2015	3/27/2015	3/27/2015	Smith, Leslie	Paratransit District
<u>Control Access to the Paratransit ADA Client Certification Database</u>	Implemented	2015 - SP - 03 - Paratransit Scheduling & Operator Assignments	Paratransit ADA Client Certification Database	Material Weakness	High Priority	3/31/2015	4/24/2015	4/23/2015	Smith, Leslie	Paratransit District
<u>Validation of ADA Customer Identification</u>	Implemented	2015 - SP - 03 - Paratransit Scheduling & Operator Assignments	ADA Customer Identification	Material Weakness	High Priority	4/10/2015	6/1/2015	5/28/2015	Draper, Oliver	Paratransit District
<u>Paratransit Vehicle Assignments</u>	Implemented	2015 - Open Issues - Open Issues	Paratransit Vehicle Assignments	Material Weakness	High Priority	10/16/2015	10/21/2015	10/19/2015	Draper, Oliver	
<u>Service Quality Department - Employee Performance Plans/Appraisals - Consideration for Positive Discipline</u>	Implemented	2015 - SP - 07 - Special Investigation - University Circle Bus Loop - 081015	Service Quality Department - Employee Performance Plans/Appraisals	Reportable Condition	High Priority	10/23/2015	11/13/2015	11/13/2015	Newell, Richard	Service Quality
<u>Newell - Special Investigation</u>	Implemented	2015 - SP - 07 - Special Investigation - University Circle Bus Loop - 081015	Newell - Special Investigation	Reportable Condition	High Priority	10/23/2015		10/23/2015	York, Mike	Service Quality
<u>Assess and Repair Salvaged Motors and Equipment</u>	Implemented	2015 - CA - 03 - Railcar Electric Motor Repair	Salvaged Motors and Equipment	Reportable Condition	High Priority	10/30/2015		9/4/2015	Blaze, Casey	Rail District
<u>Covert Alarm Standard Operating Procedure</u>	Implemented	2015 - CA - 13 - Gillig CNG Bus Purchase	Standard Operating Procedure	Reportable Condition	High Priority	10/30/2015	9/30/2016	10/4/2016	Lively, Michael	
<u>Audio Quality of Transit Police Dispatch</u>	Implemented	2015 - SP - 06 - Transit Police - 07/25/15 Incident Handling - Special Investigation	Audio Quality of Transit Police Dispatch	Management Letter	Medium Priority	11/30/2015	7/11/2016	7/8/2016	O'Neil, Sean	Transit Police
<u>Control Center - Use of Headsets</u>	Implemented	2015 - Open Issues - Open Issues	Control Center - Use of Headsets	Reportable Condition	Medium Priority	12/31/2015	4/29/2016	4/8/2016	Newell, Richard	Greater Cleveland Regional Transit Authority

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<u>Retrain Employees to Log into Farebox</u>	Impleme nted	2015 - RA - 03 - Farebox Change Cards	Farebox Operator Login	Reportable Condition	Medium Priority	12/31/2015	3/14/2016	3/9/2016	Strack, Sandra	
<u>Judgmental Training Simulator Plan</u>	Impleme nted	2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation	Judgmental Training Simulator Plan	Management Letter	Medium Priority	12/31/2015	5/1/2016	5/23/2016	Gettings, Michael	Transit Police
<u>TP Patrol/Supervisor Car Inventory/Monitoring</u>	Impleme nted	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	5/13/2016	5/13/2016	O'Neil, Sean	Transit Police
<u>Service Quality - Incomplete/Inaccurate Incident Control Database</u>	Impleme nted	2015 - IA - 18 - Rail Yard Operations	Service Quality - Incomplete/inaccurate Incident Control Database	Reportable Condition	High Priority	1/1/2016	3/31/2016	3/24/2016	Newell, Richard	Service Quality
<u>Train Control Center Rail Supervisor</u>	Impleme nted	2015 - IA - 18 - Rail Yard Operations	No Rail yard Training	Reportable Condition	High Priority	1/29/2016	8/31/2016	7/28/2016	Mercer, Robert	Service Quality
<u>Lost Fare Media Claim Form</u>	Impleme nted	2015 - RA - 03 - Farebox Change Cards	Lost Fare Media Claim Form	Reportable Condition	Medium Priority	1/31/2016	3/14/2016	3/9/2016	Strack, Sandra	
<u>Transit Police - Training Record Maintenance</u>	Impleme nted	2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation	Transit Police - Training Record Maintenance	Management Letter	Medium Priority	1/31/2016	3/5/2016	5/1/2016	Adkins, Brian	Transit Police
<u>Modernization of Control Center</u>	Impleme nted	2015 - Open Issues - Open Issues	Modernization of Control Center	Reportable Condition	High Priority	2/29/2016	4/4/2016	4/5/2016	Newell, Richard	Greater Cleveland Regional Transit Authority
<u>Corrective action and Continuous Monitoring of System Timepoints</u>	Impleme nted	2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation	Timepoint Coordination/Syncing	Management Letter	Medium Priority	2/29/2016		2/23/2016	Barrett, Sean	Transit Police
<u>Fare Collection Data/Systems Manager</u>	Impleme nted	2015 - RA - 03 - Farebox Change Cards	Fare Collection Data/Systems Manager	Reportable Condition	Medium Priority	2/29/2016	8/31/2016	8/24/2016	Lively, Michael	
<u>Control Center Closed-Circuit Camera View of the Central Rail Yard (FTZ)</u>	Impleme nted	2015 - IA - 18 - Rail Yard Operations	Closed-Circuit Camera View of the Central Rail Yard	Reportable Condition	Medium Priority	3/31/2016		3/31/2016	Mercer, Robert	Service Quality
<u>Update GCRTA Train Control SOP for Yard Control Responsibilities</u>	Impleme nted	2015 - IA - 18 - Rail Yard Operations	Lack of Yard Personnel Supervision Criteria within CCS Train Control SOP	Material Weakness	Medium Priority	5/31/2016	9/30/2016	9/30/2016	Mercer, Robert	Service Quality
<u>Evaluate CCTV System</u>	Impleme nted	2015 - IA - 18 - Rail Yard Operations	Camera Bandwidth	Reportable Condition	Medium Priority	5/31/2016	8/31/2016	10/12/2016	Orlando, Chris	Service Quality
<u>Finalize Electric Motor Overhaul Plan and Execute Tasks</u>	Impleme nted	2015 - CA - 03 - Railcar Electric Motor Repair	Electric Motor Shortfall vs Forecasted Demand	Material Weakness	High Priority	5/31/2016		5/25/2016	Blaze, Casey	Rail District
<u>Procure Headphones</u>	Impleme nted	2015 - IA - 18 - Rail Yard Operations	Control Center Noise	Reportable Condition	Medium Priority	5/31/2016	8/1/2016	7/18/2016	Newell, Richard	Service Quality
<u>Assign a Control Center Supervisor to Yard Control during Peak Service</u>	Impleme nted	2015 - IA - 18 - Rail Yard Operations	Control Center Supervisor - Yard Control	Reportable Condition	High Priority	5/31/2016		5/25/2016	Mercer, Robert	Service Quality

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<u>Rail Equipment Vehicle Maintainer Shift Schedule</u>	Implemented	2016 - SP - 01 - Railcar Cleaning	Rail Equipment Vehicle Maintainer Shift Schedule	Reportable Condition	Medium Priority	5/31/2016		5/8/2016	Blaze, Casey	Rail District
<u>Update Railcar Defect Card</u>	Implemented	2015 - IA - 18 - Rail Yard Operations	Defect Card Design	Reportable Condition	Medium Priority	5/31/2016	9/1/2016	10/14/2016	Fedkovich, John	Rail District
<u>Cleaning Railcars</u>	Implemented	2016 - SP - 01 - Railcar Cleaning	Maintenance Requirements for Cleaning Railcars	Reportable Condition	High Priority	5/31/2016		5/27/2016	Blaze, Casey	Rail District
<u>Define Pre-Trip Inspection Roles and Responsibilities</u>	Implemented	2015 - IA - 18 - Rail Yard Operations	Responsibility for Pre-Inspection Duties	Reportable Condition	Medium Priority	5/31/2016	9/5/2016	9/22/2016	Carton, Cynthia	Rail District
<u>Lack of Railcar Cleaning Supplies and Tools</u>	Implemented	2016 - SP - 01 - Railcar Cleaning	Lack of Railcar Cleaning Supplies and Tools	Reportable Condition	High Priority	5/31/2016		5/5/2016	Blaze, Casey	Rail District
<u>Rail Car Movements - Communication/Supervisory Controls</u>	Implemented	2015 - IA - 18 - Rail Yard Operations	Rail Car Movements - Communication/Supervisory Controls	Reportable Condition	Medium Priority	6/30/2016	9/30/2016	9/30/2016	Mercer, Robert	Service Quality
<u>Training for Vehicle Maintainers</u>	Implemented	2016 - SP - 01 - Railcar Cleaning	Training for Vehicle Maintainers	Reportable Condition	Medium Priority	6/30/2016	9/1/2016	8/12/2016	Strack, Sandra	Rail District
<u>Comply with System Design for Work Requests</u>	Implemented	2015 - IA - 18 - Rail Yard Operations	Creating Work Orders from Work Requests	Material Weakness		6/30/2016	8/31/2016	8/26/2016	Newell, Richard	Service Quality
<u>Revise Training for Control Center Supervisors</u>	Implemented	2015 - IA - 18 - Rail Yard Operations	Test Failures	Reportable Condition	Medium Priority	6/30/2016		6/27/2016	Strack, Sandra	Service Quality
<u>Create Control Center SOPs for Rail Yard Control</u>	Implemented	2015 - IA - 18 - Rail Yard Operations	Rail Yard Control	Reportable Condition	High Priority	6/30/2016	9/30/2016	9/30/2016	Mercer, Robert	Service Quality
<u>Customer Service Center Farebox Use</u>	Implemented	2016 - SP - 04 - Tower City Customer Service Center Investigation	Customer Service Center Farebox Use	Reportable Condition	High Priority	7/29/2016	10/31/2016	9/15/2016	Perez, Hilda	Customer Service Center
<u>Railcar Key Installation</u>	Implemented	2015 - IA - 18 - Rail Yard Operations	Railcar Key Installation	Reportable Condition	Medium Priority	11/30/2016		6/16/2016	Blaze, Casey	Rail District Greater Cleveland
<u>Limits or Capacity Constraints on ADA Complementary Paratransit Service</u>	Implemented	2016 - EA - 01 - Federal Transit Administration - 2016 Triennial Review	Americans with Disabilities Act	Reportable Condition		12/9/2016		7/19/2016	Flannery, Mary	Regional Transit Authority

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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.

Fourth Quarter 2016 Change Orders:

- Board of Trustee Resolution - 2014-11:

Contract No. 2013-191 with Direct Energy Business, LLC to provide electricity supply requirements.

- Board of Trustee Resolution – 2016-115:

Contract No. 2013-112A with Future Age, INC., d.b.a. Provide A Ride for additional supplemental Paratransit services.

- Board of Trustee Resolution – 2016-040:

Contract No. 2016-056 with Envirocom Construction, INC. for the Mayfield Road Streetscape Improvements – Removal and Replacement of Curb Wall and Grade Beam Areas.

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.

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OTHER PROJECTS

TransitStat

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

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STAFF TRAINING

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

Northeast Ohio Internal Audit Local Chapter

- Cyber Resilience/Data Analytics
- Auditing at the Speed of Risk
- IA Process & Testing Documentation & Department Struggles and Solutions
- HIPAA in the New World
- Auditing Corporate Culture
- Risk Assessing and Audit Plan Using Data Analytics
- Resilient and Sustainable Supply Chain
- PCI Compliance

Northeast Ohio Association of Certified Fraud Examiners

- Navigating Beneficial Ownership and Financial Transparency
- Health Care Fraud – Bureau of Criminal Investigations

Northeast Ohio Information Systems Audit and Control Association

- How to Perform Pre & Post Imp System Migration Reviews

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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.