GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

INTERNAL AUDIT QUARTERLY REPORT
Third Quarter - 2017

November, 2017

GREATER CLEVELAND
REGIONAL TRANSIT AUTHORITY

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JULY 1, 2017 THROUGH SEPTEMBER 30, 2017

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INTRODUCTION

Presented herein and in accordance with Board Policy is the report of the Internal Audit Department activities for the Third Quarter 2017. 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) 356-3106 to service your requests.

_____   11/6/17

Anthony A. Garofoli
Executive Director of Internal Audit

2017 INTERNAL AUDIT PLAN

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Blanket Purchase Orders

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Continuous Auditing Program - *
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External Audits
Ohio Department of Transportation
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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.

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 July 1, 2017 through September 30, 2017 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 Third Quarter 2017.

Vehicle Purchases – (29) 40-ft. Low-Floor Diesel Coaches

Purpose:

Contract 2013-100 Change Order with Gillig, LLC, was authorized for the purchase and delivery of up to twenty-nine 40-ft. low floor diesel coaches, training, special 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:

(29) Bus Order: Audit staff completed Post-Delivery Buy America Review. This included an on-site review of contractor records, tour of the manufacturer's final assembly plant, and review GCRTA records. Both the contractor and GCRTA management complied with federal regulations. Considering this result, GCRTA management issued Notice to Proceed with the contract change order. These vehicles will be manufactured for delivery during the Third Quarter 2017.

Internal Audit will conduct the Post-Delivery Purchaser's Review prior to transfer of vehicle titles or placing the vehicles into revenue service.

Vehicle Purchases – (30) Light-Duty Paratransit Vehicles

Purpose:

An option to Contract No. 2012-091 with Myers Equipment Corporation was authorized for the purchase and delivery of up to up to thirty (30) additional light-duty Paratransit vehicles, training, special tools and spare parts.

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

Scope:

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

Results:

(30) Paratransit Replacement Vehicle Order: Audit staff completed Pre-Award Review and the Post-Delivery Buy America Review. These reviews included an on-site review of contractor records, tour of the manufacturer's final assembly plant, and a review GCRTA

COMPLETED PROJECTS

records. Both the contractor and GCRTA management complied with federal regulations. These vehicles will be manufactured for delivery during the Third and Fourth Quarter 2017.

Internal Audit will conduct the Post-Delivery Purchaser's Review prior to transfer of vehicle titles or placing the vehicles into revenue service.

Environmental & Sustainability Management System – ISO 14001

Purpose:

The Board of Trustees and Management created a policy statement and commitment to evolve best practices on environmental and sustainability management at the GCRTA. The policy provides management will utilize sound business practices that measure and improve environmental performance.

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

The standards include an annual internal audit component to evaluate conformance.

Scope:

Hayden District

- Determination of the extent of conformity with the management system to be audited, or parts of it, with audit criteria;
- Determination of the extent of conformity of activities, processes and products with the requirements and procedures of the management system;
- Evaluation of the capability of the management system to ensure compliance with legal and contractual requirements and other requirement to which the organization is committed;
- Evaluation of the effectiveness of the management system in meeting its specified objectives;
- Identification of areas for potential improvement of the management system.

Results:

(17) Checklist items with multiple criteria were audited for conformance with the current ISO 14001:2015 standard. Audit findings yielded several non-conformance issues amongst different checklist items. Management is implementing corrective actions to conform to ESMS standards.

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

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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

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

Transit Police - Compensation Time

Purpose:

The Collective Bargaining Agreement between GCRTA and the Transit Police provides Transit Police Officers will receive Compensation Time for specific activities, including court appearances and other services. Employees can bank, use time in lieu of hours worked and elect a cash payment for time earned.

PROJECTS IN PROGRESS

Scope:

Internal Audit will evaluate the internal controls in place to achieve the management objectives and compliance with the Collective Bargaining Agreement provisions:
- Capture and recording of time earned
- Processing of time earned in lieu of work hours
- Cash payment of time earned

Main Office Building - ADA Customer Service Center

Purpose:

Customers, who are unable to use fixed-route bus or train service as a result of a physical or mental impairment, may qualify to use GCRTA Paratransit services as outlined by the Americans with Disabilities Act. These customers are required to complete an application. GCRTA management reviews the application to evaluate eligibility. Customers, approved to use Paratransit Services are included in a computerized system, which is used to schedule trips.

Scope:

Internal Audit Staff will evaluate the internal controls in place to achieve the management objectives and compliance with ADA laws and regulations:
- Application evaluation and reconciliation with the computerized system
- Cash handling
- Paratransit Customer Identification Badge processing
- Database management and records retention

Petty Cash

Purpose:

GCRTA Administrative Procedure 003 - Petty Cash provides the standards to establish accounts, use the funds, custodial responsibilities and account close-out. The procedure states Internal Audit will perform cash counts of funds, at least annually.

Scope:

Internal Audit will evaluate the internal controls in place to manage Petty Cash accounts:

- Reconcile the Petty Cash Accounts Log, Custodians and Alternate Custodians with Petty Cash Account Agreements;

PROJECTS IN PROGRESS

- Compare Custodian and Alternate Custodian assignments with Human Resource Information System records;
- Evaluate the account replenishment activity;
- Count Petty Cash Funds
- Evaluate compliance with GCRTA Administrative Procedure 003

Tire Lease Contract – Goodyear Tire and Rubber Company
(Board Resolution No. 2014-95)

Purpose:

The Internal Audit Department assesses organizational risk, including contracts with third-parties. Management outsources the maintenance of vehicle tire services.

Contract No. 2014-056 with Goodyear Tire and Rubber Company for furnishing tire and wheel maintenance services and for leasing radial tires. The contract period is five years at a total contract amount not to exceed $5,584,021.

Scope:

Internal Audit staff will evaluate the contractor's compliance with terms and conditions of agreement. We will also evaluate the effectiveness of the coordination between district operations and the contractor to provide the specified services.

Employee/Contractor Identification Badges

Purpose:

GCRTA Human Resources is managing an identification badge replacement program. All employees will receive a new ID badge. ID badges are used to access facilities, computerized systems and is an additional means to establish a safe community for employees, contractors and customers. ID badges are also used to ride the public transportation system.

Scope:

Internal Audit will evaluate the execution of the project plan:
- Old badges should be returned and destroyed
- The coding or color system for employees, retirees and contactors
- Access to facilities and computer systems
- Other controls analysis

PROJECTS IN PROGRESS

Environmental & Sustainability Management System – ISO 14001

Purpose:

The Board of Trustees and Management created a policy statement and commitment to evolve best practices on environmental and sustainability management at the GCRTA. The policy provides management will utilize sound business practices that measure and improve environmental performance.

The ISO 14001:2015 standard represents a core set of standards used by organizations for designing and implementing an effective Environmental & Sustainability Management System (ESMS).

The standards include an annual internal audit component to evaluate conformance.

Scope:

Triskett District

- Determination of the extent of conformity with the management system to be audited, or parts of it, with audit criteria;
- Determination of the extent of conformity of activities, processes and products with the requirements and procedures of the management system;
- Evaluation of the capability of the management system to ensure compliance with legal and contractual requirements and other requirement to which the organization is committed;
- Evaluation of the effectiveness of the management system in meeting its specified objectives;
- Identification of areas for potential improvement of the management system.

Facilities Security Access

Purpose:

Internal Audit will evaluate access to GCRTA facilities.

Scope:

The audit will include a review of internal controls, security templates, the inventory of access points, access to secured areas and other security components.

PROJECTS IN PROGRESS

Mobile Ticketing Application

Purpose:

The RTA CLE mobile ticketing app for iOS and Android devices allows customers to set up a secure account to purchase, save and use tickets for Greater Cleveland Regional Transit Authority (RTA) bus and rail trips right from their smartphone.

Scope:

Internal Audit will evaluate the training provided to operators, our customer's use of the application, and compliance with the GCRTA fare policy.

Fare Media Inventory

Purpose:

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

Scope:

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

Procurement Card (P-Cards)

Purpose:

The GCRTA launched a P-Card Program several years ago. P-Cards provide a means for streamlining the procure-to-pay process, allowing cardholders to procure goods and services in a timely manner, reduce transaction costs, track expenses, take advantage of supplier discounts, reduce or redirect staff in the purchasing and/or accounts payable departments, reduce or eliminate petty cash, and more.

Scope:

Internal Audit will develop a continuous auditing script to evaluate P-Card transactions for compliance with the GCRTA Procurement Card Policy. We will also evaluate transactions for potential fraud, waste and abuse.

PROJECTS IN PROGRESS

Safety Department

Purpose:

Federal legislation, 49 CFR Part 674.11 State Safety Oversight Program, requires each state to have and implement a State Safety and Security Oversight Program (SSOP) for its rail transit systems. The Ohio Department of Transportation (ODOT) Rail Transit Safety and Security Oversight Program fulfills this requirement.

The GCRTA Safety Department is required to submit a System Safety Program Plan (SSPP) to ODOT that complies with the requirements of the SSOP. The Safety Department conducts a series of audits to evaluate rail oversight compliance with the requirements during a 3-year cycle.

Scope:

The ODOT SSOP requested a review of the GCRTA Safety Department to evaluate the department's audit and assurance function.

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 GCRTA Strategic Plan includes "Vital Few Objectives." 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.

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

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 completed the internal investigation.

We are working with GCRTA Legal and Risk Management to recover the financial loss through a crime insurance claim.

We will issue a final report after completion of the investigation.

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:

The Internal Audit completed the field work for the internal investigation. Management crisis suspended and terminated the employment of several employees. The matter was referred to the Cuyahoga County Prosecutor, who decided not to prosecute the former employees.

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.

We are working with GCRTA Legal and Risk Management to recover the financial loss through a crime insurance claim.

We will issue a final report after completion of the investigation.

SPECIAL REQUESTS AND EMERGING ISSUES

Health Care – Pharmacy Claims Expense

Purpose:

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

Scope:

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

Update:

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

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

We are working with GCRTA Legal and Risk Management to recover the financial loss through a crime insurance claim.

We will issue a final report after completion of the investigation.

Tuition Reimbursement Program

Purpose:

The Executive Director of Internal Audit directed audit staff to conduct a full-scope audit of the GCRTA Tuition Reimbursement Program.

Scope:

Internal Audit staff will review employee account records for a period of time to be determined.

SPECIAL REQUESTS AND EMERGING ISSUES

Employee Vacation Account Balances

Purpose:

The Hayden District Director 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.

Transit Police Fill-in Pay

Purpose:

The Executive Director of Internal Audit initiated an audit to evaluate the calculation of fill-in pay to Transit Police officers who fill-in for sergeants and lieutenants.

Scope:

Article 24 of the Collective Bargaining Agreement between the GCRTA and the Fraternal Order of Police Ohio Labor Council, Inc. provides terms and conditions for the fill-in pay. Internal Audit will evaluate the payment to Transit Police officer for a period of time to be determined. We will also evaluate the internal control process and workflow to approve, capture and process fill-in pay time.

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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SPECIAL REQUESTS AND EMERGING ISSUES

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Vehicle Advertising

<u>Purpose</u>:

A Procurement Contract Administrator requested a contract audit to evaluate compliance with terms and conditions to transfer assets and sales transactions between the former and existing contractor.

<u>Scope</u>:

Internal Audit will evaluate compliance with the terms and conditions of both contracts.

STATUS OF OUTSTANDING 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 First Quarter 2016:

- State of Ohio – Office of the Auditor
  - The State of Ohio – Office of the Auditor will conduct the 2017 Financial/Single Audit. The auditors will be on site to begin Interim work in November 2017.

- Federal Transit Administration
  - The Federal Transit Administration will conduct a Title VI Compliance Review. The review will be conducted November 7-9, 2017.
    - The FTA Office of Civil Rights conducts periodic discretionary compliance reviews of recipients of FTA funding to evaluate and ensure nondiscriminatory transportation in support of our mission to enhance the social and economic quality of life for all Americans.

- Department of Homeland Security/Federal Emergency Management Agency
  - DHS/FEMA is conducting a compliance review of a grant provided to GCRTA Transit Police.
    - Transit Security Grant Program (TSGP) provides funds to eligible publicly owned operators of public transportation systems to protect critical surface transportation infrastructure and the traveling public from acts of terrorism and to increase the resilience of transit infrastructure.

- State of Ohio – Ohio Department of Transportation (ODOT)
  - Federal legislation requires each state to have and implement a State Safety and Security Oversight program for its rail transit systems. The ODOT Rail Transit Safety and Security Oversight Program fulfills this requirement.
  - ODOT selected a consultant, Vital Assurance Inc., to act as the Program Manager for Rail Safety and Security Audits.
  - Internal Audit will work with GCRTA Safety to perform the audits as required by ODOT.
  - The Consultant meets with GCRTA Management on a quarterly basis to review and follow-up on outstanding corrective action.

Internal Audit will coordinate final audit and review findings within our audit management system. 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 page)

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

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

STATUS OF OUTSTANDING FOLLOW-UP

Recommendation Implementation Tracking

Recommendation	Project Code	Issue	Estimated Date	Revised Date	Owner
Unrecorded Parts Inventory Issuance	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Unrecorded Parts Inventory Issuance	12/31/2014	12/15/2017	Muti, Teresa
Revaluate Change Card configurations	2015 - RA - 03 - Farebox Change Cards	Change Cards have embedded transfers	12/31/2015	12/15/2017	Lively, Michael
Tablet installation	2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation	Standard equipment for all TP vehicles	12/31/2015	1/15/2018	O'Neil, Sean
Upgrade the Fare Collection System	2015 - RA - 03 - Farebox Change Cards	GFI software outdated	1/31/2016	12/15/2017	Goodwin, Wesley
Employee Background Checks - Customer Service Center	2016 - SP - 04 - Tower City Customer Service Center Investigation	Employee Background Check	4/29/2016	10/12/2017	Jaszczak, Elizabeth
Point of Sale System - Cash Register	2016 - SP - 04 - Tower City Customer Service Center Investigation	Point of Sale System - Cash Register	6/30/2016	12/15/2017	Perez, Hilda
Create Crew Chief Position	2016 - SP - 01 - Railcar Cleaning	Closing Work Orders - Cleaning Railcars	8/31/2016	12/29/2017	Blaze, Casey
Customer Service Center Facility and Equipment	2016 - SP - 04 - Tower City Customer Service Center Investigation	Customer Service Center Facility and Equipment	8/31/2016	12/29/2017	Perez, Hilda
Recover Overpayment of Tuition Reimbursement Program/Evaluate Employee Misconduct	2017 - IA - 19 - Tuition Reimbursement Program	Overpayment of Tuition Reimbursement Program Funds - Employee Fraud	9/15/2017	12/15/2017	Pettus, Marsha
Require the employee to repay funds	2017 - IA - 19 - Tuition Reimbursement Program	Erroneous reimbursement above tuition payment	10/13/2017		Fields, George
Recover the improperly disbursed funds and execute appropriate positive discipline	2017 - IA - 19 - Tuition Reimbursement Program	Employees were reimbursed for tuition	10/13/2017		Fields, George

STATUS OF OUTSTANDING FOLLOW-UP

Recommendation Implementation Tracking

Recommendation	Project Code	Issue	Estimated Date	Revised Date	Owner
		covered by external grants and benefits			
Enforce the grade requirement	2017 - IA - 19 - Tuition Reimbursement Program	Insufficient documentation of grades	10/31/2017		Fields, George
Clarify the tuition reimbursement policy and require that reimbursed fees be remitted	2017 - IA - 19 - Tuition Reimbursement Program	Reimbursment of non-tuition fees	10/31/2017		Fields, George
Close loopholes and consider requiring terminated employees to repay funds	2017 - IA - 19 - Tuition Reimbursement Program	Potential loopholes in repayment requirements	11/30/2017		Fields, George

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OTHER PROJECTS

Fraud Hotline

The GCRTA Fraud Hotline (216) 350-5130 is established to reduce and recover the loss of public funds from any acts of fraud, waste and/or abuse. GCRTA contracts include contact information and require contractors to call whenever they suspect an illegal act or an ethics violation. The Hotline is available to our employees and the public. Audit Staff will work closely with Management, Transit Police as well as law enforcement agencies, prosecutors, professional associations and the public to ensure GCRTA assets are safeguarded.

Information Technology Steering Committee

The Chief Information Officer chairs this committee. The purpose of this committee is to oversee, analyze and prioritize the overall technology needs of the Authority.

Change Order Review Committee

The General Manager/CEO created this committee to review potential contract change orders greater than (50) thousand dollars to validate the appropriateness of the request and to ensure appropriate Procurement and Project Management processes are adhered to. Internal Audit serves as a resource to the committee.

Third Quarter 2017 Change Orders:

- None

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.

Financial Sustainability Task Force

The Executive Director of the Office of Management & Budget created this task force to identify financial and operational efficiencies throughout the Authority.

STAFF TRAINING

The following training was provided to Audit Staff during the Third Quarter 2017:

Northeast Ohio Internal Audit Local Chapter
- Conducting Effective Risk Assessments & Incorporating Risk Assessments into the Audit Planning Process

Northeast Ohio Association of Certified Fraud Examiners
- None

Northeast Ohio Information Systems Audit and Control Association
- None

GCRTA
- Cleveland State University/GCRTA Public Transit Management Academy

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 experience includes financial audits of State and Local Governmental Units; fraud Investigations; contract compliance, operational and internal audits. He has earned several certifications.

Anthony Ghanem
Senior 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.

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.

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.

Steven Zimmerman
Staff Auditor

Steven joined the GCRTA on June 1, 2015. He earned a BS in Biology from Cleveland State University and his Master's Degree in City and Regional Planning from Rutgers University. He is a graduate of the GCRTA Management Development Program.

Alma Diaz Ramos
Information Technology
Specialist Auditor

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

Andrew Scott
Information Technology
Business Analyst

Andrew joined the GCRTA on June 5, 2016. He earned his BS in Computer Science from the University of Akron. Andrew was selected to participate in the GCRTA Management Development Program. He is completing an Internal Audit Department rotational assignment for 2 months.

Molly O'Donnell
Summer Intern

Molly joined the GCRTA on May 28, 2017. She is earning her degree, studying at Miami University in Oxford, Ohio.