



GREATER CLEVELAND
REGIONAL TRANSIT
AUTHORITY

INTERNAL AUDIT
QUARTERLY REPORT
Second Quarter - 2018

August, 2018

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
APRIL 1, 2018 THROUGH JUNE 30, 2018**

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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 2018. 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.

 9/5/18

Anthony A. Garofoli
Executive Director of Internal Audit

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2018 INTERNAL AUDIT PLAN

Project Name	Quarter	(Hours)	VFOs *
<u>Consulting</u>			
Operations Audit Consulting	1	200	5,6
Third Party Risk Assessment	4	160	1,2
<u>Continuous Auditing</u>			
Accounts Payable	3	250	1,2
Accounts Receivable	3	250	1,2
Payroll Expense	2	400	1,2
Procurement Card	1	100	1,2
Revenue Collection	1	250	1
<u>Contract Audits</u>			
CNG Bus Purchase (33 Coaches)	3	80	4,5,6
East 116th Street Station	2	300	4,6,8
East 34th Street	1	200	4,6,8
Elevator/Escalator – Maintenance	3	250	1,4,5,6
Health Care Benefits	2	300	1,2
Marketing Consultant	4	200	1,2
Paratransit Vehicle Purchase	1	80	4,5,6
Red Line West Track Replacement	4	300	4,5,6
Supplemental Paratransit Service	2	400	1,4
Tire Lease	1	100	1,4,8
Tower City Track Replacement	4	300	4,5,6
Transit Police - Fill-in Pay	1	160	2
U-Pass Agreements	2	400	1
<u>External Audits</u>			
Financial Audit Support	1		2
Safety System Program Plan	4	320	4,8,9
System Security Plan	4	160	4,8,9

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Project Name	Quarter	(Hours)	VFOs *
<u>Information Technology Audits</u>			
Customer Service Center - Point of Sale System	1	150	1,2
Facilities Access System Security	1	150	2,8
Human Resources Information System	3	300	1,2,7
Information Technology Audits (Cont.)			
Information Technology - Applications	1	200	7
Maintenance-Management System Upgrade	3	200	2,6,7
Paratransit System Upgrade	2	200	1,4,5,8
Radio System – Replacement	4	200	6,7,8
<u>Internal Audits</u>			
Absence Control	2	350	1,2
Accrued Leave	1	600	1,2
Customer Service Center - Fare Media	2	100	1,2
ESMS ISO 14001 Conformance Audit	2	320	2
ESMS ISO 14001 Program Update	1	40	1
Fare Media Document Inventory/Distribution	1	100	2
Fuel Hedging Program	2	200	1,5
Paratransit Eligibility/Certification	1	100	1,3,5
Petty Cash	2	40	1
Procurement Review	2	200	2
Travel Reimbursement	1	100	1
Uniform Allowance	1	200	1
Vehicle Warranty Program	2	200	1,6
<u>Revenue Audits</u>			
Farebox Inventory	3	400	1,2
Mobile Ticketing	1	200	1,4,5
Municipal Court – Receipts	1	200	1
Sales Agent - Accounts Receivable	2	200	1,2,4
Tower City - Customer Service Center Rehabilitation	2	20	1,4

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2018 INTERNAL AUDIT PLAN

Project Name	Quarter	(Hours)	VFOs *
Audit Recommendation Tracking & Follow-up			(All)
Fraud, Waste, Abuse Hotline			1,2
Special Requests & Emerging Issues		1500	

* – GCRTA Vital Few Objectives

“The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals” - Institute of Internal Auditing Standards – Planning 2010.

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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 April 1, 2018 through June 30, 2018 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 – (33) 40-Foot Compressed Natural Gas Coaches

Purpose:

The Board of Trustees authorized the option under Contract 2013-100 with Gillig, LLC, for the purchase and delivery of up to thirty-three (33), 40-ft., low floor CNG coaches, including 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:

Audit staff completed Pre-Award Review. This included an on-site review of contractor records, tour of the manufacturer's final assembly plant, and a review GCRTA records. Both the contractor and GCRTA management complied with federal regulations.

These vehicles are scheduled for delivery during the Third and Fourth Quarter 2018. Management will install post-delivery systems, including radios, fareboxes, drivecam, and other equipment.

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COMPLETED PROJECTS

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

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

Results:

Audit staff identified internal control weaknesses in cash management, identification badge controls, database management, facility access control, and system access control.

Audit staff conducted tests at the off-site functional testing center. We identified ineffective testing procedures resulting in an extraordinary high pass rate for eligibility into the ADA Paratransit Program.

Management is overhauling the program to implement corrective actions. This includes a point-of-sale cash management system. We will utilize the computerized audit management system to follow-up and confirm corrective action implementation.

Vehicle Purchases – (7) Paratransit Vehicles

Purpose:

The Board of Trustees authorized Contract 2017-091 with Whitworth Bus Sales, Inc. for the purchase and delivery of up to seven (7) paratransit vehicles, including, training, special tools and spare parts.

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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:

Audit staff completed the Post-Delivery Review. This included an on-site review of contractor records, tour of the manufacturer's final assembly plant, and a review GCRTA records. Both the contractor and GCRTA management complied with federal regulations.

Management will install post-delivery systems, including radios, fareboxes, drivecam, and other equipment.

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CONTINUOUS AUDITING

Continuous auditing is an automatic method used to perform auditing activities, such as control and risk assessments, on a more frequent basis. Technology plays a key role in continuous audit activities by helping to automate the identification of exceptions or anomalies, analyze patterns within the digits of key numeric fields, review trends, and test controls, among other activities.

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 Second Quarter 2018.

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

Update:

Information Technology audit staff executed the continuous audit script for all P-Card transactions for the month of June 2018. They are validating their tests prior to sharing results with management.

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PROJECTS IN PROGRESS

**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.

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.

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

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.

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PROJECTS IN PROGRESS

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.

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.

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.

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PROJECTS IN PROGRESS

Municipal Court Collections

Purpose:

Social Media reports provide Cuyahoga County Municipal Courts do not remit court-ordered collections to the victims of crime.

Scope:

Internal Audit will contact each municipal court in Cuyahoga County and the Cuyahoga County Court to identify court ordered payments, collections, and remittance to the GCRTA.

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:

Central Bus Maintenance Facility

- 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.

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PROJECTS IN PROGRESS

Red Line Track Replacement

Purpose:

The Board of Trustees authorized Contract No. 2018-034 with Delta Railroad Construction, Inc. for Project 52P - Red Line West Rehabilitation - W. 117th to West Park.

Scope:

Internal Audit staff will evaluate contract compliance for this construction project.

East 116th Street Rapid Station Rehabilitation

Purpose:

The Board of Trustees authorized Contract No. 2017-145 with Panzica Construction Company for Project 24R - E. 116th Street Station reconstruction.

Scope:

Internal Audit staff will evaluate contract compliance for this construction project.

Control Center Training/Certification

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 Control Center training and certification programs for Rail Control Supervisors and Central Communication Specialists.

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PROJECTS IN PROGRESS

Rail Equipment – Procurement

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 process for long-lead time and safety sensitive rail equipment and parts.

Elevator/Escalator Maintenance

Purpose:

The Board of Trustees authorized Contract No. 2013-204 with Kone Inc. to provide elevator, escalator, and lift maintenance, and repair services.

Scope:

Internal Audit will evaluation contract compliance for maintenance and repair services.

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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 worked for a company that contracted with GCRTA to provide Paratransit rides. She was

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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. A claim was filed February 2018.

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. A claim was filed in March 2018.

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

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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. A claim was filed in February 2018.

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

Warrensville Substation Demolition

Purpose:

The Acting Director of the GCRTA Office of Business Development requested an investigation into contract non-compliance with US Department of Transportation federal requirements for Disadvantaged Business Enterprises.

Scope:

Internal Audit staff toured the construction site and reviewed GCRTA project management records to prepare for the investigation. We met with both the prime contractor and DBE subcontractor for the demolition project. Staff reviewed contractor and subcontractor human resources records, payroll records, and subcontracting agreements. We toured the facilities, including business offices, tool sheds, and related grounds.

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Results:

We concluded the prime contractor complied with terms and conditions of the agreement. We verified the DBE subcontractor completed their scope of work and the prime contractor paid them per the subcontracting agreement.

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.

Ice Melt

Purpose:

The Executive Director of Internal Audit initiated an investigation based on a fraud hotline tip. GCRTA management purchases ice melt from a contractor for use in rail station - customer waiting areas.

Scope:

Internal Audit will confirm the delivery and review the internal management controls to evaluate the tipster's information.

Window Cleaning (Anchor Cleaning Inc.)

Purpose:

The Executive Director of Internal Audit initiated an audit based on a fraud hotline tip. GCRTA contracts with a service provider to clean windows at rail stations and buildings.

Scope:

Internal Audit will conduct a contract compliance review.

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SPECIAL REQUESTS AND EMERGING ISSUES

Board Member Health Care Benefits

Purpose:

The General Manager/CEO requested an audit of trustee's health care premiums paid into the GCRTA Health Care Self-Insurance Program. After sharing the results of the audit with the Board of Trustees, Internal Audit was directed to conduct an investigation.

Scope:

We will conduct the audit for compliance with the policy per Board Resolution 1994-35.

GM/CEO Accrued Leave Benefits

Purpose:

The GCRTA Board of Trustees hired outside counsel to facilitate and review several Board of Trustee-directed internal investigations. Outside counsel requested validation of the GM/CEOs accrued leave balances.

Scope:

Internal Audit will recalculate the GM/CEOs accrued leave balances per the employment contracts and GCRTA Personnel Policies.

Board Member Compensation

Purpose:

The Vice President of the Board of Trustees requested an investigation into allegations received in an anonymous letter.

Scope:

Internal Audit will engage appropriate resources to conduct the investigation into the allegations included in the anonymous letter.

Event Sponsorship

Purpose:

The Vice President of the Board of Trustees requested an investigation into allegations received in an anonymous letter.

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Scope:

Internal Audit will engage appropriate resources to conduct the investigation into the allegations included in the anonymous letter.

Incompatible Employment

Purpose:

The Executive Director of Internal Audit received (2) fraud hotline tips concerning employees who are engaged in incompatible employment. These allegations include employees who clock-in to work at the GCRTA or call-off sick and work for other employers.

Scope:

Internal Audit will engage appropriate resources to conduct the investigation into the allegations.

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EXTERNAL AUDIT COORDINATION

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 2018:

- State of Ohio – Office of the Auditor
 - The State of Ohio – Office of the Auditor completed the 2017 Financial/Single Audit. The State Auditor released the final report on July 12, 2018.
- Federal Transit Administration
 - The Federal Transit Administration will conduct a Title VI Compliance Review. The review was 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.
 - All corrective actions were implemented to close-out the review as of 8/27/18.
- 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.

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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 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.

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STATUS OF OUTSTANDING FOLLOW-UP

Recommendation Implementation Tracking

Recommendation	State	Project Code	Issue	Issue Type	Priority	Estimated Date	Revised Date	Actual Date	Owner	Entity
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	12/31/2018		Berry, Michelle	Rail District
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	12/16/2018		O'Neil, Sean	Transit Police
Upgrade the Fare Collection System	Started	2015 - RA - 03 - Farebox Change Cards	GFI software outdated	Reportable Condition	Medium Priority	1/31/2016	12/31/2018		Goodwin, Wesley	
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	9/7/2018		Jaszczak, Elizabeth	Customer Service Center
Point of Sale System - Cash Register	Started	2016 - SP - 04 - Tower City Customer Service Center Investigation	Point of Sale System - Cash Register	Material Weakness	High Priority	6/30/2016	12/15/2017		Bitto, Steve	Customer Service Center
Customer Service Center Facility and Equipment	Started	2016 - SP - 04 - Tower City Customer Service Center Investigation	Customer Service Center Facility and Equipment	Reportable Condition	High Priority	8/31/2016	12/29/2017		Bitto, Steve	Customer Service Center
Recover Overpayment of Tuition Reimbursement Program/Evaluate Employee Misconduct	Started	2017 - IA - 19 - Tuition Reimbursement Program	Overpayment of Tuition Reimbursement Program Funds - Employee Fraud	Reportable Condition	Medium Priority	9/15/2017	9/30/2018		Pettus, Marsha	Employee Training and Development
Require the employee to repay funds	Started	2017 - IA - 19 - Tuition Reimbursement Program	Erroneous reimbursement above tuition payment	Reportable Condition	Medium Priority	10/13/2017				Employee Training and Development
Clarify the tuition reimbursement policy and require that reimbursed fees be remitted	Started	2017 - IA - 19 - Tuition Reimbursement Program	Reimbursement of non-tuition fees	Reportable Condition	Medium Priority	10/31/2017	6/15/2018			Employee Training and Development
Close loopholes and consider requiring terminated employees to repay funds	Started	2017 - IA - 19 - Tuition Reimbursement Program	Potential loopholes in repayment requirements	Reportable Condition	Medium Priority	11/30/2017	6/15/2018			Employee Training and Development

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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.

Second Quarter 2018 Change Orders:

Change Order #2 to Contract No. 2016-106 for the furnishing of 87 octane unleaded gasoline, as specified and as required, for a period of one year with an option for one additional year, in an amount not to exceed \$250,000.00

Change Order to Contract No. 2014-040 with Applied Graphics, LTD. for the procurement of bus exterior graphics production and installation services for up to thirty-three (33) coaches, as specified, for a price not to exceed \$134,158.20

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.

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OTHER PROJECTS

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.

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STAFF TRAINING

The following training was provided to Audit Staff during the Second Quarter 2018:

Northeast Ohio Internal Audit Local Chapter

- Beyond Compliance: CAE Roundtable on Delivering Value-Added Risk Assurance & Breaking Down Silos in Orgs.

Northeast Ohio Association of Certified Fraud Examiners

- Ethics

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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 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.
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.