

Minutes

RTA Audit, Safety Compliance & Real Estate Committee Meeting

9:11 a.m. September 23, 2021

Committee Members: Moss (Chair) Koomar, Weiss

Not present: Joyce (virtual), McCall (virtual)

Staff: Benford, Birdsong, Burney, Caver, Dangelo, Garofoli, Gautam, Ghanem, Miller, Schipper

Public: None

The meeting was called to order at 9:11 a.m. There were three (3) committee members present.

This meeting was live-streamed on RTA's Facebook page (www.facebook.com/rideRTA) for staff and members of the public. Members of the public were allowed to attend in-person. Based on Centers for Disease Control (CDC) guidance to continue to avoid large events and gatherings and Ohio Department of Public Health advice that businesses and other entities may continue to require mitigation measures, as well as RTA's interest in protecting community and employee health and safety, several measures were put in place for in-person attendance, which are spelled out in the meeting notice.

Audit Committee Structure

The purpose of this meeting and future meetings will be to look at the structure of Audit. The committee members talked about having this as a working meeting. They have a lot of resources to review. They need to decide how to go forward. They will not need any assistance today from management besides Ms. Birdsong. It is an open meeting so anyone can stay if they want, but are not obligated to stay. Management will be brought in to future meetings. Ms. Birdsong offered Legal to weigh in if needed. The Internal Audit charter was distributed. They want to review the charter and look at best practices for Internal Audit. The Executive Director of Internal Audit, Tony Garofoli reports to the Board. They want to ensure their supervision of him happens in a correct way and that they send clear direction on when items are reported to them.

Mayor Koomar agreed to look at best practices. Mayor Weiss agreed with looking at best practices and added that having historical perspective is helpful and to see what the options are. The committee structure was in place when he joined the Board. He was curious about combining the Audit committee with Safety and Real Estate. In his experience, the Audit Committee was separate to discuss financial issues and audit issues. He asked if this is worth revisiting. Ms. Moss could not recall how the Board came to group the committees together. She wants the Audit Committee to meet quarterly and have Internal Audit present their quarterly report in more detail. She doesn't think the structure needs to be changed, but the Audit report should be pulled out. The committee needs to be more active with the IA quarterly report. She would like a section in the report on inactive audits. If it is a low risk and if there is a staffing problem.

She spoke to the APTA Chair of the Audit Committee, Elizabeth Sullivan. She heads WMATA's Audit Department in DC. She is a Board Member on the Institute of Internal Auditors. Internal Audit's charter was based on the model rules. She wants to reach out to other organizations to review their reporting structure. APTA can do an audit of our Audit Department. Mayor Weiss agrees with

Ms. Moss that the documents and practice needs to be reviewed. Chief McCall said there needs to be an Auditing 101 session, where we were and where we are now. Get the new members up to speed. Quarterly Audit Committee meetings would not be on a committee day.

Ms. Moss said the Audit Charter was originally created in 1978. It was updated in 1997. The old document is attached to Reso No. 2019-25. The back of the document included the changes, but there was a whole new charter because it was severely outdated. The revised charter was based on the model rules. She asked the committee if they want to go through the charter and see what is different in the model rules compared to the charter. She said APTA could charge up to \$15,000 to audit our audit department. Chief McCall said she thinks it's premature to reach out to APTA before the committee reevaluates everything. A local firm could also advise. Recommendations could be made to the Board after the committee looks at the structure. Mayor Koomar said information and options should be gathered. He wants to move with a sense of purpose. He agrees with Mayor Weiss about looking at history and going forward looking at the reporting structure and day-to-day functions with time off, etc. An outside resource could be used for that.

Chief McCall said India as the CEO has to reach out to APTA because there is a fiscal component and it has to include a sign-off from the Board Chair. Board members can't reach out to APTA about the audit. When transit agencies engage APTA to do work, it is contractual. Ms. Birdsong added that since this is a fiscal request, the paperwork has to come from RTA. Mayor Weiss asked if we are asking APTA for a proposal and comparison to other firms. Chief McCall asked would this be a procurement issue. Ms. Birdsong said if there is an exchange for money for services they can check that. She asked for direction from the committee of what they need from APTA. Ms. Moss said they would need to know if this service is available and if there is a standard scope and the cost. Ms. Birdsong asked if they want APTA to audit our audit department or compare our structure with other agencies. Mayor Weiss said it would be helpful to have both options.

Mr. Gautam said the charter was adopted using professional standards by the Institute of Internal Auditors, which is a rule setting body no different to what CPAs use. One of the requirements was a section about internal/external assessments. That language is in the charter. Ms. Moss is not aware if our auditing department has ever been audited but she would be in favor of that. Ms. Dangelo is ready to assist where needed. Ms. Moss believes using an auditing firm would be expensive. Ms. Birdsong said they can look locally and check with APTA. She asks should there be an internal discussion about what is needed first? What does the committee want to focus on when staff does the research? A bullet point document would be helpful. Tony Garofoli said that John Henry at APTA oversees the peer review program for audit professionals. He works with Elizabeth Sullivan. They offer a quality assurance peer review of transit property around the country. He has participated in a peer review. They offer services for a reduced rate. Ms. Moss asked if they should review the charter line by line. Ms. Dangelo has participated in a APTA peer review of another agency's procurement department.

Chief McCall asked for clarification of what they want. Should it be peer to peer or RFQ locally or RFP with APTA. She believes there still needs to be a discussion to give management direction on what the committee wants. Ms. Birdsong asked if they want a peer to peer or best practice information or audit of the audit department. Would the audit of the audit department RFP be recommended after the peer to peer and best practice information is brought back? That would be her recommendation. It could be helpful to have a local presence if they want more than a peer to peer. Should staff research other agencies if APTA is too expensive or look at a competitive process. Mayor Weiss wants to look at the options first. What are the services APTA provides? He asked if the charter is based off the model charter, he'd like to see the variations. Tony said the changes to the charter were minimal. The APTA peer review is not a peer to peer review. It's a formal quality

assurance review using the Institute of Internal Audit Standards and Quality Assurance Manual. It's an auditor audit of the auditor. Tony said he can do a comparison of the charter with the model. He can share the history in terms of the Bylaw changes, charter changes and the reasons for the change. Ms. Moss said this would be valuable for new Board members. After they review all the information, the committee will decide on how to proceed. Ms. Benford added that Tony's title is also the Inspector General. She doesn't know if that was added to the Charter changes. She asked how is that different from, compatible with, and a part of the ED of Internal Audit. This needs to be included in the review. Legal confirmed that the additional title is in the revised charter.

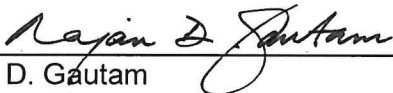
NEXT MEETING

Wednesday, Oct 27, 2021 at 2:30 p.m. – 4 p.m.

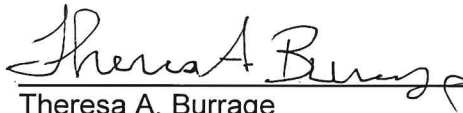
ACTION ITEMS

1. Procurement to research if APTA provides a service to audit our Internal Audit department. The standard scope, estimated costs and timeline. Peer review services and best practices.
2. Check locally to see what a firm would provide.
3. Review the Internal Audit charter line by line and look at how it compares to the model.

The meeting was adjourned at 10:12 a.m.



Rajan D. Gautam
Secretary/Treasurer



Theresa A. Burrage
Executive Assistant