# Audit Committee Meeting

## March 8, 2022

## GCRTA Internal Audit Department

# Agenda

- Internal Audit Quarterly Report – 4$^{th}$ Quarter

- 2022 Audit Planning

- Emerging Issues

Greater Cleveland Regional Transit Authority

# Fourth Quarter Report

2021 Audit Plan

Completed Audits

Continuous Auditing

Projects in Progress

Special Requests/Emerging Issues

External Audit Coordination

Status of Outstanding Follow-up

Other Projects

Staff Training

Staff Profiles

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**IPPF – International Professional Practices Framework**

**Section 2060 Reporting to Senior Management and the Board –** The Chief Audit Executive must report periodically on Internal Audit activities.

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**Greater Cleveland Regional Transit Authority**

# 2022 Audit Plan

## Purpose

Board Policy - Section 262.07 (a)(1) of the Internal Audit Charter requires the Executive Director to submit annually a risk-based Internal Audit plan.

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**IPPF – International Professional Practices Framework**

**Section 2010 Planning –** The Chief Audit Executive must establish a risk-based plan to determine priorities of Internal Audit activity consistent with organization's goals.

**Section 2020 Communication and Approval –** The Chief Audit Executive must communicate activity's plans and resource requirements

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# 2022 Audit Plan

**Risk Assessment**

Board Policy -262.06 (a)(1) of the Internal Audit Charter:

Conduct an entity-wide Risk Assessment to prioritize risk and establish a list of auditable entities.

**IPPF – International Professional Practices Framework**

**Section 2010.A1 Planning (Assurance) –** Activities must be based on a documented risk assessment undertaken at least annually.

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# 2022 Audit Plan

**Methodology**

1. Build Risk Universe

2. Supplement with Management Expertise

3. Create List of Auditable Entities

4. Risk Rank across 14 Risk Factors

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**IPPF – International Professional Practices Framework**

**Section 2010.A1 Planning –** Input of Senior Management and the Board must be considered.

**Section 2010.C1 Planning –** CAE should consider accepting consulting engagements to improve management of risk and add value. Engagements must be included in the plan.

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# Risk factor categories include:

- Relative level of activity.
- Materiality (magnitude of revenue or expense).
- Liquidity of assets involved.
- Impact on brand (public perception, reputation).
- Failure to meet goals.
- Management competency, performance, and turnover.
- Known deficiencies (previous unsatisfactory results).

- Degree of change in systems, policies, procedures, contracts, or relationships.
- Susceptibility to fraud.
- Complexity of operations.
- Degree of third-party reliance.
- Strength of internal controls, control environment.
- Degree of regulatory involvement, compliance concerns.
- Time since last assessment or audit.

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# 2022 Audit Plan

**Result**

Hours are assigned to auditable entities prioritized by risk ranking.

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**IPPF – International Professional Practices Framework**

**Section 2030 Resource Management –** CAE must ensure Internal Audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

**Section 2050 Coordination and Reliance** - CAE should coordinate activities with external service providers.

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**COVID-19 Activities**

| | | |
|---|---|---|
| American Rescue Plan – Federal Grant | 80 | I,II,III |

**Consulting Projects**

| | | |
|---|---|---|
| Audit Management System Replacement | 200 | IV |
| Data Analytics | 160 | II,III |
| Fraud Risk Assessment | 240 | II,III,IV |
| IPPF – Internal/External Assessment | 240 | IV |
| Third-Party Risk Assessment | 240 | I,III |

**Continuous Auditing**

| | | |
|---|---|---|
| Accounts Payable | 200 | II.III |
| Accounts Receivable | 200 | II.III |
| Nepotism | 160 | IV |
| Payroll | 240 | III,IV |
| Paratransit Eligibility/Certification | 160 | I,II |
| Purchasing Card Expenses | 160 | III,IV |
| Revenue Collection | 160 | III |

**Contract Audits**

| | | |
|---|---|---|
| ATU Contract Implementation | 160 | III,IV |
| Advertising Agency | 160 | I,II,III,IV |
| Compressed Natural Gas Vehicle Replacement | 160 | I,II,III |
| Common Area Maintenance - Tower City | 200 | III |
| Compensation Study | 200 | I,II,III |
| Hayden Garage Roof Replacement | 200 | I,IV |
| Health Care Expenses | 240 | III |
| Heavy Rail Motor Overhaul | 160 | I,II,III |
| Heavy Rail Vehicle Replacement | 500 | I,II,III |
| Laptop Replacement Program | 240 | III,IV |
| Main Office Building HVAC Replacement | 200 | III,IV |
| Revenue-generating Advertising | 200 | I,II,III |
| Tower City East Portal Rehabilitation | 200 | I,II |
| Viaduct Rehabilitation | 200 | I,II |

**External Audits**

| | | |
|---|---|---|
| Financial Audit Support | 160 | II,III |
| Public Transit Agency Safety Plan | 340 | I,II |
| System Security Plan | 200 | I,II |

**Information Technology Audits**

| | | |
|---|---|---|
| Change and Patch Management | 160 | III,IV |
| Consolidated Train Dispatch System | 160 | I,III,IV |
| Cyber Liability/Testing | 160 | III,IV |
| Disaster Recovery | 200 | I,III,IV |
| Information Technology Governance | 240 | III,IV |
| Maintenance-Management System Upgrade | 200 | III,IV |
| Operator Time & Attendance System Upgrade | 200 | III,IV |
| Oracle System Upgrade/Migration | 400 | III,IV |
| RiskMaster/Oracle Interface | 160 | III |
| Transit Police Body Cameras | 200 | I,II,IV |

**Internal Audits**

| | | |
|---|---|---|
| Absence Control - FMLA | 200 | III,IV |
| Accrued Leave | 160 | III,IV |
| Blank Ticket Stock | 160 | III |
| Cash Collections Sites | 160 | III,IV |
| Customer Service Center - Tower City | 160 | II,III |
| Fare Media Inventory/Distribution | 200 | III |
| Federal Infrastructure Grant | 160 | I,II,IIII |
| Hiring Practices | 240 | IV |
| Overtime | 200 | I,III,IV |
| Parts Inventory - Cycle Counting | 200 | III |
| Petty Cash | 100 | III |
| Records Retention | 160 | III |
| Scorecard Data/Information | 160 | I,II,III,IV |
| Travel Reimbursement | 120 | III |

**Revenue Collection Audits**

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|---|---|---|
| Fare Collection Contract/Controls | 200 | I,III |
| Mobile Revenue Pass Collections | 200 | I,III |
| Special Requests & Emerging Issues | 2000 | |

Success Outcomes
I. Customer Experience
II. Community Value
III. Financial Sustainability
IV. Employee Engagement