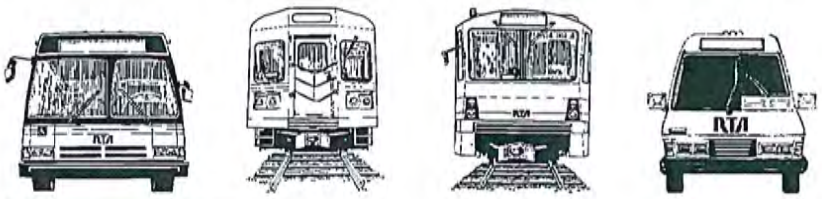

GREATER CLEVELAND
REGIONAL TRANSIT
AUTHORITY

INTERNAL AUDIT QUARTERLY REPORT Fourth Quarter - 2021

March, 2022

GREATER CLEVELAND
REGIONAL TRANSIT AUTHORITY

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021

TABLE OF CONTENTS

	Page(s)
INTRODUCTION	2-3
2021 INTERNAL AUDIT PLAN	4-5
2022 PROPOSED INTERNAL AUDIT PLAN	6-7
COVID-19 PROJECTS AND ACTIVITIES	8
COMPLETED PROJECTS	9-10
CONTINUOUS AUDITING	11-14
PROJECTS IN PROGRESS	15-23
SPECIAL REQUESTS AND EMERGING ISSUES	24-26
EXTERNAL AUDIT COORDINATION	27
STATUS OF OUTSTANDING FOLLOW-UP	28-30
OTHER PROJECTS	31-33
STAFF TRAINING	34
STAFF PROFILES	35

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021

INTRODUCTION

Presented herein and in accordance with Board Policy is the report of the Internal Audit Department activities for the Fourth Quarter 2021. 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 controls at reasonable cost.

We suspended several projects in the 2020 & 2021 Internal Audit Plans to address the risks posed by the global pandemic. The challenges posed by the coronavirus (COVID-19) continues to grow and evolve with each passing day. Organizations require timely information and a sophisticated approach to manage the pandemic's impacts on employee health and productivity, fiscal implications, supply chain disruptions, cybersecurity vulnerabilities, the health of local and global markets, and more.

Internal Audit has an important role to play in supporting organizational efforts to navigate these challenges. Responding to this dynamic risk, both short-term and long-term, requires access to relevant, up-to-date information. Since March 9, 2020, we altered our audit coverage dramatically to address the risks presented by the COVID-19 health and financial crisis.

- We continue to participate in both the scheduled executive management team and the operations division meetings, held to learn and address strategic and tactical challenges related to COVID-19.
- We continue to engage our public transit peers through the American Public Transportation Association (APTA Internal Audit Committee), and other learning and information sources.
- We are employing a continuous methodology to assess risks, and identify those that present the most significant threats to the GCRTA, before they arrive.
- We adapted to the remote workplace environment, and no key risks are falling through the cracks because they cannot be audited in person.
- We continue to emphasize quality despite the obstacles.
- We believe the impacts from the pandemic will linger well into 2022. We are already assessing the risks and planning audit coverage. These risks are likely to include:
    - COVID health and safety (employees and customers)
    - Business continuity
    - Global macroeconomic instability
    - Pressure to maintain a positive ending operating balance
    - Supply chain disruption
    - Cyber fraud

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021

INTRODUCTION

Presented herein this report are the results of several internal audit projects and activities.

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.

Anthony A. Garofoli 3/1/2022

Anthony A. Garofoli
Executive Director of Internal Audit

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021

2021 INTERNAL AUDIT PLAN

Project	Budgeted Hours	Success Outcome(s)
COVID-19 Activities		
Coronavirus Response & Relief Supplemental Appropriations Act	160	I,II,III
Family First Coronavirus Response	200	III,IV
Vehicle Disinfecting Program - Spot Audits	160	I,II,IV
Consulting Projects		
Audit Management System Replacement	200	IV
Cyber Risk/Liability Task Force	160	I,III
Data Analytics	160	II
Fraud Risk Assessment	240	III,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
Revenue Collection	160	III
Contract Audits		
Compressed Natural Gas Vehicle Replacement	160	I,II,III
Common Area Maintenance - Tower City	200	III
Fiber Optic Line Replacement	200	I,II,III
Health Care Expenses	240	III
Health Line Vehicle Replacement	160	I,II,III
Heavy Rail Vehicle Replacement	500	I,II,III
Light Rail Track Replacement	200	I,II
Tire Lease/Maintenance	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

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021

2021 INTERNAL AUDIT PLAN

Information Technology Audits		
Change and Patch Management	160	III,IV
Consolidated Train Dispatch System	160	I,III
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
Customer Service Center - Tower City	160	II,III
Employee Separation Process	200	III,IV
ESMS ISO 14001 Conformance Audit	240	II,III
Fare Media Inventory/Distribution	200	III
Hiring Practices	240	IV
Operating Leases	200	II,III
Parts Inventory - Cycle Counting	200	III
Petty Cash	100	III
Strategic Plan Implementation	160	I,II,III,IV
Travel Reimbursement	120	III
Revenue Collection Audits		
Farebox Inventory	200	III
Revenue Reconciliation	160	III,IV
Sales Agent Collections	240	I,II,III
Special Requests & Emerging Issues	2000	

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

"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.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021

2022 (PROPOSED) INTERNAL AUDIT PLAN

Project	Budgeted Hours	Success Outcome(s)
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

2022 (PROPOSED) INTERNAL AUDIT PLAN

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		
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

"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.

COVID-19 PROJECTS AND ACTIVITIES

2021 Consolidated Appropriations Act (American Rescue Plan)

Purpose:

The American Rescue Plan Act of 2021 (ARP), which President Biden signed on March 11, 2021, includes $30.5 billion in federal funding to support the nation's public transportation systems as they continue to respond to the COVID-19 pandemic and support the President's call to vaccinate the U.S. population.

The GCRTA estimates it will receive approximately $136 million dollars.

Scope:

Internal Audit developed an audit to evaluate compliance with the ARP Act.

Results:

Management continues to draw down available funds for operating expenses. Internal controls are in place and working effectively to ensure funds are used for allowable expenses.

Other Internal Audit Activities and Considerations

- Sharing COVID-19 national and local information captured from social media with management for decision-making.
- Conducting assurance audits to evaluate the effectiveness of controls in place for employee health & safety COVID-19 protocols (i.e. absence management, completion of COVID-19 forms, return to work protocols).
- Support for management to review COVID-19 related metrics (i.e. ridership data, absence control, revenue collection, equipment failures, and supply chain shutdowns).
- Conducting audits of PCard transactions for COVID-19 related expenses.

COMPLETED PROJECTS

GCRTA Travel Expense & Reimbursements

Purpose:

Per Administrative Code 220.03 - Expense Reimbursement, the Internal Audit Department reviews all of the travel expenses for authorization, approval, and reimbursement in accordance with the Authority's policies and procedures.

Scope:

Internal Audit reviewed all the Travel Reports and Reimbursement Requests for the period September 1, 2021 through December 31, 2021 prior to cash disbursement. The review included tests for allowability, reasonableness, and timeliness.

Results:

Internal Audit reviewed all of the travel expenses and reimbursement requests prior to payment. If necessary, reimbursement requests were adjusted to comply with applicable policies and procedures.

Vehicle Purchase – (16) five-door 60-ft. articulated BRT coaches – (New Flyer)

Purpose:

The Board of Trustees authorized the Contract No. 2020-046 with New Flyer of America Inc. for the manufacture and delivery of up to (16) five-door 60-ft. articulated BRT coaches, spare parts, tooling and training.

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 will complete the applicable Buy America Review, required by Federal Transit Administration.

Results:

Internal Audit completed the Post-Delivery Buy America Review, the Purchaser's Review, and the Federal Motor Vehicle Safety Standards Review. Both the contractor and management complied with federal regulations. Management plans to place these vehicles in revenue service during the Fourth Quarter 2021 and the First Quarter 2022.

COMPLETED PROJECTS

Vehicle Purchase – (20) Compressed Natural Gas Coaches – (Gillig, LLC)

Purpose:

The Board of Trustees authorized the exercise of an option under Contract 2021-100 with Gillig, LLC, for the purchase and delivery of up to 20, 40-ft., low floor CNG coaches including training, special tooling 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:

Internal Audit staff completed the Pre-Award Buy America Review, the Purchaser's Review, and the Federal Motor Vehicles Safety Standards Review. Both the contractor and management complied with federal regulations. Management issued the Notice to proceed to the contractor.

CONTINUOUS AUDITING PROGRAM

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:

We executed the audit script successfully. The on-board revenue collections system is working effectively. The system captured the transactions, cash was collected, reconciled, and deposited, and revenue receipts were posted to the general ledger.

The "Proof of Payment" system fare collection receipts represent approximately 10% of the total revenue receipts. Fares paid with credit cards were collected, reconciled, and deposited without exception. Cash collections included some immaterial differences between machine totals and amounts deposited, due to known system errors.

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.

CONTINUOUS AUDITING PROGRAM

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:

Internal Audit did not execute the script during the Fourth Quarter 2021 due to staff vacancies. We will include the 2021 transaction activities after we fill the vacant positions.

Nepotism

Purpose:

The GCRTA Code of Ethics provides policy to ensure the hiring and supervision, by and within the Authority, is conducted in compliance with the Ohio laws, and in a manner that enhances public confidence in the Authority, prevents situations that give the appearance of partiality, preferential treatment, improper influence, and conflict of interest.

Scope:

Internal Audit evaluated the relationships and employment placement for all of the active employees. GCRTA Personnel Policy 300.03 Employment of Relatives provides:

> *"...For purposes of this policy, "immediate family" shall mean spouse, children, parents, grandparents, brothers, sisters, grandchildren or any person related by blood or marriage, or relative residing in the same household..."*

Update:

Internal Audit did not execute the script during the Fourth Quarter 2021 due to staff vacancies. We will include the 2021 transaction activities after we fill the vacant positions.

CONTINUOUS AUDITING PROGRAM

Accounts Payable

Purpose:

The GCRTA Accounting Department processes payment to vendors and contractors.

Scope:

Internal Audit is developing a continuous auditing script to evaluate payables and to search for fraud, waste, and abuse.

Update:

We suspended the development of this audit script due to lack of audit resources. We will resume the work after filling vacant positions.

Accounts Receivable

Purpose:

The GCRTA Accounting Department collects payments from sales agents, lease agreements, legal settlements, and others.

Scope:

Internal Audit is developing a continuous auditing script to evaluate receivables and to search for fraud, waste, and abuse.

Update:

We suspended the development of this audit script due to lack of audit resources. We will resume the work after filling vacant positions.

Fuel Expense

Purpose

GCRTA management contracts with suppliers to deliver diesel fuel to storage tanks. The price of fuel fluctuates throughout the day.

CONTINUOUS AUDITING PROGRAM

Scope:

Internal Audit is developing a continuous auditing script to evaluate price fluctuations, delivery dates, the quantity of fuel delivered, and amounts paid for fuel. We will evaluate contract compliance and search for fraud, waste, and abuse.

Update:

We suspended the development of this audit script due to lack of audit resources. We will resume the work after filling vacant positions.

Paratransit Certification System Database

Purpose

GCRTA management certifies eligible applicants who schedule and ride Paratransit services. Management utilizes a computerized system to store inactive and active customer information.

Scope:

Internal Audit developed a continuous auditing script to evaluate both inactive and active customer information with the death records posted to the State of Ohio – Department of Health - Vital Statistics Database. We will provide management with data matches to update the Certification System database and search for fraud, waste, and abuse.

Internal Audit did not execute the script during the Fourth Quarter 2021 due to staff vacancies. We will include the 2021 transaction activities after we fill the vacant positions.

PROJECTS IN PROGRESS

Facilities Access – (Keys)

Purpose:

The GCRTA Transit Police is responsible for building and facility access control. They maintain a system and inventory of keys.

Scope:

Internal Audit will summarize and evaluate the system and inventory controls in place for keys.

Update:

Fieldwork is in progress for this audit. We will schedule a meeting with management to share our findings and recommendations.

Triskett Garage Compressed Natural Gas Plant Construction

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2019-062 with Trillium Transportation Fuels, LLC, dba Trillium CNG to provide installation of the CNG fueling system at the Triskett bus garage

Scope:

Internal Audit will evaluate contract compliance and management controls.

Update:

Fieldwork is complete for this audit. We will schedule a meeting with management to share our findings and recommendations.

Consolidated Train Dispatch System

Purpose:

The GCRTA purchased the consolidated train dispatch system in 1994. The system received many enhancements, including reprogramming and software updates during its life cycle. Operations management uses the system to control and monitor the rapid transit signal system from a single facility, the Integrated Command Center. It is a combination of hardware and software, critical to the operations of the Authority's rail system.

PROJECTS IN PROGRESS

Scope:

Internal Audit will review the access controls, data processing, and output controls. We will evaluate the support agreement, condition of the back-end computer hardware, and other system components. We will interview operations and maintenance employees.

Update:

Fieldwork is complete. Internal Audit will share the results with management for response. Internal Audit is working with management to support the issuance of a request for proposal to replace the system.

Farebox Inventory

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2006-039 with GFI Genfare, Inc. for the furnishing of fare boxes, spare parts and maintenance training as part of the new automated fare collection system.

Scope:

Internal Audit will perform a follow-up audit to inventory and evaluate the security components of the system. We will evaluate the workflows and internal controls in place to provide assurance the system is working as designed.

Update:

Fieldwork is complete for this audit. We will schedule a meeting with management to share our findings and recommendations.

Tire Lease & Maintenance

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2019-144 with Michelin North America Inc. for the furnishing of tire and wheel maintenance services and for the leasing of radial tires.

Scope:

Internal Audit will evaluate contract compliance and management controls.

PROJECTS IN PROGRESS

Update:

Fieldwork is complete. Internal Audit is working with the vendor and management to support a transition of contract management and to share the results of the audit with appropriate management.

Petty Cash

Purpose:

GCRTA Administrative Procedure 003 provides guidelines for the assignment, custodial duties, and allowable use of petty cash funds.

Scope:

Internal Audit will review each of the petty cash accounts for compliance with the administrative procedure.

Update:

Fieldwork is complete. Internal Audit will share the results with management for response.

Public Transportation Agency Safety Plan – Procurement

Purpose:

Under 49 CFR Part 673, the Federal Transit Administration requires that public transportation systems receiving federal funds under the Urbanized Area Formula Grants develop a Public Transit Agency Safety Plan. The FTA charges State Safety Oversight Agencies with evaluating PTASP compliance. GCRTA's Public Transit Agency Safety Plan includes the Safety Department's responsibilities and activities per ODOT's State Safety Oversight standards. Each year, Internal Audit conducts audits of sections of the PTASP to support the requirement to conduct internal audits of every section of the plan on a triennial basis.

For 2021, the GCRTA Safety Department requested that Internal Audit perform an audit of the Procurement elements of the PTASP. The plan addresses Procurement in Section 2.1.10 "Procurement Tasks" and Section 3.5 "Procurement and System Modifications."

Scope:

Internal Audit reviewed Procurement Department activities in the period 2019-2021.

PROJECTS IN PROGRESS

Update:

Fieldwork is complete. Internal Audit will share the results with management for response.

Sales Agent Collections

Purpose:

The GCRTA Accounting Department works with sales agents to provide fare media (ticket) consignments, sales agent invoices, cash collections, and returns.

Scope:

Internal Audit will document and test the controls in place to evaluate compliance with standard process and business objectives.

Update:

Fieldwork is complete. Internal Audit will share the results with management for response.

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.

Update:

Management completed the negotiation of terms and conditions with CSU. Internal Audit will apply these terms and conditions to complete the audit. We suspended this audit due to lack of audit resources. We plan to resume this audit during the First Quarter 2022.

PROJECTS IN PROGRESS

Paratransit Supplemental Services

Purpose:

The GCRTA Board of Trustees authorized three contracts to provide Paratransit Services for a three-year period, beginning June 1, 2019.

- Contract No. 2018-097C with Senior Transportation Connection
- Contract No. 2018-097B with GC Logistics of Mississippi, LLC
- Contract No. 2018-097A with Future Age, Inc. DBA Provide A Ride

Scope:

Internal Audit will evaluate contract compliance and management controls.

Update:

Internal Audit suspended the audit due to lack of audit resources. We plan to resume the audit during the First Quarter 2022.

Fiber Optic Line Replacement - Red Line Construction

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2017-122 with Clifton, Weiss & Associates, Inc. for Project 59 - Fiber Optic Communications System Improvements and

Contract No. 2019-146 with Lake Erie Technologies, Inc. for Project 59 - Fiber Optic Communications System Improvements.

Scope:

Internal Audit will evaluate contract compliance and management controls.

Red Line Heavy Rail Vehicle Replacement

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2019-115 with LTK Consulting Services, Inc. dba LTK Engineering Services for technical specification, program management and engineering services for Red Line HRV replacement.

PROJECTS IN PROGRESS

Scope:

Internal Audit will evaluate contract compliance and management controls.

Update:

The Procurement Department canceled the procurement due to lack of a responsive proposal. Management is evaluating specifications to release a second Request for Proposals. Internal Audit continues to attend project meetings to evaluate compliance with applicable federal and state procurement laws and regulations.

Tower City Track Replacement

Purpose:

The GCRTA Board of Trustees authorized Contract No. 2019-001 with Railworks Track Services, Inc., for Project 52M - Rehabilitation of Tracks 10 and 13 at Tower City Station

Scope:

Internal Audit will evaluate contract compliance and management controls.

Fare Collection – (Brinks, Incorporated)

Purpose:

Management utilizes a third-party contractor to pick-up, count, and deposit fare collections.

Scope:

Internal Audit will evaluate contract compliance and management controls.

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.

PROJECTS IN PROGRESS

Scope:

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

Customer Service Center – Point of Sale System

Purpose:

GCRTA management is implementing a new point of sale software system. The system will support sales transactions, inventory management, and provide management reports.

Scope:

Internal Audit will evaluate system configuration, workflow, access controls, input controls, processing controls, and output controls. Management will implement this system at both the Tower City Center Customer Service Center and the Main Office Building Customer Service Center.

Update:

Management suspended the implementation of the point of sale system. Internal Audit will resume the audit after the system is installed and tested.

Vehicle Purchase – (16) five-door 60-ft. articulated BRT coaches – (New Flyer)

Purpose:

The Board of Trustees authorized the Contract No. 2020-046 with New Flyer of America Inc. for the manufacture and delivery of up to sixteen five-door 60-ft. articulated BRT coaches, spare parts, tooling and training.

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 will complete the applicable Buy America Review, required by Federal Transit Administration.

PROJECTS IN PROGRESS

Vehicle Purchase – (10) Paratransit Replacement Vehicles – (Myers Equipment)

Purpose:

The Board of Trustees authorized Contract No. 2021-064 with Myers Equipment Corp. for the purchase of up to 10 Eldorado National Aerotech paratransit coaches.
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 will complete the applicable Buy America Review, required by Federal Transit Administration.

Update:

The manufacturer is waiting on supply chain vendors to manufacturer the vehicles. We are informed the estimated delay for parts is March 2022.

Transit Police Body Cameras

Purpose:

Management will purchase and implement body cameras for Transit Police personnel.

Scope:

Internal Audit will evaluate the system implementation for compliance with applicable contracts, Transit Police policies, records retention and storage plans and policies, and the chain of custody for transferring information.

Update:

Internal Audit completed an inventory of body worn cameras. We also reviewed the Transit Police procedures to conduct a pilot program for the cameras.

Viaduct Rehabilitation

Purpose:

The Board of Trustees authorized Contract No. 2021-044 with BECDIR Construction Co. for Project 27Y - Rehabilitation of the Cuyahoga Viaduct.

PROJECTS IN PROGRESS

Scope:

Internal Audit will evaluate compliance with contract terms and conditions.

SPECIAL REQUEST AND EMERGING ISSUES

Commuter Advantage Sales Manager Commissions

Purpose:

The Deputy Manager of Finance & Administration/Treasurer requested an audit of the sales commission paid to the Sales Manager. The Sales Manager is paid a commission for the sales of monthly passes to employees of local businesses through a payroll deduction (pre-tax) program.

Scope:

The calendar years 2003 through 2018

Results:

We suspended the audit due to lack of audit resources. We resumed the audit during the Third Quarter 2021 and released the audit in December 2021.

- Not all Commuter Advantage agreements were present in Marketing or Accounting records.
- The commissions earned from 2013 – 2017 could not be reconciled with GCRTA records. The sales manager did not receive commissions after 2017.
- Manager of Sales was not required and did not keep records to substantiate commission submittals. Approvals of commission relied on Sales Manager self-reporting sales results.
- Interviews with GCRTA Accounting Department employees and our review of sales and accounts receivable records do not provide an audit trail to support the commuter advantage sales by the Manager of Sales compared to sales transactions completed by other employees.
- Our interviews of employees and review of records did not result in any evidence to identify fraudulent activities or misappropriation of assets. Management is evaluating the commuter advantage program, job descriptions, and accounting controls for this scope of work.

Employee's Time & Attendance Records

Purpose:

The Human Resources Senior Director of Labor and Employee Relations requested an audit of an employee's time card records and data entries.

SPECIAL REQUEST AND EMERGING ISSUES

Scope:

Internal Audit reviewed the employee's time card and data entries for compliance with GCRTA Personnel Policies.

Update:

Fieldwork is complete; a draft report was issued to management. Internal Audit is waiting for management responses to issue the final report.

Main Office Building Garage Repairs

Purpose:

The Deputy General Manager of Legal Affairs/General Counsel requested an investigation of the project management and repairs to the Main Office Building garage.

Scope:

Internal Audit will conduct interviews, walkthroughs, and evaluate compliance with the existing agreement.

Update:

Fieldwork is complete; a draft report was issued to management. Internal Audit will meet with management to discuss the report for final disposition.

Third-Party - Telecommunication and Data Services

Purpose:

The Director of Procurement requested an audit to evaluate the third-party telecommunication and data services invoices.

Scope:

The GCRTA has contracts with several third-party providers for telecommunication and date services. Internal Audit will evaluate late invoice payments and penalty fees.

Update:

Fieldwork is complete; a draft report was issued to management. Internal Audit will meet with management to discuss the report for final disposition.

SPECIAL REQUEST AND EMERGING ISSUES

Purchasing Card – Computer Purchase

Purpose:

Internal Audit received multiple tips through the fraud hotline and email, concerning the misuse of a Purchasing Card to procure a computer and accessories.

Scope:

Internal Audit will review all of the PCard transactions for the cardholder. We will review the computer purchase for compliance with GCRTA Policy and Procedures. We will also review the computer purchase for compliance with the established inventory practices for GCRTA information technology assets.

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 Fourth Quarter 2021:

- State of Ohio – Office of the Auditor
  - The State Auditor started fieldwork for the 2021 Single Audit during the Fourth Quarter 2021.

- 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.
  - The Federal Transit Administration is conducting a triennial review of State of Ohio's compliance with 49 U.S.C. 5329 (e) (9).
    - Management is waiting for the results of the triennial review.

- Federal Transit Administration Review
  - The FTA is conducting a review of the internal controls and draw down transactions of the federal stimulus grants:
    - Coronavirus Aid, Relief, and Economic Security (CARES) Act
    - 2021 Coronavirus Response & Relief Supplemental Appropriations Act (CRR SAA)
  - The FTA issued a review of COVID-19 Relief ECHO Drawdowns on January 19, 2022. No issues were identified during the review.

Internal Audit will coordinate final audit and review findings within our audit management system. We track recommendations and required corrective actions through implementation. Audit staff will review supporting evidence to closeout 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."

All outstanding issues and recommendations from internal and external audits and reviews are tracked within the Internal Audit Management System (TeamMate) application module (TeamCentral).

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

(See the following table from the audit management system).

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021

STATUS OF OUTSTANDING FOLLOW-UP

Recommendation Implementation Tracking

Recommendation	State	Project Code	Project Name	Issue	Issue Type	Priority	Estimated Date	Revised Date	Actual Date	Owner	Entity
Upgrade the Fare Collection System	Started	2015 - RA - 03	Farebox Change Cards	GFI software outdated	Reportable Condition	Medium Priority	1/31/2016	9/30/2021		Dwarakanath, Latha	
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	3/2/2022		Wright, Zakiya	Customer Service Center
FFCRA Childcare Paycodes - Underpayments	Started	2020 - IA - 14	COVID-19 - Families First Coronavirus Response Act	Employees Underpaid Due to Childcare Miscategorization	Compliance	Medium Priority	9/30/2020	9/30/2021		Glenn, D'Artagnan	Human Resources
Intelligent Transportation Systems - Back-up and Recovery	Started	2020 - IA - 12	Miscellaneous Observations and Findings	Intelligent Transportation Systems - Back-up and Recovery	Reportable Condition	High Priority	10/30/2020			Zlobinsky, Leo	Greater Cleveland Regional Transit Authority
Time Card Correction	Started	2020 - IA - 14	COVID-19 - Families First Coronavirus Response Act	Employees Not Paid for Paid Time Not Worked Codes	Compliance	Medium Priority	10/30/2020	9/30/2021		Glenn, D'Artagnan	Human Resources
Deduct Accruals for Management Policy Overage	Started	2020 - IA - 14	COVID-19 - Families First Coronavirus Response Act	Employees Paid for More Than 80 Leave Hours under Management Policy	Compliance	Medium Priority	12/31/2020	9/9/2021		Phillips, MaTia	Human Resources
Remote Access to Network - Password Change - IT - Logical Access	Pending	2021 - EX - 01	2020 State of Ohio Financial Audit - Follow-up	Remote Access to Network - Password Change - IT - Logical Access	Management Letter	Medium Priority	8/12/2021			Orlando, Chris	Information Technology
IT Disaster Recovery Planning	Started	2021 - EX - 01	2020 State of Ohio Financial Audit - Follow-up	IT Disaster Recovery Planning	Management Letter	Medium Priority	11/30/2021			Petit, Mark	Information Technology
Register All GCRTA Information Technology Equipment	Pending	2021 - FWA - 04	CIO IT Asset Purchases	Register All GCRTA Information Technology Equipment	Reportable Condition	Medium Priority	2/25/2022			Petit, Mark	Information Technology
Remove Unauthorized Software from GCRTA Computer Equipment	Pending	2021 - FWA - 04	CIO IT Asset Purchases	Remove Unauthorized Software from GCRTA Computer Equipment	Reportable Condition	Low Priority	2/25/2022			Petit, Mark	Information Technology
Destruction of Direct Deposit Authorization Forms	Started	2019 - FWA - 04	Payroll Fraud - Direct Deposit	Failure to Destroy Sensitive Record	Reportable Condition		3/31/2022			Smith-Farmer, Karen	Accounting
ERP Module Solution	Pending	2019 - FWA - 04	Payroll Fraud - Direct Deposit	Fraudulent Redirection of Direct Deposit Fund	Material Weakness		3/31/2022			Dwarakanath, Latha	Human Resource Information

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021

STATUS OF OUTSTANDING FOLLOW-UP

									System
Restricted Access, Service Counter, Records Storage	Started	2019 - FWA - 04	Payroll Fraud - Direct Deposit	Payroll Area Unsecured	Material Weakness		3/31/2022	Smith-Farmer, Karen	Accounting
Compliance with Information Technology Management Controls	Pending	2021 - FWA - 04	CIO IT Asset Purchases	Compliance with Information Technology Management Controls	Reportable Condition	Medium Priority	3/31/2022	Petit, Mark	Information Technology
IT Governance - Purchase of Information Technology Assets	Pending	2021 - FWA - 04	CIO IT Asset Purchases	IT Governance - Purchase of Information Technology Assets	Material Weakness	High Priority	3/31/2022	Petit, Mark	Information Technology
Information Technology - Help Desk - Service Management System	Pending	2021 - FWA - 04	CIO IT Asset Purchases	Information Technology - Help Desk - Service Management System	Reportable Condition	Medium Priority	6/30/2022	Mothes, Holly	Information Technology

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.

Fourth Quarter 2021 Change Orders:

Internal Audit is a member of the Change Order Committee, established to review potential change orders, greater than $50,000, for compliance with Federal and State laws and regulations.

- Change Order No. 6 to Contract No. 2020-163 with the Ruhlin Company for the emergency shoring of the Waterfront Line Bridge in an amount not to exceed $717,100.00 for a total contract value of $7,054,622.00.

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.

Railcar Replacement Steering Committee

The Deputy General Manager of Operations chairs this committee. The purpose of this committee is provide advice; ensure delivery of the project outputs and the achievement of project outcomes.

OTHER PROJECTS

Maintenance Management System Upgrade (UltraMain)

The Deputy General Manager of Operations chairs this committee. The purpose of this committee is provide advice; ensure delivery of the project outputs and the achievement of project outcomes.

Oracle Upgrade Steering Committee

The Deputy General Manager of Operations chairs this committee. The purpose of this committee is provide advice; ensure delivery of the project outputs and the achievement of project outcomes.

STAFF TRAINING

Internal Audit Department staff received the following training during the Fourth Quarter 2021:

Northeast Ohio Internal Audit Local Chapter

- Environmental, Social, and Governance ESG Reporting
- Current State of Internal Auditing – CAE Roundtable
- Information Technology – General Controls
- Sarbanes-Oxley – Modernization – Deloitte & Touche
- Maturing the Audit Analytics Program – Protiviti
- Impacting Supply Chain Management Through Internal Audit – Crowe
- Integrating Risk Management and Internal Audit's role in managing risk at an organization – Ernst & Young
- Automation and Analytics Enabling Internal Audit Insights – PwC
- Ethics

Northeast Ohio Information System Audit and Control Association

- Blockchain, Cryptocurrency, and Ransomware

Greater Cleveland Regional Transit Authority

- Internal Customer Service Training

American Public Transportation Association – Committee of Audit Professionals

- Key Trends in Internal Audit and Navigating the Hot Seat in Transit Internal Audit

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021

STAFF PROFILES

Anthony A. Garofoli Executive Director of Internal Audit	Anthony joined the GCRTA on September 23, 1996. He earned his BA 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 Manager of Internal Audit	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.
Steven Zimmerman Lead 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. Steven is a Certified Internal Auditor.
Andrew Scott Information Technology Auditor	Andrew joined the GCRTA on June 5, 2016 and filled multiple roles within the information technology division. He joined IA on September 6, 2020. He earned his BS in Computer Science from the University of Akron. He is a graduate of the GCRTA Management Development Program.
Molly O'Donnell Staff Auditor	Molly joined the GCRTA on February 23, 2020. She earned a BA in Public Administration, Urban Planning, Sustainability from Miami University, Oxford Ohio.
Laura Crawshaw Staff Auditor	Laura joined the GCRTA on September 20, 2021. She earned a BS in Public Policy Analysis from The Ohio State University. Laura participated in the GCRTA Public Transit Development Program.
Randall Bowles Information Technology Specialist Auditor	Randall joined the GCRTA on February 24, 2020 as the Hayden District Business Analyst. He joined IA on January 24, 2022. He earned his BSBA in Information Systems from the Ohio State University and his MBA from Case Western Reserve University.
Staff Auditor	**(Vacant since May 2021)**