



Greater Cleveland
Regional Transit Authority

1240 West 6th Street
Cleveland, Ohio 44113-1302
Phone: 216-566-5100
riderta.com

MEETING NOTICE

Notice is hereby given that the following meeting of the Board of Trustees of the Greater Cleveland Regional Transit Authority will take place **9:00 a.m., Tuesday, November 14, 2023** in the **Board Room of the Authority, 1240 West Sixth Street, Cleveland, OH 44113** for consideration of the listed items and such other items that may properly come before the Board and be acted upon. This meeting will be live streamed on RTA's Board Page www.RideRTA.com/board via the meeting date for staff and members of the public. Members of the public may attend in person.

The meeting package will be posted on RTA's website at (www.riderta.com/board), on RTA's Facebook page, and RTA's Twitter page.

Organizational, Services & Performance Monitoring Committee

- RFP Procurement – a presentation of a recurring competitive negotiated procurement for the maintenance and repair of the Authority's elevator and escalator equipment.
- Agreement – Proposed agreement with the City of Shaker Heights for landscaping maintenance and parking lot snow removal for a period of one-year beginning January 1, 2024.

Operational Planning & Infrastructure Committee

- Service Plan - Presentation on the 2024 Service Plan
- Budget Presentation - Proposed FY 2024 Budget

1st Public Hearing

- FY 2024 Budget

Committee of The Whole

- Rail Car Update – to provide an update on the Rail Car Procurement Program and to discuss the exercise of an option to procure six additional rail cars.
- Code Book Updates:
 - A request to remove Sections 644.07 Temporary Salary Adjustment, 644.08 Health Care Coverage, 644.09 Prior Service Credit and 644.13 Tuition Reimbursement from the Codified Rules and Regulations
 - A request to remove Sections 646.01 Holidays, 646.03 Bereavement Leave, 646.04 Sick Leave, 646.05 Extended Disability Coverage, 646.06 Jury Duty, 646.07 Military Reserve Leave, 646.08 Unpaid Leaves of Absence and 646.09 Family and Medical Leave from the Codified Rules and Regulations
 - A request to remove Sections 648.01 Smoke-free Workplace, 648.04 Employee Assistance Program, 648.06 Biennial Physical Examination Requirements, 648.08 Driver's License Requirements, 648.09 Safety Belt Usage, 648.10 Hazardous Waste and 648.11 Workplace Violence from the Codified Rules and Regulations



Greater Cleveland
Regional Transit Authority

Committee of The Whole continued

- Executive Session Requested – To consider the appointment of a public employee or official.

Audit, Safety Compliance And Real Estate Committee

- Audit Award - Presentation from the Office of the Auditor of the State
- Internal Audit - Third Quarter Internal Audit Activities.
- Executive Session Requested
 - To consider GCRTA's security arrangements and emergency response protocols.
 - To consider the purchase of property for public purposes or the sale of property at competitive bidding.

A handwritten signature in black ink, appearing to read 'India L. Birdsong Terry'.

India L. Birdsong Terry
General Manager, Chief Executive Officer

IBT:tab
Attachment



Scan this QR code to access the meeting schedule, live streams and meeting materials.

AGENDA

RTA ORGANIZATIONAL, SERVICES & PERFORMANCE MONITORING COMMITTEE

Tuesday, November 14, 2023

Committee Members: Mayor Anthony D. Biasiotta, Chair
Mayor Paul A. Koomar, Vice Chair
Mr. Jeffrey W. Sleasman
Mayor David E. Weiss
Ms. Lauren R. Welch

- I. Roll Call
- II. RFP Procurement – a presentation of a recurring competitive negotiated procurement for the maintenance and repair of the Authority’s elevator and escalator equipment.

Presenter(s):
 - Dave Basso, Manager, Central Facilities
 - Shawn Becker, Program Contract Manager
- III. Agreement – Proposed agreement with the City of Shaker Heights for landscaping maintenance and parking lot snow removal for a period of one-year beginning January 1, 2024.


Presenter:
 - Jim Reed, Property Manager
- IV. Adjourn



Greater Cleveland
Regional Transit Authority

Interoffice Memo

To: Rev. Charles P. Lucas, President
and Members, Board of Trustees

From: India L. Birdsong Terry
General Manager, Chief Executive Officer 

Date: November 9, 2023

Subject: Summary of Proposed Award – Elevator & Escalator Maintenance & Repair
Services

This is a RFP procurement to select a qualified firm to provide the Authority with elevator & escalator maintenance and repair services for a period of five years.


At the November 14, 2023, Organizational, Services & Performance Monitoring Committee meeting, we will make a presentation of the procurement process and staff recommendation for contract award. Attached is the summary for this contract award. We will be requesting that the Organizational, Services & Performance Monitoring Committee recommend the award of this contract at the November 28, 2023 meeting of the Board of Trustees.

Please call me if you have any questions or require additional information prior to Tuesday's meeting.

IBT/MD
Attachment



To: Rev. Charles P. Lucas, President
and Members, Board of Trustees

From: India L. Birdsong Terry
General Manager, Chief Executive Officer 

Date: November 9, 2023

Subject: Proposed agreement with the City of Shaker Heights for landscaping
maintenance and parking lot snow removal for a period of one-year beginning
January 1, 2024.

At the November 14, 2023 Organizational, Services & Performance Monitoring Committee meeting, staff will discuss the renewal of an existing agreement with the City of Shaker Heights ("City") to perform landscape maintenance of the Authority's right of way along the Blue and Green Lines and remove snow from the Authority's rail station parking lots within the City.

The Authority acquired the Shaker Heights Rapid Transit System, including the rights-of-way, under the Mass Transit System Transfer Agreement in 1975. In that agreement, the City reserved to itself the right to perform landscaping and snow removal services in the Authority's rights-of-way, and the Authority agreed to compensate the City for costs related to those services. In November 1982, the Authority and the City entered into an agreement to delineate their respective responsibilities for maintenance of the rights-of-way.

Since that time, the Authority and the City have periodically entered into maintenance agreements that specify the maintenance services to be performed and the costs thereof pursuant to a fixed schedule of services. The most recent maintenance agreement was signed in 2021, for the term of January 1, 2021 through December 31, 2023. The proposed renewal agreement is for one year, which coincides with the terms of Shaker's collective bargaining agreements.

Please call me if you have any questions or require additional information prior to Tuesday's meeting.

IBT/jr

AGENDA

RTA OPERATIONAL PLANNING & INFRASTRUCTURE COMMITTEE

Tuesday, November 14, 2023

Committee Members: Ms. Lauren R. Welch, Chair
 Mayor Paul A. Koomar, Vice Chair
 Mr. Stephen M. Love
 Mr. Jeffrey W. Sleasman

- I. Roll Call
- II. 2024 Service Plan – Presentation on the 2024 Service Plan.
Presenter:
 - Jeff Macko, Planning Team Leader - Service Management
- III. Budget Presentation – Proposed FY 2024 Operating Budget.
Presenter:
 - Kay Sutula, Director - Office of Management and Budget
- IV. First Public Hearing – Proposed FY 2024 Budget
Presenter:
 - Kay Sutula, Director - Office of Management and Budget
- V. Adjourn



Greater Cleveland
Regional Transit Authority

Interoffice Memo

To: Rev. Charles P. Lucas, President
and Members, Board of Trustees

From: India L. Birdsong Terry
General Manager/Chief Executive Officer

Date: November 9, 2023

Subject: 2024 Service Management Plan

A handwritten signature in black ink, appearing to read 'ILT', enclosed within a hand-drawn oval.

At the November 14, 2023, meeting of the Operational Planning & Infrastructure Committee, staff will present the 2024 Service Management Plan (SMP), as required by the Board-adopted Services Code. Each year, the SMP is developed in alignment with the General Manager's Recommended Budget.


Please call me if you have any questions or require additional information prior to Tuesday's meeting.

IBT/JBF

Attachment



To: Rev. Charles P. Lucas, President
and Members, Board of Trustees

From: India L. Birdsong Terry
General Manager, Chief Executive Officer 

Date: November 9, 2023

Subject: Proposed Fiscal Year (FY) 2024 Budget and Amendment to the 2023 Law
Enforcement Fund

At the November 14, 2023 Operational Planning & Infrastructure Committee meeting, staff will present the proposed FY 2024 Budget and an amendment to the 2023 Law Enforcement Fund. A public hearing will be held after the budget presentation.

The proposed FY 2024 Budget includes total revenues of \$335.4 million. The two largest sources of revenue are Sales & Use Tax and Passenger Fares estimated at \$268.3 million and \$27.1 million, respectively.

Operating expenditures are budgeted at \$293.6 million, which includes funding for 26 new positions and wages increases, which are largely contractual through the FOP and ATU. Transfers to other funds total \$40.2 million, which includes a 10% transfer for the Capital Improvement Program. With total expenditures of \$333.8 million against total revenues of \$335.4 million, and a beginning balance of \$22.0 million, the projected ending balance is budgeted at \$23.6 million, or a 1.0-month reserve.

The Authority's Transit Police Department is part of a multi-jurisdictional task force. The Transit Police Department assists certain federal, state, and other law enforcement agencies in gathering intelligence and other needs to reduce crime activity. Through the involvement of Transit Police, the Authority receives revenues from monies and/or property that are seized from the convicted criminals prosecuted by the task force. The revenues are held in the Law Enforcement Fund to be used for non-budgeted police items. The Authority would like to increase the appropriation in the Law Enforcement Fund by \$60,000 for two (2) vehicles to be used with Transit Police Officers and the Crisis Intervention Specialists. These co-responder teams assist individuals in mental health or substance crises with a focus on de-escalating events, alleviating the need for force, and connecting non-violent individuals with social service agencies. A resolution for the Law Enforcement Fund will be presented at the November Board Meeting.

At the December 5, 2023 Operational Planning & Infrastructure Committee meeting, we will again present the FY 2024 Budget as well as a second public hearing. The resolution for the FY 2024 Proposed Budget will be presented at the December Board Meeting.



Please call me if you have any questions or require additional information prior to Tuesday's meeting.

IBT/kms



Greater Cleveland
Regional Transit Authority

Interoffice Memo

To: India Birdsong Terry, CEO, General Manager 
From: Rajan D. Gautam, DGM – Finance, Secretary-Treasurer 
Subject: Public Hearing Notice – FY 2024 Operating and Capital Budgets
Date: October 26, 2023

Notice is hereby given that a public hearing on the FY 2024 Operating and Capital Budgets of the Greater Cleveland Regional Transit Authority will be held at 9:00 A.M. Eastern Daylight Time on Tuesday, November 14, 2023. A second public hearing will be held at 9:00 A.M. Eastern Daylight Time on Tuesday, December 5, 2023. Both public hearings will be held in the Board Room of the Authority, 1st Floor, Main Office Building, 1240 West Sixth Street, Cleveland, Ohio. A copy of the proposed budget is on file in the Office of Management and Budget of the Greater Cleveland Regional Transit Authority, 4th Floor, 1240 West Sixth St., Cleveland, OH, and available for public inspection.

The board committee meetings and public hearing will be live streamed on RTA's website at (www.riderta.com/board) by selecting the meeting day. Public comments for the Public Hearings can be made in person at the meeting, via phone during the Public Hearing (440-276-4600), or via email (public-comment@gcrtcra.org).

India Birdsong Terry, General Manager, Chief Executive Officer,
Greater Cleveland Regional Transit Authority

REVISED AGENDA

RTA COMMITTEE OF THE WHOLE BOARD

Tuesday, November 14, 2023

Committee Members: President Charles P. Lucas, Chair
Mayor Paul A. Koomar, Vice Chair
Mayor Anthony D. Biasiotta
Mr. Stephen M. Love
Ms. Deidre Y. McPherson
Ms. Calley Mersmann
Mr. Jeffrey W. Sleasman
Mayor David E. Weiss
Ms. Lauren R. Welch

I. Roll Call

II. Rail Car Update – to provide an update on the Rail Car Procurement Program and to discuss the exercise of an option to procure six additional rail cars.

Presenter(s):

- Bryan Moore, Railcar Project Lead Manager
- Mabry Harris, Procurement Team Manager
- Tony Garofoli, Executive Director, Internal Audit

III. Code Book Updates:

- A request to remove Sections 644.07 Temporary Salary Adjustment, 644.08 Health Care Coverage, 644.09 Prior Service Credit and 644.13 Tuition Reimbursement from the Codified Rules and Regulations
- A request to remove Sections 646.01 Holidays, 646.03 Bereavement Leave, 646.04 Sick Leave, 646.05 Extended Disability Coverage, 646.06 Jury Duty, 646.07 Military Reserve Leave, 646.08 Unpaid Leaves of Absence and 646.09 Family and Medical Leave from the Codified Rules and Regulations
- A request to remove Sections 648.01 Smoke-free Workplace, 648.04 Employee Assistance Program, 648.06 Biennial Physical Examination Requirements, 648.08 Driver's License Requirements, 648.09 Safety Belt Usage, 648.10 Hazardous Waste and 648.11 Workplace Violence from the Codified Rules and Regulations

Presenter:

- Dawn Tarka, Associate Counsel II


IV. Adjourn



Greater Cleveland
Regional Transit Authority

Interoffice Memo

To: Rev. Charles P. Lucas, President
and Members, Board of Trustees

From: India L. Birdsong Terry
General Manager, Chief Executive Officer 

Date: November 9, 2023

Subject: Exercise of an Option under Contract No. 2021-125 with Siemens Mobility, Inc.
for the Purchase of up to Six (6) High Floor Light Rail Vehicles

This is a request for the exercise of a contract option to provide the Authority with up to six (6) high floor light rail vehicles.


At the November 14, 2023, Committee of the Whole meeting, we will provide an update on the Rail Car Procurement Program and discuss the procurement process and staff recommendation for award of this first contract option. We will be requesting that the Committee of the Whole recommend the award of this contract option at the November 28, 2023 meeting of the Board of Trustees.

Please call me if you have any questions or require additional information prior to Tuesday's meeting.

IBT/MD
Attachment



To: Rev. Charles P. Lucas, President
and Members, Board of Trustees

From: India L. Birdsong Terry
General Manager, Chief Executive Officer 

Date: November 9, 2023

Subject: Code Book Update

At the November 14, 2023 Committee of the Whole meeting, staff will present proposed revisions to the Authority's Codified Rules and Regulations and Personnel Policies.

The proposed revisions to the policies include:

1. Remove the following Sections from Chapter 644 as duplicates of the Personnel Policies:
 - 644.07 Temporary Salary Adjustment
 - 644.08 Health Care Coverage
 - 644.09 Prior Service Credit
 - 644.13 Tuition Reimbursement

2. Remove the following Sections from Chapter 646 as duplicates of the Personnel Policies:
 - 646.01 Holidays
 - 646.03 Bereavement Leave
 - 646.04 Sick Leave
 - 646.05 Extended Disability Coverage
 - 646.06 Jury Duty
 - 646.06 Jury Duty
 - 646.07 Military Reserve Leave
 - 646.08 Unpaid Leaves of Absence
 - 646.09 Family and Medical Leave

3. Remove the following Sections from Chapter 648 as duplicates of the Personnel Policies:
 - 648.01 Smoke-free Workplace
 - 648.04 Employee Assistance Program
 - 648.06 Biennial Physical Examination Requirements
 - 648.08 Driver's License Requirements
 - 648.09 Safety Belt Usage
 - 648.10 Hazardous Waste
 - 648.11 Workplace Violence

Please call me if you have any questions or require additional information prior to Tuesday's meeting.

IBT/dmt

REVISED AGENDA

RTA AUDIT, SAFETY COMPLIANCE AND REAL ESTATE COMMITTEE

Tuesday, November 14, 2023

Committee Members: Mayor Paul A. Koomar, Chair
Ms. Calley Mersmann
Mr. Jeffrey W. Sleasman
Mayor David E. Weiss

- I. Roll Call
- II. Approval of August 15, 2023 minutes
- III. Audit Award - Presentation from the Office of the Auditor of the State
Presenter:
 - Kathryn M. Semo, Northeast Regional Liaison, Auditor of State Keith Faber
- IV. Internal Audit - Third Quarter Internal Audit Activities.
Presenter(s):
 - Anthony Garofoli, Executive Director, Internal Audit
 - Internal Audit Staff Auditors
- V. Executive Session Requested
 - To consider GCRTA's security arrangements and emergency response protocols.
 - To consider the purchase of property for public purposes or the sale of property at competitive bidding.
- VI. Adjourn

Minutes

RTA Audit, Safety Compliance & Real Estate Committee Meeting

9:04 a.m. August 15, 2023

Committee Members: Koomar (Chair), Sleasman (fill in), Weiss

Not present: Joyce, Mersmann, Moss

Staff/Other: Birdsong Terry, Bowles, Burney, Caver, Crawshaw, Dangelo, Fields, Fleig, Garlock, Garofoli, Gautam, Goodwin, Harwood, Jupina, Lincoln, Miller, O'Donnell, Schipper, Scott, Togher, Zimmerman

Public: None

The meeting was called to order at 9:04 a.m. There were two (2) committee members present. Mr. Sleasman attended as a fill in, to establish a quorum of three (3).

Minutes

The minutes for the May 9, 2023 Quarterly Internal Audit meeting was approved.

Casualty Insurance Program

Judy Lincoln, Director of Risk Management, gave the presentation. The Casualty Insurance Program renews September 1, 2023. Barb Goodwin, Senior Vice President and Team Leader for USI Insurance Services National, Inc. attended the meeting virtually. She is the insurance broker for GCRTA.

GCRTA maintains a Casualty Insurance Program for protection of assets against catastrophic loss:

- Excess Liability (General, Rail, Auto) \$95 million limits, \$5 million Self-Insured Retention ("SIR")
 - Responds to bodily injury and property damage to third parties that may arise out of losses during the course of our operations. (Example: bus collision, derailment, bridge collapse, etc.)
- Excess Workers' Compensation - \$10 m limit, \$750,000 SIR
- Public Officials Liability / Employee Practice Liability - \$5 m limit, \$250k SIR/ \$500k SIR
 - Includes employment practices liability coverage.

How GCRTA Procures this Insurance?

- Excess Liability Markets must be accessed via a broker; no direct writers of these coverages
- GCRTA conducts an RFP process to select and retain a casualty insurance broker
 - Broker is selected based on their expertise in the commercial insurance market, including the industry sector being rail, transit and transportation
 - Together GCRTA and broker approach insurance markets with a submission describing GCRTA's operations and exposures, loss experience, safety culture to negotiate the best partnerships with markets and best program for GCRTA in terms of coverage and pricing

Public Officials / Employment Practices Liability (EPL) Renewal:

- Provides liability protection to Board Members directors and officers as well as GCRTA for alleged wrongful acts by D&Os, committee members or employees

- The policy also provides insurance coverage for employment practices claims. (Example: wrongful termination, discrimination, sexual harassment, etc).

Excess Liability – Largest Program:

- Expiring Premium \$1,750,768
 - Renewal premium \$1,785,783, a 2% increase
 - Very favorable result. Market has stabilized some but we expected an increase of up to 7.5% based on strategy meeting in July. Still priced below peers. Budgeted for a 10% increase.
 - Quota share program - domestic, London and Bermuda markets

Excess WC Policy renewal:

- Due to marketing effort, generated competition among markets and achieved a 12.5% rate reduction.
- Existing carrier, Safety National offering a lower premium despite payroll increase of 7.5% (from projected 2022 to projected 2023) so renewal premium quoted is \$275,355 vs \$292,842, a \$17,487 savings.
- Better than expected result given most recent guidance of between 5% - 7.5% rate increase.

Public Officials / EPL renewal

- Incumbent carrier: AIG (National Union)
- Expiring Premium is \$99,900
- Renewal Premium is \$100,900, a 1% increase
- Budgeted for 5% increase in accordance with broker's experience with other public entity accounts.

The combined result for all three insurance policies is a renewal premium of \$2,162,038 vs. expiring premiums of \$2,143,510, an increase of less than 1% and \$199,343 or 8.4% under the budgeted amount of \$2,361,651. Staff requests that the Audit, Safety Compliance, and Real Estate Committee recommend to the Board of Trustees the purchase of casualty insurance from various insurance underwriters through USI Insurance Services National, Inc., GCRTA's casualty insurance broker, in a total amount not to exceed \$2,162,038 for a period of twelve months.

Ms. Goodwin thanked RTA for their thorough specifications. RTA's attention to safety, risk control and risk management helped them create this program. Mayor Weiss asked if all terms and conditions from the expired policy are carried over and who has primary coverage for bridges. Ms. Lincoln confirmed all conditions being carried over. Mr. Schipper said 81 of over 100 bridges on the system is RTA's primary responsibility. Most are railroad bridges, but some are roadway bridges that we inherited from the Shaker System and Terminal Tower. There is a combination of ownership, maintenance and replacement responsibilities. Our bridges are covered under the liability coverage. Ms. Terry added that this is one of the most favorable rates she's seen nationally. Mayor Koomar thanked the team. Ms. Lincoln thanked Dr. Caver for leading the presentation to the underwriters.

Ms. Terry asked about how we compare with other industries. Ms. Goodwin said she hasn't seen a client with this good of a renewal this year. It was moved by Mayor Weiss, seconded by Mr. Sleasman and approved to move this to the full Board.

Internal Audit Department

Anthony Garofoli, Executive Director of Internal Audit, and Mike Schipper, Deputy General Manager of Engineering and Project Development, gave the presentation.

Revision to the Professional Standards for Internal Auditors

- The Institute of Internal Auditors is revising the International Standards for the Professional Practice of Internal Auditing.
- Regrouping the existing standards into five domains under the new named Global Internal Audit Standards.
- The new standards will be put out on Jan. 1, 2024 and go into effect 12 months later.

Grouping Standards

- Domain I - Purpose of Internal Auditing – to provide consulting and assurance services to support management and the Board to meet business objectives.
- Domain II - Ethics and Professionalism
- Domain III - Governing the Internal Audit Function
- Domain IV - Managing the Internal Audit Function
- Domain V - Performing Internal Audit Services

D3 - Governing the IA Function

Outlines Board responsibilities in support of an effective internal audit function and addresses how the CAE can support the Board in carrying out its responsibilities.

- 3 Principles and 9 Standards
 - Authorized by the Board
 - Positioned Independently
 - Overseen by the Board

Fourth Quarter Considerations

Train staff and implement the revised Standards. Update the following:

- GCRTA Internal Audit Charter
- Internal Audit Department Policies and Procedures Manual
- The Quality Assurance Improvement Program
- Embed the revised standards within the Audit Management System

Mayor Koomar added that IA is required to have an external assessment every few years. Since the International Standards are changing, they will incorporate the assessment recommendations with all the International changes.

Contract No. 2021-125 Change Order Authority

Internal Audit is a part of the Rail Car Steering Committee. They are moving into the post award phase with auditing the Railcar Replacement Program contract. Based on experience with past major projects, change orders can impact the timing and cost of delivery.

Railcar Replacement Program

- Contract No. 2021-125 with Siemens Mobility, Inc.
- Contract Scope: Engineering, Manufacturing, Testing, Delivery and Commissioning of 24 S200 Light Rail Vehicles (LRVs), Manuals and Training, Spare Parts and Special Tools
- Contract Amount: \$163,920,115
- Notice to Proceed - issued June 26, 2023
- Contract Options - 36 Option LRVs

Board Policy – Change Order Authority

- GCRTA Board Policy 410.01 (8): Delegation of Authority:
 - The Board hereby delegates to the General Manager, Chief Executive Officer of the Authority the following responsibilities:
 - "...approve change orders on contracts in a net amount not to exceed five hundred thousand (\$500,000) for contracts over five million dollars (\$5,000,000). The Board may, by resolution, vary these limits for particular contracts or projects..."
- ***Should the Board consider varying these limits for the railcar replacement contract?***

Common Reasons for Change Orders

Research was conducted with management and Calvary Transit. Calvary purchased 260 railcars over the last 20 years from the same vendor. RTA's consultant, Hatch has international experience with rail cars. The following reasons are listed for change orders:

- Regulatory changes
- Design changes, omissions, or alterations
- Unforeseen conditions during final assembly, delivery, or commissioning, such as quality issues and scheduling that could not be planned for
- Material shortages or late delivery to final assembly
- Changes to budgets and schedules
- Changes in technology or specifications by owner

Change Order – Management Controls

- Segregation of Duties (Project Management, Contract Administration)
- Procurement Policies and Procedures
- Procurement File – Contract Administrator's Audit Checklist
- Change Order Review Committee (Grants Management, Internal Audit, Legal Affairs, Office of Business Development, Office of Management & Budget, Procurement, and Project Office)
 - The purpose of the Change Order Committee is to ensure strict compliance with procurement policies and applicable regulations prior to negotiation with the contractor.

Change Orders – Internal Audit Procedures

- Review quotes, invoices, and change order documents
- Site visits to observe and verify
- Contract compliance review – FTA will assign a project management oversight consultant
- Consult with appropriate stakeholders & resources
- Issue audit reports to Management and Board of Trustees

Management Proposal

For a \$164 million contract, the change order (c/o) authority would be \$500,000. Because of experience with other major projects, they anticipate changes will be needed. Euclid Corridor (EC) was a \$200 million project but the largest construction projects were in the \$20 million range. We had three c/o, but still maintained the Board authority at \$500,000. After three years of EC construction there was a lot of fatigue from the Board for c/o authority. As Board members turned over, it got tougher to explain the c/o process.

Management recommends a c/o authority increase from \$500,000 to \$6.5 million or 4% of the contract. This would decrease the number of change orders. The plan would be to come back to the Board at \$5 million to get ahead of the schedule. They are not recommending any changes to the

administrative procedures and oversight they have internally. The c/o committee will remain active at the \$500,000 range. The Engineering team's goal was under 5%. The high-end external discussions about the c/o authority were in the 8%-10% range. The project/design team recommended 4%.

Ms. Terry suggested an Ad Hoc Audit or Semi-Annual Updates. Mayor Koomar suggested a high-level slide during these quarterly meetings showing the net changes. He suggested updates at the regular Board Meeting also. Mr. Garofoli said the c/o log can provide a snapshot of all changes. The \$500,000 c/o authority has been in place since at least 1997. There was a review of the authority a few years ago and it was determined to still be appropriate. Mr. Sleasman requested it be looked at again. Mr. Schipper suggested another committee meeting in September when other Board members are present and a resolution at the September Board meeting. Ms. Dangelo went over the change order process. Mr. Schipper added that a c/o can be cost or time associated.

Internal Audit – 2nd Quarter Activities

Anthony Garofoli, Executive Director of Internal Audit and his staff auditors gave the presentation.

COMPLETED PROJECTS

Financial Audit Support – 2022 Single Audit

Objective: Maximize risk coverage and minimize duplication of efforts. (*Statement on Auditing Standards No. 128, Using the Work of Internal Auditors*)

Scope: Revenue Collection, Parts Inventory, Financial Disclosure Analysis, Grants Management, Contract Compliance, and Fraud Risk Assessment

Results: The State Auditor of Ohio relied on the work of GCRTA Internal Audit.

Issues for Board Consideration: None

Report issued July 18, 2023. There was one management deficiency. The response was tracked in their IA system.

Federal Transit Administration – Triennial Review

Objective: Support management during FTA's assessment of GCRTA's compliance with Federal requirements.

Scope: The FTA reviewed compliance for 18 different program areas.

Results: Management and the FTA relied on the work of GCRTA Internal Audit. IA is tracking three deficiencies noted. Corrective actions completed and submitted to FTA by management.

Issues for Board Consideration: None

Report released August 7, 2023.

FTA – Pre-Award Buy America Review – Replacement Railcars

Objective: The federal grant application requires the GCRTA to conduct the pre-award and post-delivery audits for the purchase of rolling stock (49 CFR part 663 Pre-Award and Post-Delivery Audits of Rolling Stock Purchases and 49 CFR part 661 Buy America Requirements).

Scope: Buy America and Purchaser's Review

Results: Satisfactory, compliance with federal regulations.

Issues for Board Consideration: None

Overtime

Objective: Prepare an analytic of overtime expense across the Authority. Explore the data to identify patterns and red flags for follow-up.

Scope: Overtime expense from 2019 – 2022, Maintenance Management System work order records. Operator Time and Attendance System records.

Results: Analytic results and internal control risks shared with management.

Issues for Board Consideration: None

Fare Media Ticket Stock

Objective: Review ticket stock vendor contract, identify compliance obligations and risks to management objectives. Document controls and evaluate compliance with the contract.

Scope: Pre-printed ticket stock inventory, blank ticket stock inventory, farecard testing, fare media destruction, and contract invoicing.

Results: Satisfactory, with findings and recommendations for management. (order blank stock to minimize duplication of efforts, which management implemented)

Issues for Board Consideration: None

Public Transportation Agency Safety Plan – Accident/Incident Notification

Objective: Evaluate GCRTA compliance with FTA, NTSB, and SSO requirements for Accident and Incident Notification.

Scope: PTASP compliance with FTA standards, GCRTA SOP compliance, accident notifications, accident investigations, SQ supervisor reporting.

Results: Marginally Satisfactory, with findings and recommendations for management. (current process is paper heavy – management looking to digitize).

Issues for Board Consideration: None

GCRTA Travel and Expense Reimbursement

Objective: Review all trip reports and travel expense reimbursements for compliance with policy and procedures.

Scope: 100% of second quarter related trips and expenses.

Results: Satisfactory, with findings and recommendations for management.

Issues for Board Consideration: None

PROJECTS IN PROGRESS

TRACTION Performance Measurement

Objective: Evaluate the design, methodology, execution, and results of the survey inputs for TRACTION Performance Measurement. Validate that survey design and methodology are reliable, and that results are accurately captured and reported.

Scope: Surveys and reports supporting performance management monitoring.

Current Status: Testing/Fieldwork

This audit was requested by the CEO/GM. Audit is for 2022 surveys. Entrance conference held with executive management team for buy in on the scope of the fieldwork.

Healthcare – Employee and Dependent Eligibility

Objective: Evaluate compliance with GCRTA Personnel Policies and Procedures regarding eligibility for healthcare benefits for employees and their dependents.

Scope: Enrollment records and supporting information from January 2021 – March 2023. Includes employee and dependent enrollment, dependent supporting documentation, file transfers to Third-Party Administrators, and Oracle Reporting.

Current Status: Testing/Fieldwork

Audit expanded to include 100% of employees enrolled in the medical plan. As of August 1, 2023, there are 1,510 dependent lives enrolled in the plan. Once complete, IA will provide a list of employees that need to supply documents to support dependent enrollment. This audit will serve as a predecessor to the healthcare claims consultant audit.

Tower City Common Area Maintenance Agreement

Objective: Identify agreement requirements, validate compliance with terms and conditions, and evaluate risks and controls.

Scope: Invoice accuracy, utility billing, reimbursable expenses, maintenance/management system assets, Tower City maintenance obligations.

Update: Management is scheduling a meeting with Bedrock.

Current Status: Testing/Fieldwork

Public Transportation Agency Safety Plan – Configuration Management

Objective: Evaluate GCRTA compliance with FTA and SSO requirements for Configuration Management. Provide assurance on Configuration Management plan, governance, and execution.

Scope: PTASP compliance with FTA standards, Maintenance Requirements, State of Good Repair Assessments, Asset Inventory Completeness, and Technical Capacity.

Current Status: Testing/Fieldwork

Configuration Management Department is transitioning from an independent department in Operations to one under Fleet Management. The manager position will be filled soon.

Customer Communications – Service Interruptions

Objective: To evaluate GCRTA processes for responding to and communicating planned and unplanned service interruptions to customers.

Scope: Case studies of planned and unplanned service interruptions documenting GCRTA customer communications.

Current Status: Planning/Risk Assessment

They plan to use the recent Blue/Green Line shutdown starting August 20 to evaluate management controls for customer communications.

Physical Inventory – Parts

Objective: Provide assurance for management's physical inventory of parts, accounting until 12/31/22.

Scope: Management is counting 80% of inventory by value. Audit will observe management counts, reconcile records, evaluate controls, and conduct sample counts.

Update: Supply Chain had to pause the inventory due to staffing limitations. Counts will resume in Q3.

Current Status: Testing/Fieldwork

Inventory was completed in April for the Central Bus Maintenance Facility. Count and evaluation were reasonable compared to financial management records. A physical inventory is planned for Rail District.

Engineering Project Controls and Project Support

Objective: Identify the management controls in place to support project management for Engineering division projects. Develop a template of test procedures that can be used for evaluating construction project controls in future audits.

Scope: Engineering Project Management control environment. Sample Project: E 79th Street Red Line Reconstruction.

Current Status: Testing/Fieldwork

Transit Police Overtime and Compensatory Time

Objective: To provide assurance on the completeness, cutoff, and accuracy of Transit Police overtime and compensatory time. To evaluate management controls for authorizing, recording, processing, and paying overtime and compensatory time.

Scope: Overtime and Compensatory time earned from May 2021 – May 2023.

Current Status: Planning/Risk Assessment

This is a stand alone audit because comp time is an accrual that's unique to Transit Police.

Employee Hiring Practices

Objective: Recruitment audit to document and understand the current process, evaluate any bottlenecks, evaluate compliance with applicable laws and regulations, and learn how the candidates perceive the GCRTA during the process.

Scope: Consulting engagement to review efficacy of hiring process.

Current Status: Reporting

IA has undertaken additional value added work like flowcharts and data analysis to support HR implementation of their new application tracking software.

Paratransit – Supplemental Services

Objective: To provide assurance of contract compliance for our contracted paratransit services.

Scope: Current contract period. Vehicle maintenance, operator payroll, fare collection, vehicle cameras, and Drug & Alcohol program.

Current Status: Testing/Fieldwork

The subcontractors are Provide-a-Ride, GC Logistics and Senior Transportation Connection (STC). The contract period began June 1. They conducted secret shopper trips and site tours.

Heavy Rail - Motor Overhaul (Swiger Coil Systems)

Objective: Evaluate evolving HRV smoking motor issue.

Scope: Contract compliance with Swiger Motor overhaul contract, review of GCRTA Quality Assurance review process, and evaluation of third-party engineering services task order.

Update: Management continues to receive delivery of overhauled motors.
Current Status: Testing/Fieldwork

Overhaul of heavy rail traction motors back to their OEM specifications has mitigated the smoky motors. Seventy-five percent of the heavy rail traction motors have been received.

Railcar Vehicle Replacement Program

Objective: Provide ongoing contract compliance assurance on program management and procurement activities and to complete necessary Buy America reviews.

Scope: Internal Audit will evaluate contract compliance and management controls.

Update: Notice to Proceed issued June 26, 2023

Current Status: Manufacture

FTA – Post-Delivery Buy America Review – Paratransit Coaches

Objective: The federal grant application requires the GCRTA to conduct the pre-award and post-delivery audits for the purchase of rolling stock (49 CFR part 663 Pre-Award and Post-Delivery Audits of Rolling Stock Purchases and 49 CFR part 661 Buy America Requirements).

Scope: Buy America, Purchaser's Review, and Federal Motor Vehicle Safety Standard Review

Current Status: Planning/Risk Assessment

Twenty coaches are planned for delivery in the 3rd quarter.

FTA – Post-Delivery Buy America Review – CNG Coaches

Objective: The federal grant application requires the GCRTA to conduct the pre-award and post-delivery audits for the purchase of rolling stock (49 CFR part 663 Pre-Award and Post-Delivery Audits of Rolling Stock Purchases and 49 CFR part 661 Buy America Requirements).

Scope: Buy America, Purchaser's Review, and Federal Motor Vehicle Safety Standard Review

Current Status: Planning/Risk Assessment

Twenty coaches are planned for delivery in the 3rd quarter.

Accrued Time Reconciliation

Objective: Document processes involved in employee accrued balances, and development of a process for regular auditing.

Scope: Employee accrual rates and balances accrued and used since go-live of Kronos Workforce Development system

Current Status: Planning/Risk Assessment

Working on test development to share with management.

System Access Management

Objective: Evaluate controls in place for accessing critical Authority systems

Scope: Governance, Identity Management, Authentication, Authorization, Access Control, and Monitoring

Current Status: In planning and initialization phase. Developing annual audit program and schedule of systems

ADDITIONAL MIS/IT PROJECTS

- **CTDS** – kicked off with meetings with vendor. Vendor working on conceptual plan due at the end of September. Final plan due EOY
- **Transit Master** – ITS department working with vendor to move the system into the cloud for disaster recovery capabilities and system upgrade
- **Oracle (Q3)** – deadline pushed back due to integration issues
- **Ultramain (Q3)** – deadline pushed back due to integration issues
- **EZFare** – still being rolled out. Hardware to be installed on vehicles, stations and rail facilities and due for completion by EOY. Account based ticketing and fare capping soon to come
- **Applicant Tracking**
- **Learning Management** – tracking learning opportunities
- **Data Center Co-location** – disaster system recovery and backup
- **Point of Sale** – on hold until after Oracle is updated
- **Infrastructure Updates**

IT Council developed. Meets bimonthly. IT and MIS are recruiting for open positions. Core governance documents in development, Cyber Security training and assessments and three-year Strategic Plan.

CONTINUOUS AUDITING

A 7-step method utilizing a series of scripts to perform auditing activities on a more frequent basis to identify risks and exceptions for investigation by appropriate staff and management. Program started in 2017. Scripts are continually being updated and can be run quickly.

Purchasing Card

Objective: GCRTA P-Card program provides a mean for streamlining payment processes, allowing cardholders to procure certain goods and services in a timely manner.

Scope: Internal Audit developed a script to evaluate P-Card transactions for compliance with the GCRTA Procurement Card Policy.

Update: The script has been executed monthly and results shared with Accounting Management. New PCard administrator hired and introduced to our process.

They are doing documentation checks. Looking at purchases over \$500 and \$2,500. Checking whether sign offs are done and adding Amazon purchases to script.

Revenue Collection

Objective: To evaluate and provide assurance customer fares collected from fare collection systems are reconciled, posted to accounting records, and deposited to the bank.

Scope: Internal Audit developed a script to analyze data from fare collection systems and compared it to cash in transit, accounting, and bank records.

Update: Script has been executed monthly, and exceptions have been shared with Revenue Management. Each month had insignificant variance between systems and financial management records.

They will start to look at mobile app sales.

*Note: Cash collections include some immaterial differences between machine totals and amounts deposited, due to known system errors.

Payroll

Objective: To evaluate payroll data from the Authority's ERP system.

Scope: Internal Audit utilizes scripts to analyze payroll data from the Authority's ERP system.

Update: Script has been executed monthly. Exceptions have been shared with management for their feedback and supporting documentation.

Nepotism

Objective: To evaluate relationships of GCRTA employees for conflicts in the reporting structure

Scope: Utilize scripts to evaluate information in ERP system and self-reported relationships

Update: Process automation has been improved and frequency of execution will be increased. Script was run at the end of the second quarter, and will be shared with management

SPECIAL REQUESTS/EMEGING ISSUES

Internal Audit – Inspector General Duties

- Incompatible Employment – Hayden (Completed)
- Transit Police – Office of Professional Standards – Internal Affairs Process Review (In progress)

EXTERNAL AUDIT COORDINATION

- Fiscal Year 2022 Financial Statement Audit – State of Ohio Office of the Auditor
 - Final Report Issued – 7/18/2023
- Federal Transit Administration Triennial Review
 - Final Report Issued – 8/7/2023
- State of Ohio DOT Rail Safety Oversight Program

OTHER PROJECTS

Healthcare Claims Co-sourcing

- Annual healthcare expenses exceed approximately \$32 million
- We will reengage our audit software provider to update our claims auditing system to evaluate healthcare claims for compliance with plan design
- Scope will include previous two years of claims

This is an audit of previous third-party administrator Medical Mutual and current third-party administrator Anthem. They will be working with a healthcare audit consultant on this project.

OTHER PROJECTS

- Fraud Hotline
- Information Technology Council
- Change Order Review Committee
- Railcar Replacement Steering Committee
- Maintenance Management System Upgrade (Ultramain)
- Oracle Upgrade Steering Committee
- Executive Records Management Committee

STAFF TRAINING

Internal Audit Department staff received the following training during the Second Quarter 2023:

- Fraud Mystery Day (NEO IIA)
- Chief Audit Executive Roundtable (NEO IIA)
- New Auditor Training (NEO IIA)
- Rail Rule Book Refresher Training (GCRTA)
- IIA Revised Professional Standards Training (IIA)
- Reasonable Suspicion (GCRTA)

The meeting was adjourned at 10:52 a.m.

Rajan D. Gautam
Secretary/Treasurer

Theresa A. Burrage
Executive Assistant