

GREATER CLEVELAND
REGIONAL TRANSIT
AUTHORITY

INTERNAL AUDIT
QUARTERLY REPORT
First Quarter - 2025

May, 2025

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTION	2
2025 INTERNAL AUDIT PLAN	3-5
COMPLETED PROJECTS	6-9
VEHICLE REPLACEMENT AUDITS	10
CONTINUOUS AUDITING	11-15
RAILCAR REPLACEMENT PROGRAM	16-23
PROJECTS IN PROGRESS	24-32
SPECIAL REQUESTS AND EMERGING ISSUES	33-34
EXTERNAL AUDIT COORDINATION	35
STATUS OF OUTSTANDING FOLLOW-UP	36
OTHER PROJECTS	37-38
STAFF TRAINING	39
STAFF PROFILES	40

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

INTRODUCTION

Presented herein and in accordance with Board Policy is the report of the Internal Audit Department activities for the First Quarter 2025. 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.

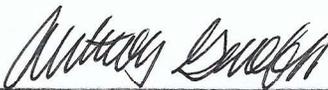
The purpose of the Greater Cleveland Regional Transit Authority's Internal Audit Department is to provide independent, objective assurance and advisory services designed to add value and improve GCRTA's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit Department helps GCRTA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

We will respond to requests for assurance and advisory services in a timely manner. Please contact me at (216) 356-3106 to service your requests.

The Internal Audit Department functions as the inspector general for the GCRTA. The mission of the inspector general is to detect and deter waste, fraud, abuse, and misconduct in GCRTA programs and personnel, and to promote economy and efficiency in those programs. These responsibilities include initiating and conducting inspections and investigations of GCRTA operations and activities. Also, forward to the appropriate authorities any evidence of criminal wrongdoing that is discovered because of any inspection or investigation.

The Greater Cleveland Regional Transit Authority does not tolerate fraud, waste, abuse, theft, or ethical violations. If you are aware of any such activity occurring against or within the GCRTA, please contact the GCRTA Fraud/Waste/Abuse/Ethics Hotline at (216) 350-5130 or <http://www.riderta.com/fraudhotline>

"The GCRTA Internal Audit Department conforms with the International Standards for the Professional Practice of Internal Auditing."

 5/20/2025

Anthony A. Garofoli
Executive Director of Internal Audit

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

2025 INTERNAL AUDIT PLAN

Project

Project	Budgeted Hours	Audit Theme
<u>Advisory Projects</u>		
Change Order Committee	40	Financial Health
Customer Information	80	Customer Experience
Data Analytics	40	Financial Health
Fraud Risk Assessment	80	Financial Health
FTA Pre-Triennial	100	Financial Health
Global Internal Audit Standards Implementation	80	Employee Investment
Insurance Application Support	40	Financial Health
Real Property Identification	40	Financial Health
<u>Internal Audits</u>		
Accident Review Committee Rating and Prioritization	80	Employee Investment
Accounts Payable	150	Financial Health
ADA Certification Process	160	Customer Experience
ADA Stop Announcements	150	Customer Experience
Bus Field Supervision Follow-up	40	Employee Investment
Capital Planning Funding Process Development	100	Financial Health
CSU U-Pass Closeout	40	Financial Health
Customer Communication - Service Interruptions Follow-Up	80	Customer Experience
Customer Complaints	150	Customer Experience
Electronic Funds Transfer Follow-up	40	Financial Health
Exit Interview Process	150	Employee Investment
Fare Capping	200	Customer Experience
Fare Collection	250	Financial Health
Federal Grant Funding Compliance Review	40	Financial Health
Fuel Expense - CNG and Propulsion	60	Financial Health
GCRTA Board Stipends and General Manager Salary	40	Financial Health
Healthcare Claims Expense	40	Financial Health
In-Service Vehicle Failures	100	Customer Experience
Miscellaneous Receipts Process	200	Financial Health
Nepotism Self-Disclosure File Audit	20	Employee Investment
On-Time Performance	150	Customer Experience
Operator Training Program	200	Employee Investment
Physical Inventory	200	Configuration Management
Power & Way - Asset & Configuration Management	250	Configuration Management
Predictive Maintenance Program	250	Configuration Management
PTASP - AP 016 Safety Review Policy and Procedures	80	Configuration Management
Purchasing Card Process	150	Financial Health
Student Operator Overtime	100	Employee Investment
Succession Planning	200	Employee Investment
Third-Party Risk Assessment	100	Financial Health
Transit Ambassadors	40	Customer Experience
Travel Reimbursement	150	Financial Health
Work Order Management	200	Configuration Management
Workers' Compensation and Claims Process	40	Financial Health

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

2025 INTERNAL AUDIT PLAN

Project

Project	Budgeted Hours	Audit Theme
<u>Railcar Replacement</u>		
Brookpark Maintenance Shop & Yard Construction	100	Community Impact
Buy America - Locomotive Replacement	60	Community Impact
Buy America - Owner Furnished Equipment	40	Community Impact
Buy America - Railcar Option	40	Community Impact
Railcar Infrastructure Modifications	80	Community Impact
Railcar Port Connection Construction	80	Community Impact
Railcar Replacement Contract – Siemens	150	Community Impact
<u>Information Technology Audits</u>		
Accrued Leave	200	IT Governance
Applicant Tracking System Implementation	100	Employee Investment
Artificial Intelligence Policy	40	IT Governance
Change and Patch Management	200	IT Governance
CISA External Dependencies Management Assessment	40	IT Governance
Consolidated Train Dispatch System Replacement	100	Community Impact
Cybersecurity	40	IT Governance
Disaster Recovery	120	IT Governance
Hastus Operator Performance Module	80	Employee Investment
IT Equipment Inventory	80	IT Governance
IT Governance	80	IT Governance
Maintenance Management System Upgrade	100	Configuration Management
Pass Upgrade/Mobility App	120	Community Impact
Role-Based Access Control	200	IT Governance
Salary Non-Exempt Compensatory Time	20	Financial Health
Third-Party System and Organization Controls (SOC)	80	IT Governance
Windows 11 Upgrade	40	IT Governance
<u>Continuous Audit</u>		
Continuous Audit Dashboard Development	250	Financial Health
Dependent Benefit Eligibility Script Development	100	Financial Health
Fuel Expense Script Development	130	Financial Health
Mobile Ticketing Script Development	500	Financial Health
Nepotism Script	50	Employee Investment
Paratransit Script	20	Financial Health
Payroll Script	50	Financial Health
Purchasing Script	50	Financial Health
Revenue Script	50	Financial Health
<u>External Audits</u>		
Financial Audit Support	40	Financial Health
FTA Project Management Oversight	40	Community Impact
System Security Plan	40	Financial Health

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

2025 INTERNAL AUDIT PLAN

Project	Budgeted Hours	Audit Theme
<u>Contract Audits</u>		
12D Trunk Line Signal System Construction	100	Community Impact
52N East Portal Construction	100	Community Impact
60E E.120th Substation Construction	100	Community Impact
Buy America - Articulated Coach Replacement	40	Community Impact
Buy America - CNG Coach Replacement	80	Community Impact
Buy America - Paratransit Vehicle Replacement	40	Community Impact
Common Area Maintenance Expense Review	150	Financial Health
Landscaping Contracts	100	Community Impact
 Special Requests & Emerging Issues	 2000	

Success Outcomes and Audit Themes:

GCRTA management developed four success outcomes with performance metrics to achieve the long term strategic vision and action plan to guide everyday decision-making.

- I. ***Customer Experience***
- II. ***Community Impact***
- III. ***Financial Health***
- IV. ***Employee Investment***

In addition to these four success outcomes, the Internal Audit Department identified two additional agency priorities and high-risk areas to guide our audit plan development.

- V. ***IT Governance***
- VI. ***Configuration Management***

These six topics represent the six audit themes we prioritized for our 2025 annual audit plan. Our plan is designed to support management to achieve the business objectives through risk-based assurance audits and advisory engagements.

“The chief audit executive must create an internal audit plan that supports the achievement of the organization’s objectives” – Global Internal Audit Standards – Section 9.4 Internal Audit Plan

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

COMPLETED PROJECTS

GCRTA Travel Expense & Reimbursements

Purpose:

Per Chapter 656.03 of the Codified Rules and Regulations of the GCRTA - Travel Policies and Procedures: "Travel expenses will be subject to a final compliance review by the Internal Audit Department."

Scope:

Internal Audit reviewed all the Board of Trustee and employee Travel Reports and Reimbursement Requests for the period January 1, 2025 through March 31, 2025 prior to cash disbursement. The review included tests for allowability, reasonableness, and timeliness.

Audit Theme: Employee Investment

Results:

Internal Audit reviewed all the Travel Reports and Reimbursement Requests during the period. Any exceptions to the Codified Rules and Regulations and Administrative Procedure 024 - Travel Policy were returned to management for correction prior to final approval and cash disbursement.

Issues for Board Consideration: None

Tower City – Customer Service Center

Purpose:

Perform a 100% count of all cash and farecards within the Customer Service Center. Update the 2023 fare card sales analysis.

Scope:

Vault and teller drawer contents on 1/23/2025. Updated fare card order analysis with 2024 data.

Audit Theme: Financial Health

Results: Satisfactory

Management controls are in place and working effectively.

Issues for Board Consideration: None

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

COMPLETED PROJECTS

Transit Ambassador Program

Purpose:

To provide assurance over the Transit Ambassador program, including that resources are deployed strategically, processes and procedures are in place, and stated program objectives are achieved.

Scope:

Transit Ambassador duties, training, and data entries made from July 2023 through June 2024.

Audit Theme: Customer Experience

Results:

Marginally unsatisfactory, with recommendations for management.

Management Successful Practices:

- Schedules and deployment of resources are well defined
- System for referrals is effective for addressing issues identified in the field
- Active tracking of ambassador observations

Recommendations:

- Improvements to training programs
- Enforcement of ambassador compliance with data entry requirements
- Improvements to customer interaction processes to improve quantity, quality, and measurement of success

Issues for Board Consideration: None

Transit Police - Body Worn Cameras

Purpose:

To evaluate the use, administration, and impact of Body Worn Cameras in Transit Police operations.

Scope:

Body Worn Camera policies, training programs, storage/retention, and review processes.

Audit Theme: Community Impact and Employee Investment

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

COMPLETED PROJECTS

Results:

Marginally unsatisfactory, with recommendations for management.

Management Successful Practices:

- Overall, well defined and organized processes and procedures governing body cameras
- Implementation of Body Worn Cameras build trust from the community and provide accountability and support for our officers

Recommendations:

- Enhancements for policy based on the Commission on Accreditation for Law Enforcement Agencies (CALEA) standards and peer-agency best practices
- Develop standardized methodology for supervisory footage review to ensure random sampling outcomes
- Correct records retention implementation for Evidence Library
- Review user access assignments
- Improve training materials, record keeping, and implementation of refresher training
- Investigate unwieldy footage redaction software for alternate solutions

Issues for Board Consideration: None

Rail Cleanliness

Purpose:

To document GCRTA processes for cleaning rail vehicles and rail station facilities

Scope:

Rail vehicles and passenger facilities. Activities in 2023 and 2024.

Audit Theme: Customer Experience

Results:

Unsatisfactory, with recommendations for management.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

COMPLETED PROJECTS

Management Successful Practices:

- As a result of our audit, Transit Police performed a Safety Risk Assessment to assess safety risk for front-line janitorial staff
- The Windermere Station clean team fills a valuable niche in keeping trains clean while in service
- The Railcar vinyl seat replacement program has improved customer experience and perception of cleanliness

Recommendations:

- Coordinate Transit Police and frontline staff at stations to mitigate safety risk and support operational objectives
- Perform a Safety Risk Assessment for frontline staff
- Implement and update standard operating procedures for new and changed cleaning processes for vehicles
- Enhancements to passenger facility cleaning strategy including:
 - Improving inventory processes, including improved Personal Protective Equipment (PPE)
 - Right-sizing schedules and task lists
 - Improving record keeping of completed work
 - Creating a dedicated trouble call team
 - Hiring more staff

Issues for Board Consideration: None

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

VEHICLE REPLACEMENT AUDITS

Vehicle Replacement Audits

As a condition of receiving Federal Transit Administration (FTA) funding for the procurement of rolling stock (such as buses or rail vehicles), grant recipients are required to ensure compliance with the Buy America provisions set forth in 49 U.S.C. § 5323(j) and 49 CFR Part 661 and 663.

Pre-Award Audit:

A Pre-Award Buy America Audit must occur before a contract is executed with the selected vehicle manufacturer. The primary objective of the Pre-Award Buy America Audit is to verify the proposed vehicle complies with federal domestic content and final assembly requirements. Specifically, for contracts signed after October 1, 2019, the rolling stock must have a minimum of 70% domestic content, and the final assembly of the vehicle must take place in the United States.

Post-Delivery Audit:

A Post-Delivery audit must be completed prior to final acceptance and payment and is an essential compliance checkpoint to ensure the vehicles delivered meet all federal Buy America requirements.

The purpose of the Post-Delivery Audit is to verify the manufacturer fulfilled its contractual and legal obligations related to domestic content and final assembly.

Manufacturer	Vehicle Type	Location	Type	Audit Status
Geismar	(1) Line Car	Beaufort, SC	Pre-Award	Complete
Geismar	(1) Locomotive	Beaufort, SC	Post-Delivery	In-progress
Gillig	(40) CNG Coaches	Livermore, CA	Pre-Award	Complete
New Flyer	(6) Articulated BRT	St Cloud, MN	Pre-Award	In-progress
Siemens	(18) High-floor LRV	Sacramento, CA	Pre-Award	Complete
Endera	(17) Paratransit Coaches	Lima, OH	Pre-Award	Complete
Siemens	(12) High-floor LRV	Sacramento, CA	Pre-Award	To be scheduled

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

CONTINUOUS AUDITING

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

Customer Fare Collections

Purpose:

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

Scope:

Internal Audit Staff developed a continuous audit test, utilizing audit software, to query the fare collections systems data to reconcile with cash counts, GCRTA accounting records and third-party bank deposits. The audit script is executed daily. Any exceptions are noted for investigation with appropriate management.

Results:

We executed the audit script monthly during the First Quarter 2025. 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 18% 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.

Issues for Board Consideration: None

Procurement Card (P-Cards)

Purpose:

The GCRTA launched a P-Card Program many 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.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

CONTINUOUS AUDITING

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.

Results:

Internal Audit executed the script monthly during the First Quarter 2025. All results were shared with management.

We will continue to provide the PCard administrator with monthly audit reports designed to target risk areas and anomalies. This will enable the administrator to evaluate compliance with the PCard Policies and Procedures. We will provide additional audit or investigative services as needed.

Issues for Board Consideration: None

Payroll

Purpose:

Payroll (Labor) is typically the highest line-item expense on the operating financial statement. Internal Audit will execute a computerized audit script, combining human resources and payroll transaction data, to detect scenarios that may indicate fraud, waste, and abuse.

Scope:

Internal Audit developed a continuous auditing script to evaluate each of the bi-weekly payrolls (bargaining and non-bargaining payroll runs). The script is designed to identify terminated employees, excessive overtime, unusual changes in salary/rates, excessive work hours, unusual deductions, lump sum payouts, and other anomalies.

Results:

Internal Audit executed the script monthly during the First Quarter 2025. All results were shared with management.

We will continue to provide management with monthly audit reports designed to target risk areas and anomalies. This will enable management to evaluate payroll expenses. We will provide additional audit or investigative services as needed.

Issues for Board Consideration: None

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

CONTINUOUS AUDITING

Nepotism

Purpose:

The GCRTA Code of Ethics provides a 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 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...”

Results:

Internal Audit executed the script monthly during the First Quarter 2025. All results were shared with management.

Issues for Board Consideration: None

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.

Results:

Internal Audit executed the script during the First Quarter 2025. All results were shared with management.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

CONTINUOUS AUDITING

The script identified data matches between the Paratransit System customer database and death records posted to the State of Ohio – Department Health – vital statistics database. Management will deactivate these customer accounts.

Issues for Board Consideration: None

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:

The script is in the development phase.

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:

The script is in the development phase.

Fuel Expense

Purpose

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

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

CONTINUOUS AUDITING

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:

The script is in the development phase.

Compensatory Time

Purpose:

Reconcile employee compensatory hours and earnings across timekeeping and payroll systems

Scope:

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

Mobile Ticketing

Purpose:

Reconcile mobile fares collected to mobile fare contract

Scope:

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

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

RAILCAR REPLACEMENT PROGRAM

Railcar Replacement Contract

Purpose:

In April 2023, the Board of Trustees authorized Contract No. 2021-125 with Siemens Mobility, Inc. for the design, manufacture, and delivery of up to twenty-four **(24)** high floor light rail vehicles, spare parts, tooling, and training in an amount not to exceed \$163,920,115.00.

The base contract Notice to Proceed was issued on June 26, 2023. The contract includes options to purchase 36 additional railcars.

In November 2023, the Board of Trustees authorized the exercise of an option under Contract No. 2021-125 with Siemens Mobility, Inc. for the purchase and delivery of up to six **(6)** High Floor Light Rail Vehicles at a unit price of \$5,166,336.00, for an amount not to exceed \$30,998,016.00.

In November 2024, the Board of Trustees authorized the exercise of an option under Contract No. 2021-125 with Siemens Mobility, Inc. for the purchase and delivery of up to eighteen **(18)** High Floor Light Rail Vehicles at the contractual base price of \$5,166,336.00 plus an inflationary price increase calculated at the time of final assembly based on the producer price index for transportation equipment and a labor index published monthly by the United States Department of Labor Bureau of Labor Statistics

Internal Audit will provide ongoing contract compliance assurance on program management and procurement activities and will complete the required Buy America audits.

Scope:

Internal Audit will evaluate contract compliance and management controls.

Per request from the GCRTA Audit Committee, Internal Audit will provide an update on change orders to the contract on a quarterly basis.

Update:

Welding on the railcar frame girders started at the final assembly plant in Sacramento, California. Management engaged design consultants for infrastructure modifications.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

RAILCAR REPLACEMENT PROGRAM

System/Topic	Group	PDR submittal	Estimated PDR Meeting Date (week of)	FDR Submittal	Estimated FDR Meeting Date (week of)
HVAC, Lighting, APC, Train Control/MDS	1	3/1/2024	4/1/2024	5/30/2024	7/1/2024
Propulsion/MC/Drives/HSCB/BR, Aux Elec/Panto/Battery, Warning devices + RWP	2	3/18/2024	4/15/2024	6/16/2024	7/15/2024
Carshell/Articulation, Trucks, Brakes/Sanding/Leveling, Doors/trap doors/gap fillers	3	4/12/2024	5/13/2024	7/10/2024	8/12/2024
Event Recorder, Comm/PIS/CCTV/Radio, ATC	4	4/29/2024	5/27/2024	7/28/2024	8/26/2024
Interior/Seats, Ext/UF/Roof, Cab, Couplers	5	5/13/2024	6/10/2024	8/12/2024	9/9/2024

February 28, 2025, project management returned the FINAL, Final Design package (Communications System FDR) to Siemens Approved As Submitted, officially ending the design process.

Change Orders:

No change orders during the First Quarter 2025.

(See Change Order Chart on Next Page)

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

RAILCAR REPLACEMENT PROGRAM

CHANGE ORDER No. 5 LOG

CONTRACT NO. 2021-125

**TECHNICAL SPECIFICATION, PROGRA MANAGEMENT AND ENGINEERING SERVICES FOR
RED LINE HRV REPLACEMENT**

Contract #2021-125

Contractor: Siemens Mobility Inc.

Original Contract Amount \$163,920,115.00

Total G.M./C.E.O. Authority Remaining \$ 5,828,281.79

Total Change Order Amount To Date \$144,469,735.00

<i>ITEM NO.</i>	<i>NOTE No.</i>	<i>APPROVAL DATE</i>	<i>CHANGE ORDER AMOUNT</i>	<i>APPROVAL AUTHORITY</i>	<i>NEW CONTRACT AMOUNT</i>
1	1	11-28-23	\$30,998,016	BOT	\$194,918,131.00
2	2	12-5-23	\$510,888	\$5,989,112.00	\$195,429,019.00
3	3	12-6-23	\$0.00	\$5,989,112.00	\$195,429,019.00
4	4	3-29-24	\$108,916.54	\$5,880,195.46	\$195,537,935.54
5	5	8-6-24	\$51,913.67	\$5,828,281.89	\$195,589,849.21
6	6	12-16-24	\$112,800,000.79	BOT	\$308,389,850.00

NOTES/CHANGE ORDER DESCRIPTION:

- CO No. 1 – Exercise 6 Vehicle Options
- CO No. 2 – 4 Additional Couplers
- CO No. 3 – Modification of SP-20B
- CO No. 4 – Smoke Detectors
- CO No. 5 – Additional Wheel Profiles
- CO No. 6 – 18 Option Vehicle, Spare Parts and Tools

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

RAILCAR REPLACEMENT PROGRAM

GCRTA Financial Management System

RTA Set of Books:

Purchase Order – Railcar Replacement

- Purchase Order Line Items – totaling **\$308,389,849.21**. (per board approval)
- **\$83,237,817.90** paid (as of 5/1/2025)
- **27%** of contract amount plus change orders is paid.

OTHER RAILCAR REPLACEMENT PROGRAM CONTRACTS:

Contract	Contract Amt	Expenditures	Change Orders
Hatch Engineering Consulting	\$5,936,923.21	\$3,035,816.62	2
K&J Safety and Security Consulting	\$517,024.02	\$244,407.37	2
Port Connection (Design)	\$78,130.00	\$77,739.78	0
Port Connection (Construction)	\$890,714.37	\$194,518.87	1
Brookpark Yard and Track (Design)	\$80,250.00	\$45,580.00	1
Brookpark Yard and Track (Construction)	\$2,589,826.00	\$0.00	0
Brookpark Interior Mods (Design)	\$283,739.00	\$214,865.00	0
Brookpark Interior Mods (Construction)	\$2,893,100.00	\$0.00	0
Central Rail Maintenance Mods (Design)	\$472,484.95	\$142,312.69	0
Central Rail Maintenance Mods	Pending Design	N/A	N/A

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

RAILCAR REPLACEMENT PROGRAM

(Construction)			
Electronics Lab	\$27,921.89	\$27,921.89	1
Red Line Platform Mods (Design)	\$861,676.92	\$0.00	0
Red Line Platform Mods (Construction)	Pending Design	N/A	N/A
Light Rail Platform Mods (Design)	RFP in Development	N/A	N/A
Light Rail Platform Mods (Construction)	Pending Design	N/A	N/A

Internal Audit will provide ongoing contract compliance assurance on program management and procurement activities and will complete the required Buy America audits.

Port of Cleveland Track Connector

Purpose:

The Board of Trustees authorized Contract No. 2024-002 with Kennedy Railroad Services, LLC for Project No. 66B - Port of Cleveland Connector Track in an amount not to exceed \$883,443.00.

Scope:

Internal Audit will evaluate the project management controls for the track connector project, and contract compliance.

Railcar Infrastructure Modification Designs

Purpose:

GCRTA is currently procuring new railcars from Siemens to replace its existing fleet. GCRTA must complete a series of modifications to its existing infrastructure to support

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

RAILCAR REPLACEMENT PROGRAM

the delivery, commissioning, and operation of the new railcars. These infrastructure modifications include:

- 66B Port of Cleveland Connector Track
- 66C Brookpark Shop and Yard Tracks
- 66C2 Brookpark Rail Shop Modifications
- 66D CRMF New Railcar Modifications
- 66D2 CRMF Electronics Lab Remodeling
- 66E1 Red Line Station Platform Modifications
- 66E2 Light Rail Station Platform and Mini-High Modifications

Scope:

To evaluate project and contract management controls for railcar infrastructure modification designs.

Brookpark Rail Shop Modifications

Purpose:

The Board of Trustees authorized Contract No. 2024-205 with Standard Contracting & Engineering, Inc. for Brookpark Rail Shop modifications in an amount not to exceed \$2,893,100.00

Scope:

Internal Audit will evaluate the project management controls for the Brookpark Rail Shop modifications project, and contract compliance.

Brookpark Yard Tracks Improvements

The Board of Trustees authorized Contract No. 2024-195 with Railworks Track Services, LLC for Brookpark Yard Tracks improvements in an amount not to exceed \$2,589,826.00.

Scope:

Internal Audit will evaluate the project management controls for the Brookpark Yard Tracks improvement project, and contract compliance.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

RAILCAR REPLACEMENT PROGRAM

**Federal Transit Administration – Project Management Oversight – Buy America
(Content Monitoring)**

Purpose:

U.S. DOT Federal Transit Administration Project Management Oversight monitors the management of FTA-supported major capital projects to determine whether the projects:

- are on time,
- within budget,
- in conformance with design and quality criteria,
- in compliance with all applicable Federal requirements, and
- constructed to approved plans and specifications, delivering the identified benefits, and safely, efficiently, and effectively.

The FTA engaged a third-party contractor (LS Gallegos Inc. and Steve Policar, LLC) to conduct a Buy America Review of the GCRTA Internal Audit activities. The contractor utilized Oversight Procedure 36 - Buy America Compliance Review. The instructions in this OP are subordinate to the regulations in 49 CFR 661 - Buy America Requirements and 49 CFR 663 - Pre-Award and Post-Delivery Audits of Rolling Stock Purchases.

Scope:

- Internal Audit will conduct a Pre-Award Buy America Review prior to the NTP for each contract option.
- Internal Audit will conduct an intermediate Buy America Review, when applicable. This is based on manufacturer supplied reporting.
- Internal Audit will conduct a Post-Delivery Buy America Review prior to accepting title to railcars or placing the railcars into revenue service.
- Internal Audit will conduct Post-Delivery Domestic Content Monitoring throughout the duration of the contract.
- Internal Audit will review and evaluate Resident Inspector Reports in accordance with 49 CFR §663.37.(a).

**Federal Transit Administration – Project Management Oversight – Project
Management Review**

Purpose:

U.S. DOT Federal Transit Administration Project Management Oversight monitors the management of FTA-supported major capital projects to determine whether the projects are:

- on time,
- within budget,
- in conformance with design and quality criteria,
- in compliance with all applicable Federal requirements, and

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

RAILCAR REPLACEMENT PROGRAM

- constructed to approved plans and specifications, delivering the identified benefits, and safely, efficiently, and effectively.

Scope:

The FTA engaged a third-party contractor (LS Gallegos, Inc.) to conduct a Project Management Review, including:

- Monthly Check-in Meetings
- FTA Project Management Oversight Procedures

The contractor will utilize U.S. DOT Federal Transit Administration TPM-20 Office of Capital Project Management Project Management Oversight Procedure 20 - Project Management Plan Review.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

PROJECTS IN PROGRESS

(Audit Planning Phase):

Account Based Ticketing – Fare Capping

Purpose:

Account-based ticketing is a system that allows passengers to use their personal accounts to access and pay for public transportation services, rather than relying on traditional paper tickets, magnetic stripe cards, or smartcards. This system leverages digital technology to simplify the ticketing process by associating a passenger's travel activity with an account that stores their fare balance, trip history, and payment details.

Scope:

To be determined.

Accounts Payable

Purpose:

To provide assurance over GCRTAs' accounts payable controls, including segregation of duties, payment supporting documentation, timely payments, three-way match, and payment reconciliation.

Scope:

To be determined.

Applicant Tracking System Implementation

Purpose:

To provide assurance on the implementation of the Applicant Tracking System.

Scope:

Internal Audit will evaluate the candidate hiring experience into existing workflows.

Cleveland State University – U-Pass

Purpose:

The U-Pass allows current CSU students (both graduate and undergraduate) to enjoy unlimited rides on GCRTA's rail and bus lines during any given semester.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

PROJECTS IN PROGRESS

Scope:

Evaluate contract compliance with items and conditions of the agreement.

Customer Complaints

Purpose:

To provide assurance over the customer complaints process, including sources of complaints, assigning responsible parties, complaint resolution, tracking/reporting, and follow-up.

Scope:

To be determined.

Fare Collection

Purpose:

To provide assurance over the fare collection process, including front-line staff training, customer-facing information, equipment and processes for purchasing and validating fares, and controls to mitigate fare evasion.

Scope:

To be determined.

HASTUS Performance Module

Purpose:

To ensure the proper configuration and implementation of absence tracking and follow-up in the Employee Performance Management module in Hastus.

Scope:

To be determined.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

PROJECTS IN PROGRESS

Healthcare Claims Expense

Purpose:

GCRTA provides a comprehensive benefits package, including medical, hospitalization, pharmacy, dental, and vision coverage, and it's self-insured. Internal Audit conduct a third-party claims expense audit to ensure that claims made by healthcare providers are accurate and in line with the terms of the respective benefit plans and contracts.

Scope:

Accuracy of Claims: Ensuring the claims submitted by third-party providers (such as hospitals, pharmacies, and doctors) are accurate and in compliance with the contract terms.

Cost Efficiency: Verifying that expenses are reasonable, and there are no inflated or unnecessary charges, and the benefits provided align with the costs incurred.

Period: Claims expense for the period January 1, 2023 through December 31, 2024.

In-Service Vehicle Failures

Purpose:

To provide assurance over the process of responding to in-service mechanical failures, including passenger communications, Service Quality response, mobile mechanic response, and towing contract response.

Scope:

To be determined.

Parts Inventory

Purpose:

Ensure the GCRTA's parts inventory management system is accurate, efficient, and in compliance with financial and operational standards. Evaluate the GCRTA management controls to ensure the accurate count and valuation of parts inventory.

Scope:

Central Bus Maintenance, Central Rail Maintenance and District Inventory Stores locations.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

PROJECTS IN PROGRESS

Records Retention

Purpose:

GCRTA maintains a public records management program in accordance with State of Ohio law and GCRTA policy.

Scope:

We will conduct spot audits across all GCRTA departments to evaluate compliance with applicable laws and policy.

Public Transit Agency Safety Plan – GCRTA Administrative Procedure 016 – Safety Review Policy and Procedures

Purpose:

To assess GCRTA compliance with Administrative Procedure 016 – Safety Review Policy and review Safety Department processes for completing and documenting safety reviews.

Scope:

To be determined.

Work Order Management

Purpose:

GCRTA management utilize work orders to keep track of all tasks that need to be performed on a vehicle or equipment. They create an audit trail of work performed, including what parts were used, what services were provided, and other relevant details.

Scope:

Internal Audit will conduct a comprehensive review of the processes and systems used to manage work orders within the Authority:

- Standard process for initiating, submitting, working on, and verifying.
- System Integration, including inventory management and scheduling maintenance.
- Accuracy and tracking
- Performance reporting and change management

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

PROJECTS IN PROGRESS

(Audit Fieldwork Phase):

Accrued Leave Reconciliation

Purpose:

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 the Time & Attendance System.

Board Stipend and General Manager/CEO Salary

Purpose:

To provide assurance that compensation and benefits are paid in compliance with applicable laws, policies, and employment agreements.

Scope:

September 19, 2019 through a current period.

Change and Patch Management Controls

Purpose:

The purpose of this audit is to evaluate Information Technology Governance, software and application security, and software and application functionality.

Security: Patch management fixes vulnerabilities in our software and applications that are susceptible to cyber-attacks, helping the GCRTA reduce its security risk.

System Uptime: Patch management ensures our software and applications are kept up to date and run smoothly, supporting the system uptime.

Scope:

Internal Audit will review and evaluate IT Governance controls in place. We will also perform tests of change and patch management controls.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

PROJECTS IN PROGRESS

Consolidated Train Dispatch System Replacement

Purpose:

The GCRTA's CTDS allows multiple dispatchers to control and manage train operations from a centralized location rather than having each dispatcher operate independently within specific regions. The system provides real-time tracking of all trains, including location, speed, and status, helping dispatchers monitor and manage train traffic effectively.

GCRTA is replacing the CTDS.

Scope:

Internal Audit published a report with recommendations for management to consider within the replacement CTDS. Internal Audit will conduct a follow-up audit to monitor these recommendations.

Fraud Risk Assessment

Purpose:

A fraud risk assessment is a systematic process aimed at identifying, analyzing, and mitigating potential risks of fraud within the GCRTA.

Scope:

This assessment considers both internal and external fraud risks, such as embezzlement, misappropriation of assets, and theft of proprietary information.

GCRTA iStore

Purpose:

Customers purchase tickets from an online portal provided by the GCRTA for public transportation services.

Scope:

Internal Audit will conduct functional testing of the application and workflow after the system upgrade to restore the feature.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

PROJECTS IN PROGRESS

Maintenance/Management System Upgrade

Purpose:

To provide assurance over the Maintenance-Management System upgrade, validating that end user system requirements are implemented, system interfaces are operational, reporting is reliable, and identity and access management is appropriately configured.

Scope:

To be determined upon completion of risk assessment.

Paratransit Certification

Purpose:

The Federal Transit Administration (FTA) regulates paratransit services under the Americans with Disabilities Act (ADA), which mandates that public transportation providers offer complementary paratransit services to individuals with disabilities who cannot use regular fixed-route transit services.

Individuals must meet specific eligibility criteria to qualify for paratransit services. This may include people who cannot use the fixed-route services due to physical, cognitive, or mental disabilities.

Scope:

Provide assurance on the GCRTA certification process, including compliance with regulations, and evaluation of GCRTA process efficacy.

System Access Management

Purpose:

Evaluate controls in place for accessing critical Authority systems.

Scope:

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

(Audit Reporting Phase):

Fiber Optic Line Replacement - Red Line Construction

Purpose:

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

PROJECTS IN PROGRESS

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.

Update:

We noted this construction project experienced delays with long lead-time supplies and some conflicts between supporting design firms.

Fuel Expense

Purpose:

Evaluation of contract compliance, and to obtain background information, including expenditure trends, documentation of the workflow processes, invoice payments, and access controls.

Scope:

Compressed Natural Gas and Propulsion Power (Electricity).

Institute of Internal Auditors – Global Internal Audit Standards

Purpose:

In 2024, the IIA released the Global Internal Audit Standards, replacing the 2017 Standards. The new standards are effective January 9, 2025.

Scope:

GCRTA Internal Audit is planning to adopt the standards early, utilizing the best practice models and implementation guidance published by the Institute of Internal Audit.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

PROJECTS IN PROGRESS

On-Time Performance

Purpose:

On-time performance is a crucial metric in public transit systems. It refers to how reliably transit services adhere to their published schedules.

- Passenger satisfaction
- Efficiency - Accurate schedules help optimize the use of resources
- Service Quality
- Safety - Maintaining a predictable schedule can improve safety

Scope:

Internal Audit will evaluate how well transit services adhere to their published schedules:

- Schedule Adherence
- Data Accuracy
- Performance Goals
- Customer Feedback

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

SPECIAL REQUESTS AND EMERGING ISSUES

Diverted Vendor Payment

Purpose:

The GCRTA was subject to a spear phishing cybercrime where a vendor payment was diverted to a cybercriminal.

Scope:

GCRTA continues to support law enforcement agencies and GCRTA Risk Management to investigate the crime and file insurance claims.

Update:

Field work is complete. Internal Audit will release the final report after sharing the results with management for management response.

Salary Non-Bargaining Exempt (SNE) Comp Time

Purpose:

The Human Resources – Senior Director of Labor and Employee Relations requested an audit timekeeping system accounts for salary non-bargaining exempt employees. Human Resources identified where department supervisors mis-entered time codes, affecting accrued time and pay.

Scope:

Internal Audit will reconcile all salary non-bargaining exempt employee accounts for the period January 2021 through October 2023. We will evaluate compliance with applicable Personnel Policy and Procedures.

Update:

Field work is complete. Internal Audit will release the final report after sharing the results with management for management response.

Student Operator Overtime

Purpose:

Internal Audit received a tip concerning the processing of overtime compensation for student operators.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

SPECIAL REQUESTS AND EMERGING ISSUES

Scope:

Internal Audit will review the workflow, records, and earnings paid to student operators.

West 117th Rapid Station Change Directive

Purpose:

Internal Audit received a request from a Procurement Contract Program Manager to audit the contractor's home office expenses related to contract change directive.

Scope:

Internal Audit will include the costs and supporting documentation for the change directive invoices.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

EXTERNAL AUDIT COORDINATION

IIA Global Audit Standards

Standard 9.5 Coordination and Reliance – The chief audit executive must coordinate with internal and external providers of assurance services and consider reliance on their work.

The following Federal and State Agencies performed audits and reviews of the Authority's policies and records during the Fourth Quarter 2024:

State of Ohio – Office of the Auditor .

- The State Auditor and management are engaged in the Financial and Single Audit of the period ending December 31, 2024. Internal Audit is providing dedicated support to the State Auditor. The objective is to maximize audit coverage and mitigate duplication of efforts.

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.

Federal Transit Administration - Project Management Oversight – Railcar Replacement Program:

- The FTA contracted with LS Gallegos to provide project management oversight for the railcar replacement program.
- The consultant utilizes FTA developed oversight procedures to monitor and evaluate the compliance with grant requirements.
- Internal Audit will work with contractors to perform the audits as required.
- The consultant meets with GCRTA Management monthly to review a prescribed agenda and follow-up on outstanding corrective actions.

Internal Audit will coordinate the final audit and review findings within our audit management system. We track recommendations and corrective actions through implementation. Audit staff will review supporting evidence to close outstanding issues.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

STATUS OF OUTSTANDING FOLLOW-UP

IIA Global Audit Standards

Standard 15.2 Confirming the Implementation of Recommendations or Action Plans – Internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans.

All outstanding issues and recommendations from internal and external audits and reviews are tracked within the Internal Audit Management System *Issue Tracking Module*.

Internal Audit and management agree on audit findings, issues, recommendations, corrective actions, and implementation dates.

Audit staff are directed to follow-up with management to evaluate corrective actions are effectively implemented. Upon verification, issues are closed.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

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.

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.

First Quarter 2025 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.

- Contract 2023-100 with Schindler Elevator Corporation for Elevator & Escalator maintenance & repair
- Contract 2024-124 Project 19.58 GCRTA Central Rail Maintenance Facility Pavement
- Contract 2024-065 Project 66D Design Services for Central Rail Maintenance Facility Modifications for the New Railcars
- Contract 2022-121 Project 12D(a) Bungalow Foundations for Trunk Line Signal System

Railcar Replacement Steering Committee

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

Executive Records Management Commission

The Deputy General Manager of Finance chairs this commission. The purpose of the commission is to define and establish GCRTA business records for retention, review applications for one-time disposal of obsolete records, review records retention schedules, and schedules for the disposal of records. Internal Audit is a standing member of this council.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

OTHER PROJECTS

Information Technology Council

The Deputy General Managers of Finance and Operations chair this council. The purpose of this council is to develop and enforce GCRTA's IT priorities. They identify which IT projects and initiatives are the most important for the GCRTA's success and provide support to ensure the IT teams achieve their business objectives. Internal Audit is a standing member of this council.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

STAFF TRAINING

Internal Audit Department staff received the following training during the First Quarter 2025:

- “Fraud Day” Training – NEOIIA/NEOACFE
 - How I Got Caught - A Deep Dive Into a \$800K Fraud
 - Computer Intrusion Investigations
 - Profile of a Fraudster
 - Citigroup Whistleblower and Ethical Leadership
 - Investigation Reports
- New Cybersecurity Topical Requirements – IIA
- Audit and Governance Symposium – NEOISACA
- March Meeting – NEOIIA
 - Successful ERP Implementations Providing Efficiency, Risk Management and Controls Automation
 - Understanding and Navigating Trade and Tariffs in the Trump Administration
- April Meeting – NEOIIA
 - Avoiding the Slippery Slope – Establishing Ethical Guardrails
 - Maximizing Internal Audit Quality, Performance and Value

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
JANUARY 1, 2025 THROUGH MARCH 31, 2025**

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.
Steven Zimmerman Manager of Internal Audit	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 and a Certified Fraud Examiner.
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. Andrew is a Certified Information Systems Auditor.
Molly O'Donnell Lead Auditor	Molly joined the GCRTA on February 23, 2020. She earned a BA in Public Administration, Urban Planning, Sustainability from Miami University, Oxford Ohio. Molly is a Certified Internal Auditor.
Laura Crawshaw Staff Auditor II	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. Laura is a Certified Internal Auditor.
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.
Darren Garlock Staff Auditor	Darren joined the GCRTA on February 14, 2014 as an electronic equipment maintainer. He earned his BA in Business Administration from Hiram College and was promoted to a computer system specialist in the Intelligent Transportation Systems unit. He joined IA on April 3, 2022.
Kylie Cianciolo Staff Auditor	Kylie joined the GCRTA on August 12, 2024. She earned her BA in Philosophy and Sustainability (Focus: Ethics and Policy) from Baldwin Wallace University.
Kimmy Kasarcik Student intern	Kimmy was selected and placed to join GCRTA Internal Audit through Miami (Ohio) University's Ohio Public Leaders Fellowship Program. She completed her internship during the First Quarter 2025.