



Audit Committee Meeting

August 11, 2026

GCRTA Internal Audit Department

“Conforms with the International Standards for the Professional Practice of Internal Auditing”

Agenda

- Quality Assurance and Improvement Plan
- Railcar Replacement & Infrastructure Audit Activities
- Mid-year Risk Assessment – 2026 Audit Plan Refresh
- Internal Audit Quarterly Report – 2nd Quarter Activities

Quality Assurance and Improvement Program



International
Professional Practices
Framework®
(IPPF)

Quality Assurance and Improvement Program

- A Quality Assurance and Improvement Program (QAIP) enables an evaluation of the internal audit activity's conformance with the Global Internal Audit Standards.
- The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

Greater Cleveland Regional Transit Authority
Internal Audit Department
Key Performance Indicators
Audit Plan Year 2026

Audit Delivery and Efficiency							
Area	Measure	Target	Actual				
			Q1	Q2	Q3	Q4	YTD
Delivering the Audit Plan	Actual project hours / project hours planned	Year-end 80%	17%	35%			35%
Audit Project Duration	Days between Engagement Letter and Exit Conference	< 180 Days	274	327			304
Audit Report Timeliness	Average days from end of fieldwork to report publication date.	< 60 Days	74	81			76
Staff Development							
Area	Measure	Target	Actual				
			Q1	Q2	Q3	Q4	YTD
Training Hours	Number of training hours dedicated per staff per year	Year-end 40 Hours	14	7			21
Certifications Achieved	Staff members with at least one active relevant professional certification	8 FTEs	6	6			6
Client Relations							
Area	Measure	Target	Actual				
			Q1	Q2	Q3	Q4	YTD
Client Satisfaction	Percentage of clients satisfied with audit services	> 80%	100%	100%			100%
Issue Tracking and Follow-up							
Area	Measure	Target	Actual				
			Q1	Q2	Q3	Q4	YTD
Status Updates	Average days since last status update for all open audit issues	< 60 Days	51	33			42
Issue Closure	Percentage of eligible issues closed	> 80%	72%	87%			80%

*Audit Quarters for KPIs are based on the start of the Audit Plan year. Q1: March - May Q2: June - August Q3: September - November Q4: December - February

Railcar Replacement & Infrastructure Audit Activities

Milestone Risk Assessment

Functional Area	Previous Audit Coverage	Current Scope
Siemens Contract Compliance	Continuous monitoring of invoicing, change orders, contract deliverables, and project management	Continued assurance on contract compliance; preparation for Post-Delivery audits
Delivery & Commissioning	Consulting for plan development	Assessing Siemens and GCRTA management preparation and execution of commissioning requirements
Infrastructure Projects	2025 audit of project scheduling to support commissioning milestone; individual construction project audits	Updated status on project scheduling to support revenue service milestone; individual construction project audits
Workforce Readiness	2024 audit focused on workforce readiness planning and preparation	Update on workforce readiness implementation; evaluation of GCRTA and Siemens training deployment

Siemens Contract Compliance

- **Original Contract Amount:**
\$163,920,115
- **Vehicle Option Change Orders to date:**
\$179,798,016
- **Additional Change Orders to date:**
\$1,158,185
- **Total Contract Amount to date:**
\$344,876,317

CHANGE ORDER No. 9 LOG					
CONTRACT NO. 2021-125					
RAILCAR REPLACEMENT PURCHASE					
Contract #2021-125			Contractor: Siemens Mobility Inc.		
Original Contract Amount			Total G.M.C.E.O. Authority Remaining		
<u>\$163,920,115.00</u>			<u>\$ 5,341,814.23</u>		
Total Change Order Amount To Date <u>\$180,958,202.56</u>					
ITEM NO.	NOTE No.	APPROVAL DATE	CHANGE ORDER AMOUNT	APPROVAL AUTHORITY	NEW CONTRACT AMOUNT
1	1	11-28-23	\$30,998,016.00	BOT	\$194,918,131.00
2	2	12-5-23	\$510,000.00	\$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	\$108,918.54	\$5,880,195.46	\$195,537,935.54
5	5	8-6-24	\$51,013.67	\$5,828,281.79	\$195,589,849.21
6	6	12-13-24	\$112,800,000.79	BOT	\$308,389,850.00
7	7	9-3-25	\$0.00	\$5,828,281.79	\$308,389,850.00
8	8	9-23-25	\$36,000,000.00	BOT	\$344,389,850.00
9	9	4-26-26	\$486,467.56	\$5,341,814.23	\$344,876,317.56

NOTES/CHANGE ORDER DESCRIPTION:
CO No. 1 – Exercise 6 Vehicle Options
CO No. 2 – 4 Additional Couplers
CO No. 3 – Modification of SP-10B
CO No. 4 – Smoke Detectors
CO No. 5 – Additional Wheel Profiles
CO No. 6 – 18 Option Vehicles, Spare Parts and Tools
CO No. 7 – Delivery Schedule Spare Parts and Tools
CO No. 8 – 6 Option Vehicles
CO No. 9 – Ventax Installation (54 vehicles) & Schedule Relief

Siemens Contract Compliance

GCRTA Financial Management System

RTA Set of Books:

Purchase Order – Railcar Replacement

Purchase Order Line Items – totaling **\$344,876,317.56** (per board approval)

\$147,593,100.07 paid (as of 07/31/2026)

43% of contract amount with change orders is paid.

Siemens Contract Compliance

- Manufacturing Update
 - 7/31/26 First Article Inspection of Fully Assembled Railcar



Siemens Contract Compliance

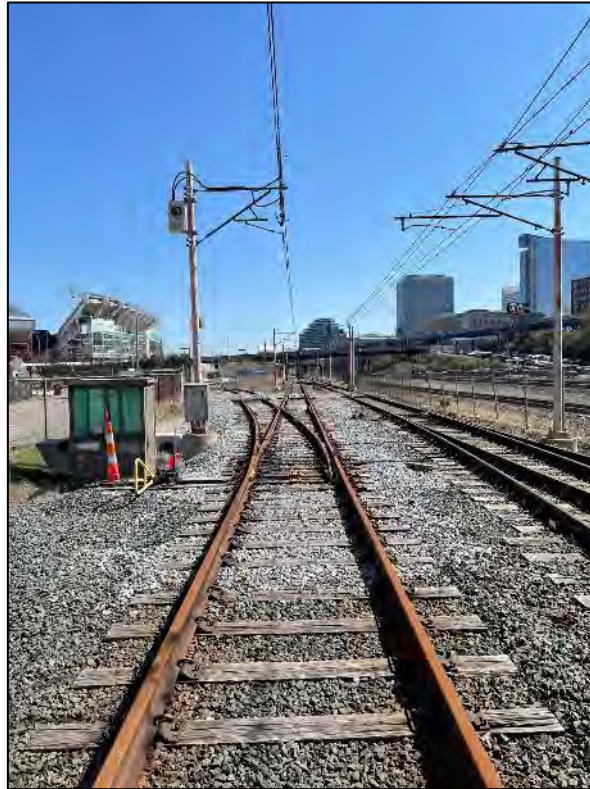
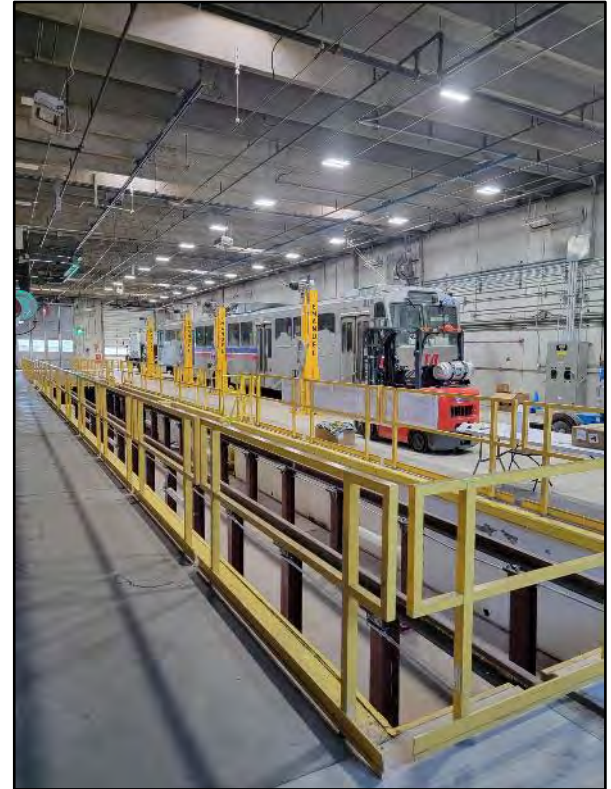
- Audit Coverage for Quarters 3 & 4
 - Contract deliverables reconciliation
 - Post-delivery audit and domestic content monitoring (Tentative November)
 - Change Order Committee
 - FTA Project Management Oversight

Delivery & Commissioning

- Commissioning Update
 - GCRTA is preparing for delivery and commissioning activities including:
 - Resource Identification/Prioritization
 - Facility Preparation
 - Processes/Procedures Development
 - Control Implementation

Delivery & Commissioning

- Port of Cleveland Connector Track (Left)
- Brookpark Maintenance Facility (Right)



Delivery & Commissioning

- Audit Coverage for Quarters 3 & 4
 - Release for Shipment Authorization
 - Receiving Inspections
 - Testing and Burn-in
 - Logistics
 - Grant Force Account
 - Buy America Purchaser's Review and Functional Testing

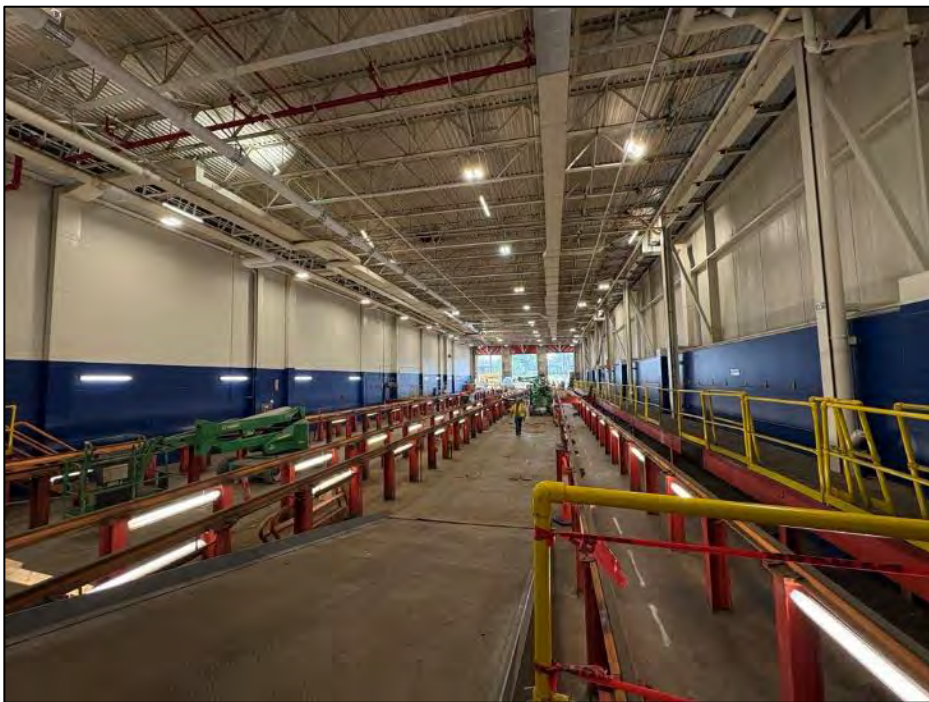
Infrastructure Projects

- Project Update
 - All construction projects required for the delivery milestone have been achieved
 - Construction projects required for the revenue service milestone are in-progress and on-track

Infrastructure Projects

Project	Project Status	Audit Status
K&J Safety and Security Consulting	Ongoing	Not Planned
66B Port Connector Track	Final Completion	Complete – Report Issued
66C Brookpark Shop & Yard Tracks	Substantial Completion	Report Pending
66C2 Brookpark Rail Shop Modifications	Substantial Completion	Report Pending
66C4 Brookpark Gate & Modifications	Bid Advertised	Not Planned
66D Central Rail New Railcar Mods	Construction	Ongoing
66E1 Red Line Platform Mods	Construction	Planned Q3 2026
66E2 Light Rail Platform Mods	Design	Planned 2027
24Y Station Platform Replacement	Design	Planned 2027
55B Main Avenue Crossing Rehabilitation	Construction	Not Planned

Infrastructure Projects



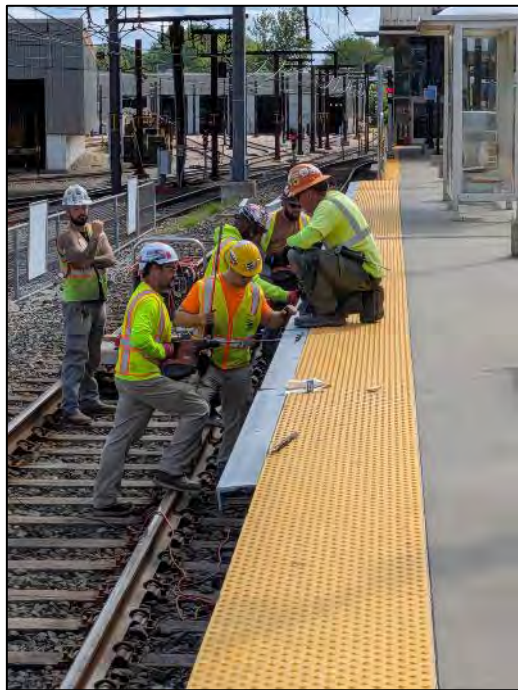
66D Central Rail Maintenance Facility

Infrastructure Projects



66E1 Platform Extension Proof of Concept

Infrastructure Projects



E 55th Station



W 25th Station



Windermere

Workforce Readiness

- Training Update
 - GCRTA completed its Railcar Maintenance “up-to-speed” initiative
 - Rail Equipment is preparing for the transition from Equipment Maintainers to Electromechanics
 - Siemens-led training for mechanics and operators forthcoming

Workforce Readiness

Central Rail
Maintenance
Facility training
space



Workforce Readiness

- Audit Coverage for Quarters 3 & 4
 - Siemens training deployment
 - GCRTA resourcing and “train-the-trainer” strategy
 - Labor relations
 - Supporting entities
 - Electronic Repair
 - First Responders
 - Information Technology

Mid-year Risk Assessment Refresh

- Reconciliation of remaining audit plan with current risk landscape
 - **Increasing risk coverage on railcar replacement**
 - Rightsizing audit engagements with hour allocation
 - Removal of projects due to...
 - Decreasing risk
 - Concerns on audit fatigue
 - Alternative risk coverage
 - Resource prioritization
 - Increasing contingency to allow for audit agility

Greater Cleveland Regional Transit Authority
2026 Internal Audit Plan

Project	Budgeted Hours	Audit Theme
Advisory Projects		
Change Order Committee	40	Financial Health
CISA External Dependencies Management Assessment	40	IT Governance
Customer Service Center - Consignment Analysis	20	Financial Health
Data Analytics	40	Financial Health
Fraud Risk Assessment	80	Financial Health
Global Internal Audit Standards Implementation	40	Employee Investment
Healthcare RFP	20	Financial Health
Information Technology Risk Assessment	80	IT Governance
Insurance Application Support	20	Financial Health
Natural Gas and Electricity Supply RFPs	40	Financial Health
Non-Destination Riders Advisory	40	Customer Experience
Operating Budget Advisory	80	Financial Health
Third-Party Risk Assessment	80	Financial Health
Internal Audits		
Accounts Payable*	40	Financial Health
ADA Stop Announcements*	40	Customer Experience
Blanket Purchases	160	Financial Health
Board Member & Employee Travel Expense Review	150	Financial Health
Business Process/Robotic Process Automation	100 ↓	Financial Health
CMSD Student Pass	200	Financial Health
GSU U-Pass	200	Financial Health
Customer Communication - Service Interruptions Follow-Up*	80	Customer Experience
Electronic Funds Transfer	80	Financial Health
Emergency Operations Drill/Tabletop	40	Employee Investment
Fare Collection*	80	Financial Health
Healthcare Claims Expense*	40	Financial Health
Independent Cost Estimates	160	Financial Health
Lost and Found Controls Review	120	Customer Experience
Nepotism File Audit*	40	Employee Investment
Non-Revenue Vehicles	200	Financial Health
Outage Scheduling*	120	Financial Health
Payroll Process	120	Financial Health
Physical Inventory	300	Financial Health
Power & Way Asset and Configuration Management*	160	Configuration Management
Predictive Maintenance*	160	Financial Health
PTASP - Hazard Log	120	Employee Investment
Purchasing Card Process*	120	Financial Health
Shelter Cleaning and Maintenance	140	Customer Experience
Skilled Labor Training	150	Employee Investment
System Security Plan - CJIS Risk Assessment & Compliance	160	IT Governance
Ticket Vending Machine (TVM) Replacement	40 ↓	Financial Health
Transit Ambassador Follow-Up	120	Financial Health
Transit Police System Checks	120	Customer Experience
Travel Policy/Expenditures*	80	Financial Health
External Audits		
Financial Audit Support	40	Financial Health
FTA Project Management Oversight	40	Financial Health
FTA Triennial	40	Financial Health
State Safety Oversight Support	40	Financial Health

Greater Cleveland Regional Transit Authority
2026 Internal Audit Plan

Project	Budgeted Hours	Audit Theme
Railcar Replacement		
56C Brookpark Shop and Yard Tracks*	40	Community Impact
56C2 Brookpark Rail Shop Modifications*	40	Community Impact
56D Central Rail New Railcar Modifications Design	80	Community Impact
56E1 Red Line Station Platform Modifications	80	Community Impact
Buy America - Line Car Pre-Award	40	Community Impact
Buy America - Locomotive Post-Delivery*	60	Financial Health
Buy America - Railcar Post-Delivery/Domestic Content Monitoring	120	Community Impact
Buy America - Regulator Pre-Award	40	Community Impact
Buy America - Tamper Pre-Award	40	Community Impact
Railcar Commissioning	300 ↑	Community Impact
Railcar Infrastructure Program Update	40	Community Impact
Railcar Replacement Force Account	40	Financial Health
Railcar Replacement Siemens Contract Compliance	120	Community Impact
Railcar Replacement Workforce Readiness	200 ↑	Employee Investment
Information Technology Audits		
Artificial Intelligence Policy	40	IT Governance
Off-Site Data Center Buildout	80 ↓	IT Governance
Change and Patch Management*	20	IT Governance
Cybersecurity	80 ↓	IT Governance
Fare Capping and Smart Card Implementation	160	Financial Health
Hastus Operator Performance Module*	20	Employee Investment
Identity and Access Management	40	IT Governance
IT Equipment Inventory*	40	IT Governance
Pass Upgrade/Mobility App*	80	Customer Experience
Swiftly Implementation	80	Customer Experience
Third-Party SOC Reports	40 ↓	IT Governance
Continuous Audit		
Continuous Audit New Script Development	200	Various
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
Contract Audits		
12D Trunk Line Signal System Construction*	80	Community Impact
12H Consolidated Train Dispatch System*	80	Community Impact
23VA Reconstruction of Shaker Square and Shaker Junction	80	Community Impact
24W Warrensville-Van Aken Station Reconstruction	80	Community Impact
24X E. 79th Light Rail Station Reconstruction	100	Community Impact
52N East Portal Construction*	80	Community Impact
60E E. 120th Substation Construction*	100	Community Impact
Buy America - Articulated Coach Purchase Post-Delivery	60	Community Impact
Buy America - CNG Coach Purchase Pre-Award	40	Community Impact
Buy America - Paratransit Vehicle Replacement Pre & Post	60	Community Impact
Paratransit Third-Party Contractor	80	Community Impact
Tower City Common Area Maintenance	40	Financial Health
Special Requests & Emerging Issues	1500 ↑	

 New Add

 Existing Remove

 Existing Increase Hours

 Existing Decrease Hours

 Title Change

Mid-year Risk Assessment Refresh

Internal Audit requests the Audit, Safety Compliance, & Real Estate Committee approve these changes to the 2026 Internal Audit Plan.

Internal Audit Quarterly Report – 2nd Quarter Activities

2nd Quarter Report

Introduction

2026 Audit Plan

Completed Projects

Projects in Progress

Continuous Auditing

Special Requests and Emerging Issues

External Audit Coordination

Status of Outstanding Follow-up

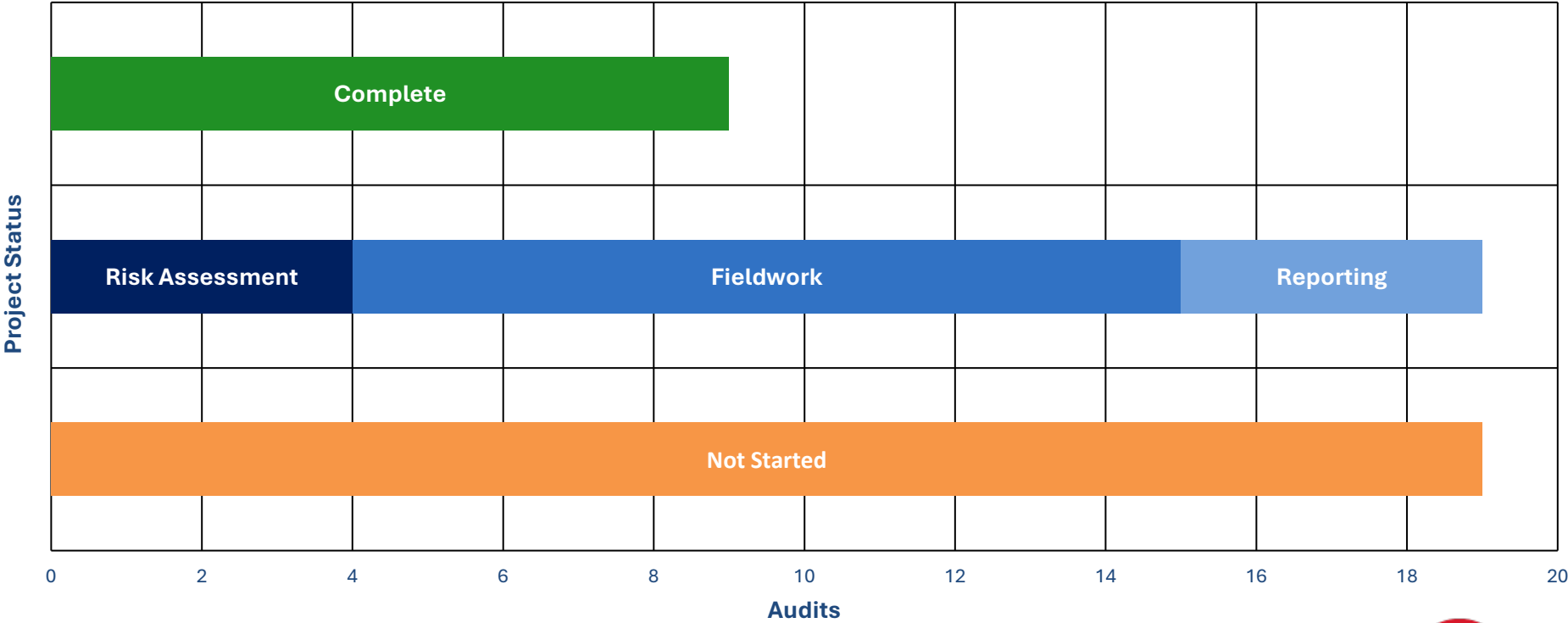
Other Projects

Staff Training

IIA Global Internal Audit Standards

Standard 11.3 Communicating Results – The Chief Audit Executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.

2026 Audit Plan Progress - 2nd Quarter



Completed Projects

Audit Title	Audit Rating	Residual Risk Level
Fare Collection	Unsatisfactory	High
Lost and Found Controls Review	Unsatisfactory	High
Nepotism Self Disclosure and File Audit	Unsatisfactory	Moderate
Customer Communication - Service Interruptions Follow-Up	Satisfactory	Low
Buy America – Regulator (Pre-award)	Satisfactory	N/A



Fare Collection



Greater Cleveland Regional Transit Authority
Internal Audit Department

Completed Projects

Fare Collection

Why it Matters: Farebox revenue contributes to GCRTA's operating budget. GCRTA's farebox recovery ratio has declined from 19.5% in 2015 to 11.1% in 2024. Recent analysis from other transit authorities has found individuals that commit crimes and vandalism on transit frequently fare evade. Deterring fare evasion can be an effective mechanism to reduce vandalism and other quality of life crimes.

Why this Audit was Planned: We regularly review fare collection as part of our continuous audit program, but our continuous audit cannot assess the risk of control breakdown preventing fare collection and fare evasion. During annual risk assessment, we identified that other transit authorities were experiencing high levels of fare evasion. This audit was planned to review the controls associated with fare collection to support our continuous audit script and assess if GCRTA also experiences high fare evasion.

Completed Projects

Fare Collection

What we Evaluated: We observed Tower City fare gate operations and compared fixed-route bus automated passenger count ridership to the number of riders who paid using the farebox and mobile app to assess fare evasion. We reviewed the use of Senior/Disabled fare media to assess if fare evasion via entitlement abuse was an issue. We also reviewed Service Quality and Transit Police response to operator-reported fare evasion and Electronic Repair response to operator-reported farebox defects.

Audit Rating: Unsatisfactory

Completed Projects

Fare Collection

What we Found: We identified the control environment for fare collection and fare evasion deterrence requires significant improvement, but we did not observe fare evasion on the scale of other transit authorities.

- 1. Transit Police Should Engage in Data-Driven Policing to Deter Fare Evasion**
- 2. Lack of Governance for Tower City Faregates and Training for Booth Attendants Results in Inconsistent Fare Collection at Tower City**
- 3. Bus Automated Passenger Counter (APC) Ridership and Fare System Data Approximately Reconcile, but GCRTA Should Statistically Measure Fare Evasion**

Completed Projects

Fare Collection

Recommendations:

- Statistically measure fare evasion
- Identify fare evasion hot spots to facilitate proactive policing
- Create an SOP for fare collection at Tower City and train personnel
- Improve the visibility of Transit Police at Tower City
- Apply recent updates from the In-Service Mechanical Failures audit to the mobile farebox tech assignment.



Lost and Found Controls Review



Greater Cleveland Regional Transit Authority
Internal Audit Department

Completed Projects

Lost and Found Controls Review

Why it Matters: Standardized and controlled lost and found processes help ensure that customer property is properly safeguarded, processed, and returned in a timely manner. Clear communication of these processes helps preserve customer trust in GCRTA's procedures.

Why this Audit was Planned: The audit was initiated after Transit Police requested assistance with an administrative investigation involving missing cash from a purse that was recovered and placed in GCRTA custody. The incident highlighted the need to evaluate whether the lost and found process was operating as intended and whether custody controls were sufficient.

Completed Projects

Lost and Found Controls Review

What we Evaluated: Our audit focused on the full chain of custody, including recovery, logging, secure storage, transfer of property, release to customers, and disposal of found items. We also benchmarked GCRTA's public-facing website against other public transit agencies to identify leading practices for customer communication. In addition, we evaluated governance, training, storage, access, and oversight controls supporting GCRTA Administrative Procedure 035, including procedures at operating districts and the Tower City Customer Service Center.

Audit Rating: Unsatisfactory

Completed Projects

Lost and Found Controls Review

What we Found: Multiple control gaps in the lost and found process. These issues indicate a weak chain of custody and increase the risk that customer property will be lost, stolen, or mishandled, while also reducing accountability.

- 1. The lost and found process does not effectively reunite customers with their lost property**
- 2. Found items are not sufficiently safeguarded to prevent loss, misappropriation, or theft**
- 3. The Authority lacks public-facing information to inform customers how to recover their lost items**

Completed Projects

Lost and Found Controls Review

In response to our audit, management identified a project champion and process owner to overhaul the lost and found process. They will be tasked with coordinating with stakeholders to implement our recommendations.

Recommendations:

- Enhanced governance
- Cross-functional training
- Improved found item tracking
- Enhanced physical security and storage
- Special procedures for bicycles
- Improvements to public facing information on rideRTA.com



Nepotism Disclosure Forms and Nepotism Continuous Audit



Greater Cleveland Regional Transit Authority
Internal Audit Department

Completed Projects

Nepotism Self Disclosure and Continuous Audit

Why it Matters: Ohio Ethics Law restricts board members, officers, and employees from using their authority to benefit family members regarding hiring, compensation, or performance evaluation. Anti-nepotism policies promote transparency and accountability, establish public trust, and provide commitment to employees that personnel actions are unbiased as to familial relationships.

Why this Audit was Planned: Internal Audit issues monthly continuous audit script results to identify potentially nepotistic reporting relationships for management awareness and action. This audit was an opportunity to perform a back-to-basics review of nepotism risk management and provide assurance on the Nepotism Disclosure Form process.

Completed Projects

Nepotism Self Disclosure and Continuous Audit

What we Evaluated: Internal Audit compared the GCRTA Code of Ethics Section 5.5 Nepotism to Ohio Ethics Law and Ohio Ethics Commission guidance, reviewed patterns and trends in continuous audit script results, and evaluated the process for soliciting, reviewing, and storing Nepotism Disclosure Forms. We also reconciled script configuration files against the population of Nepotism Disclosure Forms to ensure completeness of records and accuracy of reporting.

Audit Rating: Unsatisfactory

Completed Projects

Nepotism Self Disclosure and Continuous Audit

What we Found: There are both deficiencies and opportunities for improvement in GCRTA's anti-nepotism control environment.

1. **GCRTA Code of Ethics provisions on Nepotism deviate from Ohio Ethics Commission Guidance**
2. **There exists nepotism risk which requires stronger mitigating controls**
3. **Management needs to proactively manage nepotism risk**

Completed Projects

Nepotism Self Disclosure and Continuous Audit

Recommendations:

- Revise the code of ethics to explicitly restrict direct reporting of related employees
- Seek an advisory opinion from the Ohio Ethics Commission on reporting relationships within the bargaining environment
- Develop mitigation and monitoring strategies for employees one step removed from relatives in the reporting hierarchy
- Identify strategies to address non-supervisory bargaining unit job-pairings
- Implement an automated and mandatory process for capturing self disclosures



Customer Communications – Service Interruptions



Greater Cleveland Regional Transit Authority
Internal Audit Department

Completed Projects

Customer Communication - Service Interruptions

Why it Matters: While they are a pain point for customers, both planned service interruptions (detours, stop closures, outages) and unplanned service interruptions (delays, cancelled trips) are inevitable during transit service. However, the disruption and inconvenience of an unavoidable service interruption can be magnified for customers when service interruption information is unavailable, unclear, or inaccurate.

Why this Audit was Planned: In 2023, Internal Audit completed a review of customer communications for planned and unplanned service interruptions for our rail service. In 2025, a follow-up of that audit found controls for rail service interruption communications had improved since the 2023 engagement. As a result, we scoped this audit to review customer communication for planned and unplanned bus service interruptions.

Completed Projects

Customer Communication - Service Interruptions

What we Evaluated: For unplanned bus service interruptions, we reconciled service interruption and service notices to test customer communications. For planned bus service interruptions, we reconciled special event and construction street obstruction permit data from the City of Cleveland and published detours and service notices to test customer communications.

Audit Rating: Satisfactory

Completed Projects

Customer Communication - Service Interruptions

What we Found: Controls are working effectively. Our recommendations are opportunities for improvement to enhance the process:

1. **GCRTA Generally Publishes Clear and Complete Service Notices for Unplanned Service Interruptions**
2. **GCRTA Generally Publishes Detour Information for Special Events**
3. **GCRTA May Not Learn of All Construction Work That Could Disrupt Service**

Completed Projects

Customer Communication - Service Interruptions

Recommendations:

- Update the Bus Control SOP section on service notices
- Create a unified bus service interruption database
- Revise service notice templates
- Changes to RideRTA.com including:
 - o Updates to “How To Ride” information
 - o Publish “Special Event” information
 - o Publish “Adjacent Construction” information

Completed Projects

Buy America – Rail Equipment – Ballast Regulator



Completed Projects

Buy America – Regulator (Pre-Award)

Why it Matters: Pre-award audits confirm whether vehicle manufacturers have the capacity and capability to meet Federal Transit Administration regulations for Buy America before issuing notice-to-proceed.

Why this Audit was Planned: GCRTA awarded procurement for a Regulator track maintenance vehicle.

What we Evaluated: Internal Audit reviewed supporting documentation that the proposed bill of materials will meet domestic content requirements, and that the vendor has the capacity and capability to manufacture the vehicle with final assembly occurring within the United States.

Completed Projects

Buy America – Regulator (Pre-Award)

What we Found: The selected vendor, Knox-Kershaw, had sufficient evidence at the pre-award stage to substantiate capacity and capability to satisfy Buy America requirements for rolling stock.

Internal Audit will complete a post-delivery audit prior to GCRTA receiving title to ensure full compliance with domestic content requirements.

Audit Rating: Satisfactory

Projects in Progress

Risk Assessment
Non-Revenue Vehicles
Shelter Cleaning and Maintenance
Third Party SOC Reports

Reporting
ADA Stop Announcements
Outage Scheduling
Predictive Maintenance
Purchasing Card

Fieldwork
Blanket Purchases
Business Process/Robotic Process Automation
CMUSD Student Pass
Healthcare Claims Expense
Payroll Process
Power & Way Asset and Configuration Management
Transit Ambassador Follow-up
Fare Capping and Smart Card Implementation
Pass Upgrade/Mobility App

Projects in Progress – Construction

Project Name	Audit Phase	Construction Budget w/ COs	Construction Target Completion Date
12D Trunk Line Signals	Fieldwork	\$5,689,009.74	November 2026
12H Consolidated Train Dispatch	Fieldwork	\$4,255,977.00	October 2026
24X E. 79th Light Rail Station Reconstruction	Risk Assessment	\$10,625,806.95	November 2026
52N East Portals	Fieldwork	\$18,356,434.51	September 2026
60E E.120th Substation	Fieldwork	\$7,144,178.30	March 2027
66C Brookpark Yard and Track	Fieldwork	\$3,003,045.36	August 2026
66C2 Brookpark Rail Shop Mods	Fieldwork	\$3,208,194.00	July 2026
66D Central Rail New Railcar Modifications	Fieldwork	\$9,614,590.43	August 2027

Projects in Progress – Buy America

Manufacturer	Vehicle Type	Location	Type	Audit Status
Geismar	(1) Locomotive	Beaufort, SC	Post-Delivery	In-progress
Siemens	(54) High-floor LRV	Sacramento, CA	Domestic Content Monitoring	Planning
Harsco	(1) Tamper	West Columbia, SC	Pre-Award	In-progress
Endera	(24) Paratransit	Lima, OH	Post-Delivery	In-progress
New Flyer	(6) Articulated BRT	St. Cloud, MN	Post-Delivery	Planning
Gillig	(40) CNG Coaches	Livermore, CA	Pre-Award	Planning

Projects in Progress – Travel

Title	Q1	Q2	Q3	Q4	YTD
Reimbursement Requests	11	19			30
Total Reimbursement Amount	\$5,918.05	\$10,765.38			\$16,683.43
% of Travel Forms Not Requiring Corrections	73%	53%			60%

Projects in Progress

Fare Capping

Phase 1: Go-Live Readiness Review

- Status: Complete

Phase 2: Post-Implementation Testing

- Status: Complete

Phase 3: Paratransit Contractor Compliance

- Status: In-Progress

IA Testing

- Multi-token Accounts
- Entitlements
- Network outage
- Insufficient Funds
- End of Day
- Prepaid pass behavior

Continuous Auditing

A method utilizing a series of scripts to perform auditing activities on a more frequent basis to identify risks and any exceptions for investigation by appropriate staff and management.



Continuous Auditing

Title	Objective	Frequency	Results
Nepotism	Evaluate employee relationships for non-compliance with GCRTA policy and code of ethics	Monthly	PASS
Purchasing Card	Evaluate P-Card transactions for compliance with the GCRTA Procurement Card Policy and for potential fraud, waste, and abuse.	Monthly	PASS
Payroll	Evaluate HR and Payroll information to identify the potential for fraud, waste, and abuse.	Monthly	PASS
Revenue Reconciliation	To evaluate and provide assurance customer fares collected from fare collections systems are reconciled, posted to accounting records, and deposited in the bank.	Monthly	PASS
Paratransit Customer Eligibility	Reconcile paratransit customer information to State of Ohio death records and evaluation the possibility for fraud, waste, and abuse.	Annually	PASS
Fuel Expense	Reconcile payments made for fuel delivered against tax and contract rates.	Quarterly	PASS

Revenue

System: ● Farebox ● In Station Cash ● In Station Credit ● Mobile



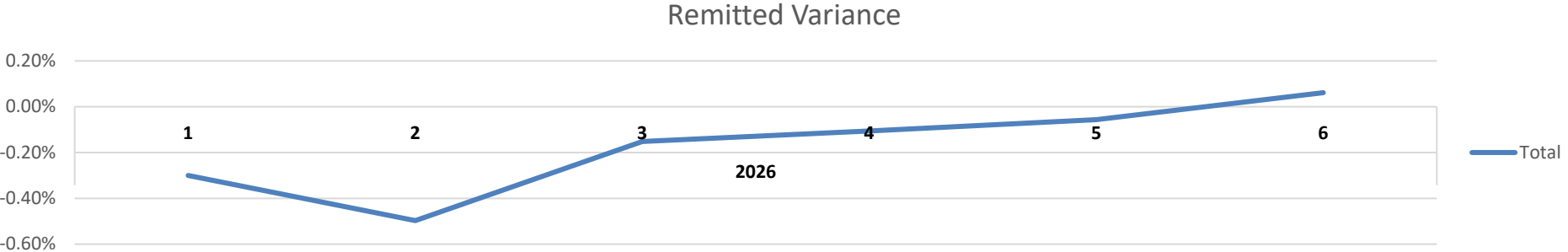
	Brinks	Bank	GL
Farebox			
In-Station			
Mobile	Not Applicable		

■ < 2% Variance
■ Follow-up In Progress

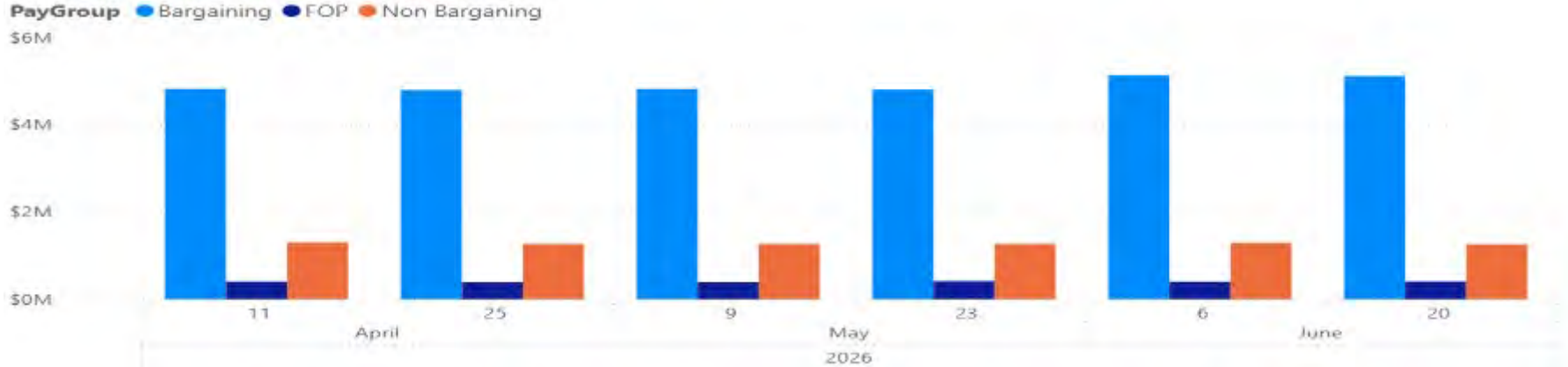
Mobile Ticketing Remittance

4/1/26 - 6/30/26: \$2,603,410

Fee	Rate	Fees Charged	Fees Calculated	Variance
Prepurchase Percentage	1.5%	\$39,046.04	\$39,048.21	-0.00%
Payment Gateway Fee	\$0.07	\$41,744.43	\$41,790.91	-0.11%
Payment Processing	~5.95%	\$149,244.44	\$154,891.22	-3.78%
Chargeback/Refund	Variable	\$1,456.50	\$1,456.50	0.00%



Payroll



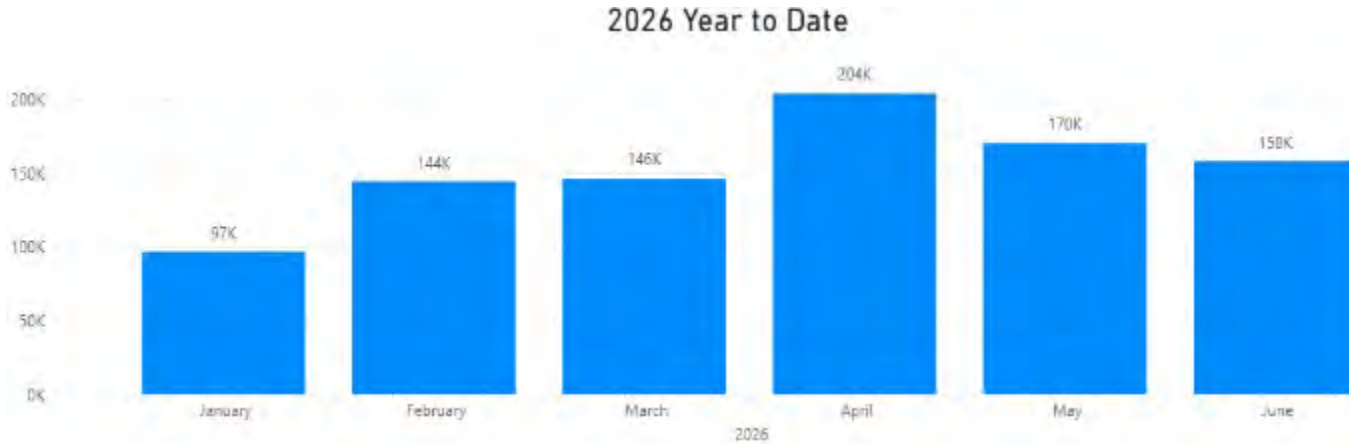
Second Quarter - 2026	
Pay Periods	6
Records analyzed	38,684
Total Compensation	\$ 39,592,704.36

Tests	
Excessive Worked Hrs	Terminated Employees
Excessive Overtime	Deductions <10%

Purchasing Card

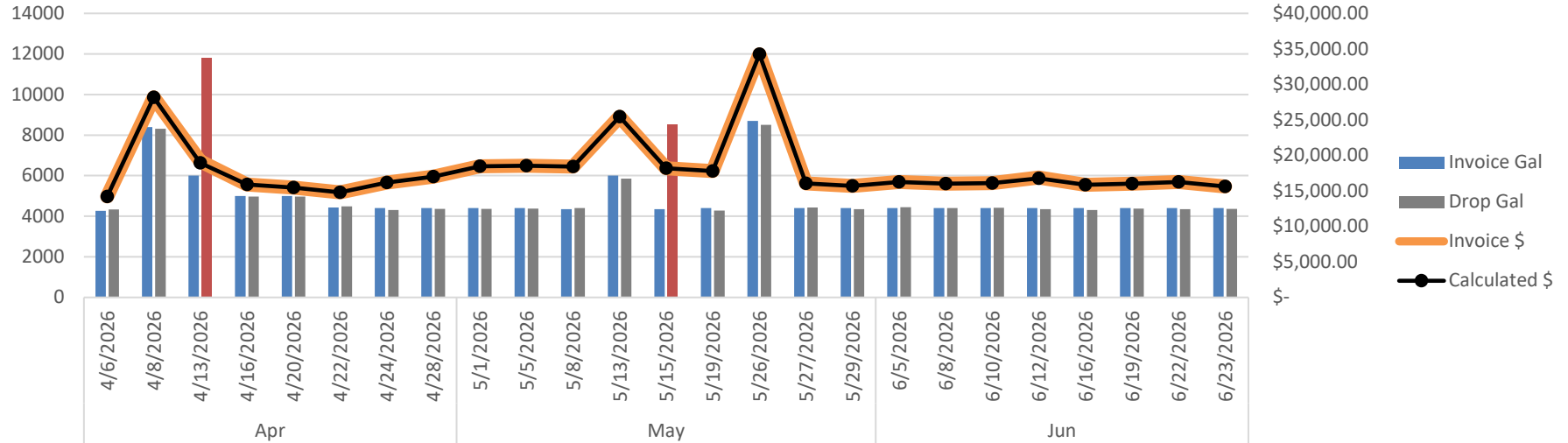
Second Quarter 2026

Total	Average Purchase	Highest Purchase	Count
\$532,119.33	\$364.72	\$6,803.71	1459



Tests
Documentation Missing
Document Review Threshold
Non-US
Holidays/Weekends
Schools
Computers/Electronics
Food
Travel Expenses
Ride Share/Taxi
Over \$10,000

Fuel Expense



	Invoice Gallons	System Gallons	Invoice Cost	Calculated Cost
April	41,901	47,522	\$140,891.95	\$140,650.25
May	45,405	49,103	\$182,838.88	\$164,671.60
June	35,201	35,003	\$129,055.25	\$128,931.25
Grand Total	122,507	131,630	\$452,786.08	\$434,253.10

Continuous Auditing

Updated, New, and In Development

Title	Objective	Status
Mobile Ticketing Reconciliation	Reconcile mobile fares collected to mobile fare contract – inclusion into monthly revenue script	COMPLETE
Account-Based Ticketing	Identification of account-based ticketing practices and fees, and remittance of funds to and from NEORide	Ongoing
Payroll Redesign	Develop new payroll script in house, and move away from the ‘black box’ script currently utilized	Ongoing
Ridership v. Collection	Analysis of fare collected vs ridership measured by Authority systems	Planning

Special Requests/Emerging Issues

Internal Audit – Inspector General Duties

- Engineering Division Workforce Resources

External Audit Coordination

- State of Ohio Auditor 2025 Single Audit
 - Complete. Report published July 2026
- State of Ohio Department of Transportation
 - State Safety Oversight Program (On-going)
- Federal Transit Administration - Project Management Oversight
 - Railcar Replacement Program (On-going)
- Federal Transit Administration Triennial
 - Fieldwork complete. Draft issued, FTA is finalizing report.

IIA Global Internal 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.

External Audit Coordination

Auditor of State 2025 Single Audit

Department	Management Response – Due 7/10	
	Requested	Received
Accounting	1	1
Management Information Services	2	0
Information Technology	3	3
MIS/IT Shared	3	2
Human Resources	1	1

External Audit Coordination

FTA Triennial Audit

Department	Management Response – Due 8/5	
	Requested	Received
Grants Management & Treasury	6	6
Property Management	1	1
Fleet Management	4	4
Accounting	4	4
Procurement	5	5

Status of Outstanding Follow-up

Open Recommendations (as of 8/4/2026)

Entity	Open Recommendations	Contributing Audits	Average Days since Status Update	% in Good Standing
Accounting	3	2	8	100%
Customer Experience	18	2	6	100%
Executive	1	1	42	100%
Fleet Management	3	1	17	100%
Human Resources Information System	3	2	46	100%
Information Technology	25	6	56	60%
Management Information Services	2	1	27	50%
Service Quality	3	2	27	100%
Service Quality/ITS	1	1	60	100%
Service Quality/Marketing	2	1	60	100%
Transit Police	2	2	40	100%

Status of Outstanding Follow-up

Closed Recommendations Q2

Audit	Recommendation	Follow-up
2024 Financial/Single Audit	Auditor of State - Cash Reconciliation Process Errors	Closed & verified
	Auditor of State - Schedule of Expenditure of Federal Awards Errors	Closed & verified
Accrued Leave	Review and Correct Accrual Amounts	Closed & verified
	Review Issues and Investigate	Closed & verified
	Population of Continuous Service Dates	Closed & verified
Cybersecurity Assessment (CISA)	Implement DMARC and DKIM	Closed & verified
Fuel Expense - Diesel and Gasoline	Assign Ownership, Identify Useful Life, Prioritize Replacement (Veeder-Root)	Closed & verified

Status of Outstanding Follow-up

Closed Recommendations Q2

Audit	Recommendation	Follow-up
Identity and Access Management - Hastus	Establish File Integrity Monitoring - Hastus	Closed & verified
In-Service Mechanical Failures	Review Questioned Towing Costs	Closed & verified
	Add Simulation Exercises to Bus Operator Training	Closed & verified
IT Inventory	Locate Missing Devices and Improve Loaner Tracking	Closed & verified
	Reconcile AT&T Lines	Closed & verified
	Expand CCTV Coverage of Storage Areas	Closed & verified
	Add Badge Reader to Fifth-Floor Closet	Closed & verified

Status of Outstanding Follow-up

Closed Recommendations Q2

Audit	Recommendation	Follow-up
Paratransit Certification Process	Establish a Dedicated Resource for Functional Tester	Closed & verified
	Establish a Dedicated Resource for ADA Application Review	Closed & verified
	Implement Training for Customer Service and De-Escalation	Closed & verified
PTASP - AP 016 Safety Review Policy and Procedures	Safety Review Standard Operating Procedure (SOP)	Closed & verified
Supply Chain Contract Management	Evidence that Services are being Performed	Closed & verified

Healthcare Claims Expense

- Validates claims accuracy, eligibility compliance, and adherence to benefit plan rules for medical, dental, and pharmacy programs
- Reconciles claims paid with funding transfers and verifies sampled claims against eligibility data
- Tests plan design and claims for correct adjudication, benefit limits, and errors such as duplicate payments
- Reviews administrative fees and ensures billing aligns with contract, credits, and rebates
- Reports findings with management response, recommending process improvements for future HR documentation and control

Other Projects

Others

- Fraud Hotline
- Information Technology Council
- Change Order Review Committee
- Railcar Replacement Steering Committee
- Executive Records Management Commission

Staff Training

Internal Audit Department staff received the following training during the 2nd Quarter 2026:

- Northeast Ohio Association of Certified Fraud Examiners Spring Conference
 - What Corrupt Public Officials Don't Want You to Find: Inside an Investigative Reporter's Notebook
 - Herbivore, Carnivore, Greedivore: A Tale of Gluttony at the Columbus Zoo
 - A Day in the Life of a Forensic Accountant: The Last 28 Years
- Ohio Ethics Commission Annual Refresher Training

Questions & Feedback