



GREATER CLEVELAND
REGIONAL TRANSIT
AUTHORITY

**INTERNAL AUDIT
QUARTERLY REPORT
Fourth Quarter-2014**

February, 2015

RTA
GREATER CLEVELAND
REGIONAL TRANSIT AUTHORITY

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INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2014 THROUGH DECEMBER 31, 2014

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INTRODUCTION

Presented herein and in accordance with Board Policy is the report of the Internal Audit Department activities for the Fourth Quarter 2014. 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.

Presented herein and for the Board of Trustee approval is the proposed 2015 Internal Audit Plan (Pages 5-6).

Per the International Standards for the Professional Practice of Internal Auditing:

2012 – Planning

"The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals."

We considered feedback from the Board of Trustees, the Executive Management Team, GCRTA management and employees, the Citizens Advisory Board and GCRTA customers.

The plan is the result of a five-step process. The process included the identification of audit areas, establishment of risk-based audit priorities, allocation of audit resources, development of audit schedules and formulation of the annual plan.

The Internal Audit Department is an independent appraisal function established within the Authority to examine and evaluate its activities as a service to the Board of Trustees and management. The objective is to assist management in the effective discharge of their responsibilities. To this end, Internal Audit furnishes management with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed. The audit objective includes promoting effective control at reasonable cost.

The Internal Audit Department will respond to the Board of Trustee requests for audit services in a timely manner. Please contact me at (216) 566-5064 to service your requests.



2/25/15

Anthony A. Garofoli
Executive Director of Internal Audit

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2014 INTERNAL AUDIT PLAN

Contract Audits

Cedar-University Rapid Station Rehabilitation
Clifton Boulevard Transportation Enhancement Project
CNG Fueling Station
Elevator/Escalator Maintenance
Little Italy-University Circle Rapid Station
Magnetic Fare Media Cards
Marketing/Advertising Consultant
Supplemental Paratransit Services
Tire Lease/Services
Tower City Maintenance Agreement
Vehicle Purchases
Vehicle Towing

Internal Audits

(ADA) Paratransit Certification Program
Bridge Maintenance Program
Customer Service Center Operations
Employee Compensation
Employee Hiring Practices
Petty Cash
Preventative Maintenance - Facilities
Purchasing Card
Safety Sensitive – Drug and Alcohol Program
Travel Expense Reimbursement
Vehicle Maintenance & Warranty Program

Information Technology Audits

Enterprise Resource Production System (Oracle)
Fuel/Fluids Dispensing System (Fleetwatch)
Maintenance/Management System (Ultramain)
Non-Operators Time/Attendance System (Kronos)
Operators Time/Attendance System (Midas/Giro)
Network Access Control System (Citrix)
Oracle User Productivity Kit
Radio/Communication System (TransitMaster)
System(s) Access Control
Transit Police CAD/RMS (Spillman)

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2014 INTERNAL AUDIT PLAN

Continuous Auditing **

Absence Control
Accounts Payable
Accounts Receivable
Fuel Expense
Healthcare Claims Expense
Inventory Management
Payroll
Revenue Collection

External Audits

Ohio Department of Transportation
Federal Transit Administration
State of Ohio – Office of the Auditor
US Department of Homeland Security

Revenue Audits

Fare Collection System(s)
Fare Enforcement/Proof-of-Payment
Farebox Maintenance/Defect Reporting
Special Event Collections
Ticket/Pass - Sales Agent Consignment/Collections
Ticket/Pass Customer Refunds
Ticket/Pass Inventory

Staff Training
Audit Recommendation Follow-up
15% of budgeted hours will be reserved for Special Requests and/or Emerging Issues

**Continuous Auditing is achieved through the use of audit software tools to assure the internal control system is functioning to detect fraud, errors and waste.

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PROPOSED 2015 INTERNAL AUDIT PLAN

Contract Audits

Clifton Boulevard Transportation Enhancement Project
University-Cedar Rapid Transit Station Rehabilitation
Brookpark Rapid Transit Station Rehabilitation
Cleveland Municipal School District - Student Transportation Agreement
Compressed Natural Gas Fueling Station
Electric Motor Maintenance
Bus Procurement
Fare Collection Systems
Elevator/Escalator Maintenance
Little Italy-University Circle Rapid Station
Magnetic Fare Media Cards
Marketing/Advertising Consultant
Supplemental Paratransit Services
Tire Lease/Services
Tower City Escalator Replacement
U-Pass Programs (CSU, CWRU, CCC)
Tower City Maintenance Agreement
Vehicle Purchases
Vehicle Towing

Internal Audits

Customer Service Center Operations
Employee Compensation
Rail Operator Signal Adherence
Employee Termination Process
Employee Claims
Employee Hiring Practices
Petty Cash
Radio System – Covert Alarms
Succession Planning – Process Mapping
Employee/Contractor Identification Program
Rail District Equipment/Facility Maintenance
Access Control - Facilities
Transit Police Compensation Time
Purchasing Card

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PROPOSED 2015 INTERNAL AUDIT PLAN

Safety Sensitive – Drug and Alcohol Program
Travel Expense Reimbursement
Vehicle Maintenance & Warranty Program

Information Technology Audits

Information Technology Security
Paratransit Schedule Adherence
Claims System Implementation
Information Technology Risk Assessment
Disaster Recovery – Mission Critical Systems
Health Care Claims
Oracle User Productivity Kit
Consolidated Train Dispatch System
Cell Phone Use

Continuous Auditing Program - *

Absence Control
Accounts Payable
Accounts Receivable
Fuel Expense
Inventory Management
Payroll
Revenue Collection

External Audits

Ohio Department of Transportation
Federal Transit Administration
State of Ohio – Office of the Auditor
US Department of Homeland Security

Revenue Audits

Fare Enforcement/Proof-of-Payment
Lease Revenue
Farebox Maintenance/Defect Reporting
Special Event Collections
Ticket/Pass Customer Refunds
Ticket/Pass Inventory

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PROPOSED 2015 INTERNAL AUDIT PLAN

Staff Training

Audit Recommendation Follow-up

15% of budgeted hours will be reserved for Special Requests and/or Emerging Issues

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COMPLETED PROJECTS

GCRTA Employee Travel & Expense Account Reimbursements

Purpose:

The Internal Audit Department reviews all employee travel expenses to ensure they are properly approved and are reimbursed in accordance with the Authority's policies and procedures.

Scope:

Internal Audit reviewed all requests for employee travel expense reimbursements for the period October 1, 2014 through December 31, 2014 prior to cash disbursement. The review included tests for allowability, reasonableness and timeliness.

Results:

All requests were reviewed and, if necessary, adjusted to comply with applicable policies and procedures.

Transit Police System Security Plan

Purpose:

The Federal Transit Administration created a state-managed oversight program to improve rail transit safety and security. The Ohio Department of Transportation administers the program.

The Internal Audit Department and the Safety Department conduct a program of annual audits of the Authority's System and Security Plans to evaluate operational compliance as well as to measure the effectiveness of the respective programs.

Scope:

Section 5.2.3 of the SSP, entitled "Data Collection", describes the emphasis, sources and information flow of sensitive data. Security sensitive data is captured in a computerized data application "CrimeStar." The system is integrated with the Transit Police Dispatch Center.

Field Officers and others enter data into the system. The data is edited and approved by Transit Police Supervisors and Management. Transit Police, GCRTA Executive Management and Third-Parties rely on system reports and related data.

Internal Audit reviewed system access, data input, processing and output controls.

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COMPLETED PROJECTS

Results:

- Field Officer data is reviewed, edited and approved by Transit Police Supervision.
- Originating data was traced to a variety of Management and Third-Party Reports without exception.
- Third-Party Data Users can rely on the data and system reports generated from the CrimeStar application.

Paratransit Certification Process

Purpose:

Evaluate the process to certify eligible "Americans with Disabilities" (ADA) customers to utilize GCRTA Paratransit Services.

Scope:

Staff reviewed the application and review process, functional testing of applicants, compliance with applicable ADA requirements and costs associated with the program.

Results:

The application process and functional testing program are antiquated. The service demand and costs are increasing exponentially. We identified risks and provided recommendations to management: a gradual fare increase for Paratransit cardholders when using the Paratransit System; fare increases for Paratransit cardholders and Personal Care Assistants who ride the fixed-route system; reconfiguration of the application to certify eligibility to utilize Paratransit services; reconfiguration of the functional testing program to evaluate eligibility for Paratransit services; and consider the benefits of outsourcing or insourcing the application and evaluation Program.

Customer Service Center Operations

Purpose:

Evaluate the systems and operations within the GCRTA Customer Service Center located at Tower City.

Scope:

Audit staff evaluated the processes for fare media (ticket) sales, revenue collection, accounting and management reporting.

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COMPLETED PROJECTS

Results:

Audit staff shared the results of the audit with the Customer Service Center employees in a workshop setting. We discussed matters involving ordering and the security of fare media; antiquated equipment and processes utilized to account for transactions and management reporting; and the development of modern business practices.

Customer Services Management is implementing new processes and purchasing equipment to enhance their business practices. Internal Audit will complete a follow-up review in 2015.

Fare Media Inventory

Purpose:

Evaluate the controls in place to warehouse customer fare media (tickets).

Scope:

Staff conducted un-announced audits of fare media inventory stored in revenue vaults.

Results:

No exceptions were noted. Fare media inventory was secure and reconciled with system records.

Petty Cash

Purpose:

GCRTA Administrative Procedure 003 (Petty Cash) provides the procedures for the establishment of accounts, custodians and allowable expenditures. The special provision states, "...a representative from the Internal Audit Department will perform cash counts of the funds at least annually."

Scope:

Audit staff will perform cash counts of the funds and evaluate compliance with the administrative procedure.

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COMPLETED PROJECTS

Results:

Staff completed a review of (26) Petty Cash Accounts throughout the Authority. No material exceptions were noted. Several accounts will be closed due to inactivity.

Continuous Audit Program

Purpose:

Continuous Auditing defines the technologies and processes that allow an on-going review and analysis of business information on a real time basis. Internal Audit will monitor specific information electronically and incorporate the use of intelligent agents, computer modeling and other software tools. Continuous auditing will give end users of information more timely assurance that information is correct and may eventually lead to continuous reporting where business information is updated and published as events occur.

Scope:

Internal Audit Staff developed a "continuous audit" for the following contracts and/or activities:

Diesel Fuel

- Diesel fuel is delivered to several GCRTA facilities on a daily basis
- Rates fluctuate daily in accordance with contract terms and conditions
- Other contract rates apply

Results:

Diesel Fuel - No exceptions were noted during the Fourth Quarter 2014.

Scope:

Fare Collection Revenue

- (2) fare collection systems are utilized to process and/distribute fare media and collect fare revenue
- Fare collection revenue is collected and reconciled with bank deposits and system records
- Revenue is posted to accounting records and disclosed in financial statements

Results:

Daily fare collection revenue was traced from system records to the bank and the general ledger. Immaterial differences were noted, due to malfunctioning equipment. All results were discussed with management.

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PROJECTS IN PROGRESS

University-Cedar Rapid Transit Station Renovation

(Board Resolution - 2007-110 - URS Corporation - Design)
(Board Resolution - 2012-057 - McTech Corporation)

Purpose:

Contracts 2007-047 and 2012-034 were authorized for the planning, design and construction of the University-Cedar Rapid Station.

Scope:

Internal Audit will evaluate contract compliance.

Update:

Audit staff conducts a weekly walk-through of the construction site, attends the weekly progress meetings and monitors progress and change order activity.

This project is nearing final completion, a "punch-list" was developed. Staff will monitor this project through the close-out phase.

Little-Italy Mayfield Road Rapid Transit Station

(Board Resolution - 2008-099 - City Architecture - Design)
(Board Resolution - 2013-089 - McTech Corporation)

Purpose:

Contracts 2008-109 and 2013-131 were authorized for the planning, design and construction of the Little-Italy Mayfield Road Rapid Station.

Scope:

Internal Audit will evaluate contract compliance.

Update:

Audit staff conducts a weekly walk-through of the construction site, attends the weekly progress meetings and monitors progress and change order activity.

We are working with management to address several issues identified during the critical shut down period. The station is scheduled to open late Spring 2015.

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PROJECTS IN PROGRESS

Clifton Boulevard Enhancement Project

(Board Resolution – 2009 - 094 – Richard L. Bowen and Associates, Inc. - Design)
(Board Resolution - 2013-079 – Perk Company, Inc. - Construction)

Purpose:

Contracts 2009-120 and 2013-123 were authorized for the planning, design and construction of the Clifton Boulevard Enhancement Project.

Scope:

Internal Audit will evaluate contract compliance.

Update:

Audit staff conducts a weekly walk-through of the construction site, attends the weekly progress meetings and monitors progress and change order activity.

This project is nearing final completion, a “punch-list” was developed. Staff will monitor this project through the close-out phase.

Health Care Benefits - Claims Audit

(Board Resolution – 2010-081 - Medical Mutual of Ohio)
(Board Resolution – 2011-094 - Caremark PCS Health, LLC (Caremark))
(Board Resolution – 2010-083 - MetLife Securities, Inc.)

Purpose:

GCRTA employee health care benefits expense totals approximately \$20,000,000 annually. The Board of Trustees authorized:

Contract No. 2010-72A with Medical Mutual of Ohio to provide medical plan insurance coverage;

Contract No. 2011-108 with Caremark PCS Health, LLC (Caremark) to provide a managed prescription drugs benefit program; and

Contract No. 2010-72C with MetLife Securities, Inc. to provide dental insurance coverage

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PROJECTS IN PROGRESS

Scope:

Internal Audit will perform a healthcare claims audit to evaluate third-party administrator compliance with respective plan designs and contract terms and conditions for the period January 1, 2012 through December 31, 2014.

Update:

Field work is complete for the period January 1, 2012 through December 31, 2013. The audit identified several issues to discuss with the respective third-party administrators. We engaged an audit consultant to co-source this work.

We will share the results with management during the First Quarter 2015.

Contract provisions require us to complete the 2-year audit before we can analyze the 2014 calendar year claims.

Central Bus Maintenance Facility – ISO 14001 Certification

Purpose:

The ISO 14001 standard represents a core set of standards used by organizations for designing and implementing an effective Environmental Management System (EMS).

Management is engaged in an effort to seek certification for the Central Bus Maintenance Facility. This includes documented sustainable and environmental processes for the use and/or disposal of certain elements such as rags, scrap metals, waste oil and other elements.

The standards include an internal audit component to evaluate compliance.

Scope:

Audit staff will develop an audit program to evaluate compliance with established processes. We will support the certification oversight and management teams to attain the objective.

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PROJECTS IN PROGRESS

Tower City Common Area Maintenance Agreement
(Board Resolution – 1994-027 – Forest City Enterprises)

Purpose:

Per the Common Area Maintenance Agreement, Forest City Enterprises invoices the GCRTA for utilities, maintenance, protective services and other reimbursable expenses. Some components are the invoices are pass-through expenses.

Scope:

Audit Staff will work with the GCRTA Energy Manager, Office of Management & Budget, to evaluate the costs for utilities. These costs include heating and cooling, power to operate the elevators/escalators and the lights.

Access to Facilities

Purpose:

Management uses security technology to secure the buildings and facilities. Employee accounts are customized within the system, commensurate with roles and responsibilities.

Scope:

Audit staff will evaluate the employee & contractor accounts and access profiles.

Information Technology Security

Purpose:

Management relies on data from a variety of business and intelligent transportation systems. Audit staff will evaluate controls over user access to GCRTA mission critical systems.

Scope:

The scope of the audit is to evaluate whether user access to GCRTA's network, applications and data is adequately controlled, including the process for granting, maintaining and removing such access. We will also evaluate administrator rights, password management and policy awareness.

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PROJECTS IN PROGRESS

Fare Enforcement – Proof of Payment System – Adult Administrative Fee
(Board Resolution 2011-081)

Purpose:

Reconcile the Administrative Fee data, entered into the Transit Police System, with City of Cleveland Clerk of Court records to provide assurance that paid (citations) are not subject to Municipal Court actions.

Scope:

All citations issued between the period September 1, 2013 through January 31, 2015.

Cleveland Municipal School District – Intergovernmental Student Transportation Agreement
(Board Resolution 2002-095)

Purpose:

Evaluate compliance with terms and conditions of the GCRTA/CMSD Intergovernmental Student Transportation Agreement.

Scope:

Audit Staff will reconcile CMSD payments for GCRTA tickets and passes issued during the (3) CMSD school fiscal year periods: July 1, 2012 through December 31, 2014. We will also evaluate elements of the ticket and pass distribution process.

Accounts Receivable – Sales Agents

Purpose:

Evaluate the GCRTA Fare Media (tickets and passes) issuance, invoicing and collections processes with GCRTA sales agents.

Scope:

Staff will analyze the GCRTA Customer Service Center transactions to develop a model to evaluate other sales agents (to be determined).

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PROJECTS IN PROGRESS

Continuous Auditing

Purpose:

Continuous Auditing defines the technologies and processes that allow an on-going review and analysis of business information on a real time basis. Internal Audit will monitor specific information electronically and incorporate the use of intelligent agents, computer modeling and other software tools. Continuous auditing will give end users of information more timely assurance that information is correct and may eventually lead to continuous reporting where business information is updated and published as events occur.

Scope:

The General Manager identified and monitors "Key Performance Indicators." These include Revenue and Absence Control. Internal Audit will assist management to develop continuous "monitoring" queries to provide management "real time" information to meet organizational goals. Internal Audit will develop continuous "auditing" queries to test for compliance and control risk.

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SPECIAL REQUESTS AND EMERGING ISSUES

Public Address System

Purpose:

The General Manager/CEO requested a special audit to evaluate the implementation and functionality customer public address system. The public address system is installed at 15 of 18 Red Line Rapid Transit Stations.

Scope:

Audit staff evaluated equipment installed per contract specifications to provide assurance the features and functions are working as designed and employees are properly trained to use the system.

Results:

Staff assessed each of the 15 station equipment installations. We developed a matrix identifying working and non-working features and functions.

The results were shared with management. The General Manager/CEO directed management to implement corrective actions, including a maintenance contract, networking equipment and enhancing the Control Center user interface.

Internal Audit will track the remediation efforts until completion.

Claims Processing

Purpose:

The Executive Director of Internal Audit initiated a review of the claims payment processes from the GCRTA Risk Management System to payees.

The system processes information for workers compensation and accident claims. These payments are processed through a series of manual controls. The system is not integrated with the ERP System (Accounts Payable) module.

Scope:

Internal Audit will flowchart and test the payment processes. The system software and hardware are being upgraded. We will evaluate the opportunity to integrate the system to automate manual controls.

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EXTERNAL AUDIT COORDINATION AND FOLLOW-UP

The International Standards for the Professional Practice of Internal Audit provides:

- 2050 – *Coordination:*
 - *“The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.*

The following Federal and State Agencies performed audits and reviews of the Authority’s policies and records during the Fourth Quarter 2014:

- Federal Transit Administration (FTA)
 - The FTA is conducted a review of the Indirect Cost Plan for the periods 2010-11 and 2012-13 (July-August). The final report was received in December. No material deficiencies were noted.
 - The FTA conducted a review of GCRTA safety-sensitive contractors (July-August). The final report was received in November. Deficiencies were noted at contractor locations. Management is addressing these issues with the contractors.

- State of Ohio – Office of the Auditor
 - The State of Ohio – Office of the Auditor will conduct the 2014 Financial/Single Audit. Interim work was completed during the fourth quarter. The Single Audit kick-off meeting is scheduled for February 27, 2015. Results will be shared with management and the Board of Trustees during the May-June 2015 Committee of Whole Board Meeting.

- State of Ohio – Ohio Department of Transportation (ODOT)
 - ODOT selected a consultant, Battelle 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 Emergency Management Agency (FEMA)
 - FEMA conducted a “desk review” of a grant to the Transit Police (July-August). The final report is not released yet.

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STATUS OF OUTSTANDING FOLLOW-UP

The International Standards for the Professional Practice of Internal Audit provides:

- 2500 – Monitoring Progress
 - “The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.”
 - “The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.”

(See the Recommendation Implementation Tracking Report on the next 2 pages)

The report is generated from the GCRTA Internal Audit Department audit management system (TeamMate). All outstanding issues and recommendations from internal and external audits and reviews are tracked within the application module (TeamCentral).

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

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STATUS OF OUTSTANDING FOLLOW-UP

Recommendation Implementation Tracking

Recommendation	State	Project Code	Issue	Issue Type	Priority	Estimated Date	Revised Date	Actual Date	Owner	Entity
<u>Reorganize Equipment Planner Reporting Structure</u>	Started	2013 - IA - 13 - Rail District Maintenance Program	Equipment Planner Reporting Structure	Reportable Condition		4/30/2014	11/11/2014		Boyce, William	Rail District Maintenance Program
<u>Configuration Management Re-Commitment</u>	Started	2013 - IA - 13 - Rail District Maintenance Program	Configuration Management Plan	Reportable Condition	High Priority	4/30/2014	11/30/2014		Boyce, William	Rail District Maintenance Program
<u>Use of Wood Plugs and Screws</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Use of Wood Plugs	Reportable Condition	Medium Priority	6/30/2014	11/30/2014		Fedikovich, John	Rail District
<u>Work Order Review/Close-out</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Work Order Review/Close-out	Reportable Condition	Medium Priority	6/30/2014	12/31/2014		Fedikovich, John	Rail District
<u>Open Status Maintenance Work Orders</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Open Status Maintenance Work Orders	Reportable Condition	Medium Priority	6/30/2014	12/31/2014		Fedikovich, John	Rail District
<u>Record Work Order Conditions</u>	Started	2013 - IA - 13 - Rail District Maintenance Program	Missing Field Conditions - Work Orders	Reportable Condition	High Priority	6/30/2014	12/31/2014		Boyce, William	Rail District Maintenance Program
<u>Create a Derailment Standard Operating Procedure</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Derailment Standard Operating Procedures - Service Quality	Material Weakness	High Priority	7/31/2014	10/29/2014		Richardson, Anthony	Rail District
<u>Create a Slow Order/Restricted Speed Log in the ICC</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Slow Orders	Material Weakness	High Priority	7/31/2014	11/14/2014		Richardson, Anthony	Rail District
<u>Maintenance Employee Certification</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Maintenance Employee Certification	Reportable Condition	Medium Priority	8/31/2014	11/10/2014		Kawecki, Edward	Rail District
<u>Use appropriate maintenance class for work orders</u>	Started	2013 - IA - 13 - Rail District Maintenance Program	Misclassification of Maintenance Class	Reportable Condition		8/31/2014	12/31/2014		Fedikovich, John	Rail District Maintenance Program
<u>Documentation Standards</u>	Started	2013 - IA - 13 - Rail District Maintenance Program	Missing Maintenance Management System Supporting Documentation	Reportable Condition		8/31/2014	12/31/2015		Reh fuss, Dennis	Rail District Maintenance Program
<u>Tie Replacement Strategic Plan</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Tie Replacement Strategic Plan	Reportable Condition	High Priority	8/31/2014	12/31/2014		Shaffer, Joseph	Rail District
<u>Recording Track Contractor Maintenance</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Recording Contractor Maintenance	Reportable Condition	High Priority	8/31/2014	12/31/2014		Boyce, William	Rail District

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STATUS OF OUTSTANDING FOLLOW-UP

<u>Record Vendor Costs for Planned Maintenance Inspections</u>	Started	2013 - IA - 13 - Rail District Maintenance Program	Unrecorded Vendor Costs	Reportable Condition	High Priority	8/31/2014	11/30/2014	Boyce, William	Rail District Maintenance Program
<u>Conduct Report Writing Training for all Service Quality Supervisors</u>	Pending	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Service Quality Supervisor's Accident/Incident Report	Reportable Condition	Medium Priority	9/1/2014	3/31/2015	Chapman, Ricky	Rail District
<u>Point of Derailment Measure Form</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Point of Derailment Measure Form	Material Weakness	Medium Priority	9/30/2014	12/31/2014	Fedikovich, John	Rail District
<u>Inspection of Reported Track Kinks</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Inspection of Reported Track Kinks	Reportable Condition	High Priority	9/30/2014	12/31/2014	Neumeyer, Paul	Rail District
<u>Work Order Locations</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Work Order Locations	Reportable Condition	High Priority	9/30/2014	1/5/2015	Shaffer, Joseph	Rail District
<u>Slow Orders</u>	Started	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Slow Orders	Material Weakness	High Priority	12/31/2014	12/31/2014	Fedikovich, John	Rail District
<u>Unrecorded Parts Inventory Issuance</u>	Pending	2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation	Unrecorded Parts Inventory Issuance	Reportable Condition	High Priority	12/31/2014		Fedikovich, John	Rail District
<u>Standard Operating Procedure - Quality Assurance Review</u>	Started	2013 - IA - 13 - Rail District Maintenance Program	Quality Assurance Review - Work Orders	Reportable Condition		12/31/2014		Nicoll, Scott	Rail District Maintenance Program
<u>Clock-on Clock-Off on Work Orders</u>	Started	2013 - IA - 13 - Rail District Maintenance Program	Capturing Work Order Time	Reportable Condition	Medium Priority	12/31/2014	12/31/2015	Rehfuss, Dennis	Rail District Maintenance Program
<u>Develop Rail District Performance Metrics</u>	Started	2013 - IA - 13 - Rail District Maintenance Program	Performance Metrics Not Developed	Reportable Condition		12/31/2014	12/31/2015	Boyce, William	Rail District Maintenance Program
<u>Record Inventory Issued to Work Orders</u>	Started	2013 - IA - 13 - Rail District Maintenance Program	Unrecorded Inventory	Reportable Condition	Medium Priority	12/31/2015	12/31/2015	Fedikovich, John	Rail District Maintenance Program

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OTHER PROJECTS

Fraud Hotline

The GCRTA Fraud Hotline (216) 781-4080 is established to reduce and recover the loss of public funds from any acts of fraud, waste and/or abuse. GCRTA contracts include contact information and require contractors to call whenever they suspect an illegal act or an ethics violation. The Hotline is available to our employees and the public. Audit Staff will work closely with Management, Transit Police as well as law enforcement agencies, prosecutors, professional associations and the public to ensure GCRTA assets are safeguarded.

Information Technology Steering Committee

The Chief Information Officer chairs this committee. The purpose of this committee is to oversee, analyze and prioritize the overall technology needs of the Authority.

Change Order Review Committee

The General Manager/CEO created this committee to review potential contract change orders greater than (50) thousand dollars to validate the appropriateness of the request and to ensure appropriate Procurement and Project Management processes are adhered to. Internal Audit serves as a resource to the committee.

System Security Program Planning Committee

The Deputy General Manager of Operations created this committee. The purpose of this committee is to oversee, analyze, and prioritize the overall system security needs of the Authority. The Transit Police provide the agenda for the quarterly meetings.

TransitStat

The Executive Director of the Office of Management & Budget created this Program. The purpose of this Program is to provide management feedback and the resources to self-assess. The program is designed to improve the efficiency and effectiveness of management. Internal Audit serves as a panel member and a resource to management.

Oracle Upgrade Steering Committee

The Deputy General Manager of Finance & Administration created this Steering Committee. The purpose of the Steering Committee is to participate in the planning and oversight for the Oracle Upgrade Project.

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OTHER PROJECTS

Operator Bid Dispatch/Time & Attendance System Steering Committee

The Deputy General Manager of Operations created this Steering Committee. The purpose of the Steering Committee is to participate in the planning and oversight for the Operator Bid Dispatch/Time & Attendance replacement system.

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STAFF TRAINING

The following training was provided to Audit Staff during the Fourth Quarter 2014:

Northeast Ohio Internal Audit Local Chapter Training

- Effective Risk Assessment and Computer Aided Audit Tools
- Overview of the 2013 COSO Internal Control-Integrated Framework
- Controlling Audit Projects
- IIA/Cleveland State University – Extravaganza
 - Audit Planning 2015 – An Overview of Financial Services Risk, Compliance and Internal Audit Issues - Experis
 - Data Mining and Analytics Techniques for Internal Auditors – Sems & Associates
 - Building a Relationship Based Internal Audit Department
 - Understanding Data Protection & Current Audit Techniques & Automated Controls – Skoda & Minotti
 - Understanding Business Systems: From System Implementation to Application Configuration to Reporting - KPMG

Northeast Ohio Certified Fraud Examiner Local Chapter Training

- Identity Theft & Casino Gambling

Northeast Ohio Certified Information Systems Auditors Local Chapter Training

- Data Breaches

Corporate College – GCRTA Succession Planning

- Process Mapping

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STAFF PROFILES

Anthony A. Garofoli Executive Director of Internal Audit	Anthony joined the GCRTA on September 23, 1996. He earned his BBA 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 audit experience includes Financial Audits of State and Local Governmental Units, Fraud and Contract Compliance Audits. He has earned several certifications.
Samuel Henderson Senior Auditor	Samuel joined the GCRTA on May 17, 1999. Sam earned his BS in Accounting from the University of Akron. Sam is a graduate of the GCRTA/Cleveland State University Public Management Academy.
Bonson Yee Information Technology Auditor	Bonson joined the GCRTA on September 6, 2005. He earned his BBA in Accounting from Cleveland State University. Bonson is a Certified Information Systems Auditor.
Edward Gaio Staff Auditor	Ed joined the GCRTA on February 21, 2006. He earned his BA in Criminal Justice and a BBA in Finance from Kent State University. Edward is a Certified Fraud Examiner.
Shaina Bryan Staff Auditor	Shaina joined the GCRTA on June 4, 2012. She earned her BA in Management from Hiram College and is a graduate of the GCRTA Management Development Program. (Resigned February 2015)
Anthony Ghanem Staff Auditor	Anthony joined the GCRTA on June 4, 2012. He earned his BA in Economics and International Studies from Case Western Reserve University and his Masters of Public Administration from Cleveland State University. He is also enrolled at CSU to earn his Ph.D. He is a graduate of the GCRTA Management Development Program.
Neletre Burts-Tolbert Secretary	Nell joined the GCRTA in 1990. In addition to her clerical and administrative responsibilities, she assists the Executive Director and Audit staff with a variety of specialized audit support services.
Alyssa Deis Business Analyst	Alyssa joined the GCRTA June 2, 2014. She earned a BA in Public Administration from Miami University (Ohio). Alyssa was selected to participate in the GCRTA Management Development Program and is completing an Internal Audit Department rotational assignment for 3 months.
MaTia Phillips Business Analyst	MaTia joined the GCRTA on January 6, 2014. She earned a BBA in Human Resource Management with a minor in Accounting from the University of Toledo. MaTia was selected to participate in the GCRTA Management Development Program and is completing an Internal Audit Department rotational assignment for 4 months.