Minutes

RTA Audit, Safety Compliance & Real Estate Committee Meeting

9:03 a.m. May 9, 2023

Committee Members: Koomar (Chair), Moss (Vice Chair), Weiss

Not present: Joyce

Staff: Birdsong Terry, Bowles, Burney, Caver, Cottrell-Peffer, Crawshaw, Dangelo, Davidson, Feke, Fields, Fleig, Freilich, Garlock, Garofoli, Gautam, Jones, Miller, O'Donnell, Schipper, Schnear, Scott, Talley, Togher, Walker-Minor, Zimmerman

Public: None

The meeting was called to order at 9:03 a.m. There were three (3) committee members present.

Internal Audit Quarterly Report – 1st quarter 2023

Tony Garofoli, Director of Internal Audit and his staff auditors presented the report.

Railcar Replacement Program
- Railcar Procurement
  - Procurement Monitoring
  - Buy America Audits
  - Change Order Monitoring
- GCRTA Change Management
  - Training
  - IT Integration
- Infrastructure Modifications
  - Audits of supporting capital plan projects

Buy America Pre-Award
- Internal Audit traveled to Sacramento, CA to conduct the Buy America Pre-Award audit on-site at the Siemens Mobility assembly plant
- Pre-Award Audit Team:
  - Internal Audit: Steven Zimmerman and Molly O'Donnell
  - Project Manager: Bryan Moore
  - Rail Equipment Manager: Casey Blaze
- Additional Support provided by:
  - Contract Administrator: Mabry Harris
  - Fleet Management: Dan Dietrich, Dan Kerg, and Don Haradem
- Buy America Certification Objectives:
  - Confirm that domestic railcar components and subcomponents make up 70% or greater of the value of the total railcar, and
  - To confirm that final assembly activities will take place in the United States
- Purchaser's Review Objectives:
  - Confirm that the list of components proposed by the vendor matches our solicitation specifications, and
  - Confirm that the vendor is responsible and capable of delivering the railcar
- Technical Tours
  - Manufacturing and design, software system integration, railcar delivery methodology

They toured the facility where the vehicles will be built and delivery area. They had a wide range of rolling stock in various stages of assembly.

- Results
  - Internal Audit reviewed Siemens cost information, proposed bill of materials, and supplier certificates
  - Internal Audit found Siemens to be in compliance with FTA pre-award Buy America regulations, and will issue the pre-award certificates of compliance

Ms. Moss asked what the consequences are for the vendor not complying with the contract. Ms. O'Donnell said their review is to ensure sufficient supply chain compliance. They reviewed and looked at multiple domestic manufactures for potential supply chain issues. Mr. Garofoli added that Siemen's compliance is above the goal. There are federal regulations that can be enforced if Seimens drops below compliance. Mayor Weiss asked for clarification on the audit process. Mr. Garofoli said as the grantee, RTA is required to ensure the manufacturer is capable and complies with the federal requirements. The FTA triennial review ensures that work is completed.

Upcoming Changes to IIA Standards *(last updated in 2017)*
- New Name - Global Internal Audit Standards
- Summary of Proposed Changes
  - New Structure
    - Consolidating and streamlining five elements (mission, definition, code of ethics, professional standards, implementation guides)
  - Aligning the standards with the principles
  - Adding considerations for implementation and evidence of conformance for each standard
- New Content
  - Purpose of Internal Auditing
  - 15 Principles
  - Board Audit Committee Role in Governing Internal Audit Function
  - Considerations for public sector, small functions, and others
- Changes and Clarifications
  - Clarifying the role of Chief Audit Executives in managing the Internal Audit Function
  - Incorporating new performance requirements to ensure the quality of internal auditing services
- GCRTA Internal Audit participation in APTA Committee of Audit Professionals to review and comment on proposed standards representing public transit interests
- Timeline
  - Comment period expires May 31st
  - Standards effective January 2024
- New Standards will inform changes to Internal Audit Charter – they will come back to management and Board to review the IAC. They will include the external review recommendations at that time.

Internal Audit Quarterly Report – 1st Quarter 2023 Report

COMPLETED PROJECTS

Public Transportation Agency Safety Plan – Drug & Alcohol

Objective: Evaluate GCRTA Drug & Alcohol program adherence to federal regulations and FTA guidance.
Scope: Evaluate PTASP compliance with ODOT and FTA checklists for content as it relates to Drug and Alcohol Programs.
Results: Satisfactory
Issues for Board Consideration: None

GCRTA Travel and Expense Reimbursement

Objective: Review all trip reports and travel expense reimbursements for compliance with policy and procedures.
Scope: 100% of first quarter related trips and expenses.
Results: Satisfactory, with findings and recommendations for management.
Issues for Board Consideration: None

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

Objective: The Board of Trustees authorized the exercise of an option under Contract 2021-071 with Gillig, LLC, for the purchase and delivery of up to 20, 40-ft., low floor CNG coaches including training, special tooling and spare parts.
Scope: Audit staff will complete the applicable Buy America review, required by the Federal Transit Administration.
Results: Satisfactory
Issues for Board Consideration: None

PROJECTS IN PROGRESS

Public Transportation Agency Safety Plan – Configuration Management

Objective: Evaluate GCRTA compliance with FTA and SSO requirements for Configuration Management. Provide assurance on Configuration Management plan, governance, and execution.
Scope: To be determined at conclusion of Risk Assessment.
Current Status: Planning/Risk Assessment

Physical Inventory - Parts

Objective: Provide assurance for management's physical inventory of parts, accounting until 12/31/22.
Scope: Management is counting 80% of inventory by value. Audit will observe management counts, reconcile records, evaluate controls, and conduct sample counts.
Update: Supply Chain had to pause the inventory due to staffing limitations. Counts will resume in Q3.
Current Status: Training/Fieldwork

GCRTA – Fare Media Ticket Stock

Objective: Review ticket stock vendor contract, identify compliance obligations and risks to management objectives. Document controls and evaluate compliance with the contract.
Scope: Pre-printed ticket stock inventory, blank ticket stock inventory, farecard testing, fare media destruction, and contract invoicing
Current Status: Reporting

TRACTION Performance Measurement

Objective: Evaluate the design, methodology, execution, and results of the survey inputs for TRACTION Performance Measurement.
Scope: Customer Experience, Community Value, and Workplace Experience Surveys conducted in 2022.
Current Status: Planning/Risk Assessment

Healthcare – Employee and Dependent Eligibility

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

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

Tower City Common Area Maintenance Agreement (between RTA and Bedrock)

Objective: Identify agreement requirements, validate compliance with terms and conditions, and evaluate risks and controls.
Scope: Invoice accuracy, utility billing, reimbursable expenses, maintenance/management system assets, Tower City maintenance obligations.
Update: Internal Audit and new GCRTA Property Manager held orientation meeting and tour of facility. Meeting to be scheduled with Bedrock.
Current Status: Training/Fieldwork

Public Transportation Agency Safety Plan – Accident/Incident Notification

Objective: Evaluate GCRTA compliance with FTA, NTSB, and SSO requirements for Accident and Incident Notification.
Scope: PTASP compliance with FTA standards, GCRTA SOP compliance, accident notifications, accident investigations, SQ supervisor reporting.
Current Status: Reporting

Ms. Moss asked how the performance management surveys are audited. Mr. Garlock said they look at the actual surveys for consistency, interpretation and administration of surveys between surveyors. They looked at a spreadsheet of raw data collected through tablets in 2022. For 2023, data will be collected via tablet, QR code and paper.

Engineering Project Controls and Project Support

Objective: Identify the management controls in place to support project management for Engineering division projects. Develop a template of test procedures that can be used for evaluating construction project controls in future audits
Scope: Engineering Project Management control environment.
Current Status: Planning/Risk Assessment

Employee Hiring Practices

Objective: Recruitment audit to document and understand the current process, evaluate any bottlenecks, evaluate compliance with applicable laws and regulations, and learn how the candidates perceive the GCRTA during the process.
Scope: Consulting engagement to review efficacy of hiring process.
Current Status: Reporting

Overtime

Objective: Prepare an analysis of overtime expense across the Authority. Explore the data to identify patterns and any red flags for follow-up.
Scope: Overtime expense from 2019 – 2022, Maintenance Management System work order records. Operator Time and Attendance System records.
Current Status: Reporting

They completed six management interviews to support looking into the patterns they identified and data analysis.

Heavy Rail - Motor Overhaul (Swiger Coil Systems)

Objective: Evaluate evolving HRV smoking motor issue.
Scope: Contract compliance with Swiger Motor overhaul contract, review of GCRTA Quality Assurance review process, and evaluation of third-party engineering services task order.
Update: Management continues to receive delivery of overhauled motors.
Current Status: Training/Fieldwork

Railcar Vehicle Replacement Program

Objective: Provide pre-award audit assurance on procurement activities and to complete necessary Buy America reviews.
Scope: Internal Audit will evaluate contract compliance and management controls.
Update: Pre-award fieldwork was completed on 5/1/2023, Buy America Certificates are incoming.
Current Status: Pre-Award

Accrued Time Reconciliation

Objective: Document processes involved in employee accrued leave balances, and development of a process for regular auditing.
Scope: Employee accrual rates and balances accrued and used since go-live of Kronos Workforce Development system
Current Status: Planning/Risk Assessment

They met with several departments to engage in the data collection process and to review the Oracle procedures and scripts used for modifying the data.

ADDITIONAL MIS/IT

Mr. Scott meets regularly with the IT Director and Director of Management Information Services.
- Restructuring of Technology Teams
- System Upgrades
  - Oracle (Q3)
  - Ultramain (Q2)
  - Hastus (Live 4/26)
- EZFare – testing and implementation, tracing hardware and collection of data
- Emerging IT Projects
  - Applicant Tracking
  - Learning Management
  - Data Center Co-location – for disaster recovery
  - Point of Sale
  - Infrastructure Updates
- Staffing

Upcoming: IT Council
- Fills role previously held by IT Steering Committee
- Initial meeting to be held May 23
- Topics to be covered:
  - Governance
  - Security
  - Major Projects/Initiatives
  - Future State
- Members:
  - DGM Finance

- DGM Operations
- Director of Information Technology
- Director of Management Information Services
- IT & MIS Management
- Internal Audit
- Organizational Stakeholders as required

CONTINUOUS AUDITING

Purchasing Card

Objective: GCRTA P-Card program provides a mean for streamlining payment processes, allowing cardholders to procure certain goods and services in a timely manner.
Scope: Internal Audit developed a script to evaluate P-Card transactions for compliance with the GCRTA Procurement Card Policy.
Update: The script has been run for the February – April billing cycles and reviewed by Audit leadership. Results are being prepared for Management review and action.

Revenue Collection

Objective: To evaluate and provide assurance customer fares collected from fare collection systems are reconciled, posted to accounting records, and deposited to the bank.
Scope: Internal Audit developed a script to analyze data from fare collection systems and compared it to cash in transit, accounting, and bank records.
Update: Script was executed for the period of January 1, 2023 through March 31, 2023, and reviewed by Audit leadership. Results are being finalized for Management.

Staff attended an Agile Auditing webinar. With agile auditing they break it down to sprints, which takes 2-3 weeks to create. It is a collaborative format with the stakeholders. The results are shared immediately with stakeholders. They will start to run this process monthly to share results sooner. The results are provided to a manager. They will start to use this method more frequently for continuous audits.

Payroll

Objective: To evaluate payroll data from the Authority's ERP system.
Scope: Internal Audit utilizes scripts to analyze payroll data from the Authority's ERP system.
Update: Meetings have been held with Management for review of flagged results and review of parameters.

Script has been run for February – April payrolls. Results are being reviewed to be shared with Management.

SPECIAL REQUESTS/EMERGING ISSUES
- There were no issues this quarter.

EXTERNAL AUDIT COORDINATION

- Fiscal Year 2022 Financial Statement Audit – State of Ohio Office of the Auditor – scheduled to present to the Board in June
- Federal Transit Administration Triennial Review – results expected in a few weeks
- State of Ohio DOT Rail Safety Oversight Program

STATUS OF OUTSTANDING FOLLOW-UP

All audit results and recommendations are tracked and monitored in the Audit Management System.

Upon verification, issues are closed.

OTHER PROJECTS

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

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

STAFF TRAINING

Internal Audit Department staff received the following training during the First Quarter 2023:
- Project Management Training (GCRTA)
- TeamMate+ Risk Assessment (Wolters Kluwer)
- Fraud Day (IIA/ACFE)
- Cybersecurity Assessment Tool (FTA)
- Sarbanes-Oxley and Data Analytics (IIA/OSCPA)
- Agile Auditing (Wolters Kluwer)
- First Aid CPR/AED (GCRTA)

QUESTIONS

Ms. Moss asked if IA is fully staffed. Mr. Garofoli said there is one Audit Manager vacancy, which Mr. Zimmerman is filling in for. That position will be posted soon. Mayor Weiss asked if the IA management system is fully operational. Mr. Garofoli said the new system went live in December 2022. Mayor Koomar said they will review the new IIA standards and get management input on the external assessment recommendations. The assessment items may affect how the new standards are finalized. The committee requests both items are presented together.

The meeting was adjourned at 9:49 a.m.

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Rajan D. Gautam
Secretary/Treasurer

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Theresa A. Burrage
Executive Assistant