



Audit Committee Meeting

February 21, 2024

GCRTA Internal Audit Department

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

Agenda

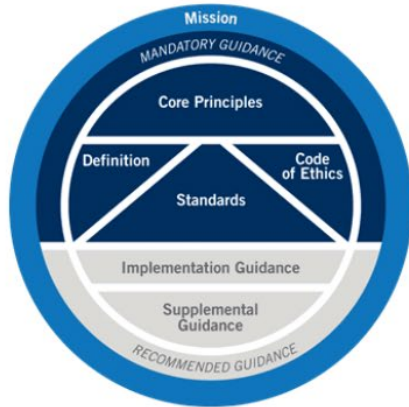
- IIA Global Audit Standards Update
- Railcar Replacement & Infrastructure Audit Activities
- 2024 Proposed Risk-Based Internal Audit Plan
- Internal Audit Quarterly Report – 4th Quarter Activities
- Cybersecurity Risk Assessment

New Internal Audit Standards

2017



International Professional Practices Framework



2024



International Professional Practices Framework® (IPPF)



New Internal Audit Standards

New Standards effective
January 9, 2025.

IA Staff attended training on
the new Global Audit
Standards January 24, 2024.



Transition and Conformance

The New Structure



5 Domains

- 15 Principles

- 52 Standards

- Requirements
- Considerations for Implementation
- Examples of Evidence of Conformance

Additional features:

- Fundamentals
- Applying the Global Internal Audit Standards in the Public Sector
- Glossary



Transition and Conformance

- Domain I: Purpose of Internal Auditing
- Domain II: Ethics and Professionalism
- **Domain III: Governing the Internal Audit Function**
- Domain IV: Managing the Internal Audit Function
- Domain V: Performing Internal Audit Services

IIA Standards – Domain III

6. Authorized by the Board

The board establishes the authority, role, and responsibilities of the internal audit function.

6.1 Internal Audit Mandate

6.2 Board Support

7. Positioned Independently

The board establishes and protects the internal audit function's independence.

7.1 Organizational Independence

7.2 Chief Audit Executive Roles

7.3 Safeguards to Independence

8. Overseen by the Board

The board oversees the internal audit function to ensure the function's effectiveness.

8.1 Board Interaction

8.2 Resources

8.3 Quality

8.4 External Assessment of Conformance

Railcar Replacement & Infrastructure Audit Activities

Contract Compliance Audit

Contract No. 2021-125 with Siemens Mobility, Inc.

- Design, manufacture and delivery of up to twenty-four (24) high floor light rail vehicles, spare parts, tooling and training

Contract Compliance Audit

Option under Contract No. 2021-125 with Siemens Mobility, Inc.

- Purchase and delivery of up to six (6) High Floor Light Rail Vehicles

Contract Compliance Audit

- Pre-Award Contract Compliance
 - Procurement audit
 - Federal Transit Administration – Buy America Review
- Post-Award Contract Compliance
 - Project management & deliverables audits
 - Contract administration audits (including change orders)
 - Invoice reviews

Railcar Vehicle Replacement Program

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

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

Update: Management and railcar manufacturer are completing design/review for the railcar. Management is engaging design consultants for infrastructure modification.



Current Status:

Siemens Mobility Potential Change Order Log

\$ 31,508,904.00												\$31,508,904.00
PR #	PR AMOUNT	Date Identified	Condition of P.C.O.	P.C.O. #	Date P.C.O. Form Last Issued	Time Ext. Day	Description	Contractor Estimate	Date Due	Independent Estimate	Date Due	Settled Amount
	\$ 30,998,016.00	6/26/2023	9	001	10/26/23	0	Excercise Options - 6 Vehicles	\$0.00	N/A	\$30,998,016.00	10/25/23	\$30,998,016.00
	\$ 510,888.00	6/26/2023	9	002	11/27/23	0	Spare Parts - (4) Additional Couplers	\$0.00	N/A	\$510,888.00	11/27/23	\$510,888.00
	\$ -	10/25/2023	9	003	11/7/23	0	Modification of Special Provisions SP-20B - Increasing Number of Cars Not Conditionally Accepted	\$0.00	N/A	\$0.00	N/A	\$0.00
		12/8/2023	9	004			HVAC Smoke Detectors					

*As of 2/21/24

Siemens Mobility Contract Change Order Log

CHANGE ORDER No. 3 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 \$5,989,112.00

Total Change Order Amount To Date \$31,508,904.00

ITEM NO.	NOTE No.	APPROVAL DATE	CHANGE ORDER AMOUNT	APPROVAL AUTHORITY	NEW CONTRACT AMOUNT
1	1	11-28-23	\$30,998,016	BOT	\$194,918,131.00
2	2	12-5-23	\$510,888	GM	\$195,429,019.00
3	3	12-6-23	\$0.00	GM	\$195,429,019.00

NOTES/CHANGE ORDER DESCRIPTION:

CO No. 1 – Exercise 6 Vehicle Options

CO No. 2 – 4 Additional Couplers

CO No. 3 – Modification of SP-20B



Siemens Mobility Inc. - Payments

GCRTA Financial Management System

RTA Set of Books:

Purchase Order – Railcar Replacement

- Purchase Order Line Items – totaling **\$195,429,019.00** (per board approval)
- **\$16,388,696.60** paid (as of 2/16/2024)

Other Railcar Replacement Program Contracts

Contract No. 2019-115 with LTK Consulting Services, Inc. (11/2020 Merger with Hatch, Hatch LTK)

- Developed railcar Request For Proposal
- Design review and manufacturing oversight

(Not currently under internal audit)

Railcar Replacement Program Contracts

Contract No. 2021-156 with K&J Safety and Security Consulting Services, Inc.

- Safety and Security Consulting Services

(Not currently under internal audit)

Railcar Replacement Program Contracts

Contract No. 2023-166 with Parsons Transportation Group Inc.

- Architect/Engineer Services for Brookpark Rail Shop Modifications
- Port of Cleveland Track Connection
(Not currently under internal audit)

FTA – Project Management Oversight

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.

FTA – Project Management Oversight

- Pre-Award Buy America Review
 - Buy America Audit & Purchaser's Audit
- Intermediate Audit (after supplier contracts are in place)
- Post-Delivery Buy America Review
 - Buy America Audit & Purchaser's Audit
- Post-Delivery – Domestic Content Monitoring

FTA – Project Management Oversight

LS Gallegos, Inc. (Steve Policar, LLC)

- Oversight Procedure 36
 - GCRTA's compliance with FTA Buy America requirements
 - Waiting on FTA final report

FTA – Project Management Oversight

Project Management Review - LS Gallegos, Inc.

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

2024 Risk-Based Internal Audit Plan

2024 Proposed Audit Plan

Purpose

Board Policy - Section 262.07 (a)(1) of the Internal Audit Charter requires the Executive Director to submit annually a risk-based Internal Audit plan.

IIA Global Audit Standards

Standard 9.4 Internal Audit Plan – The chief audit executive must create an internal audit plan that supports the achievement of the organization's objectives.

2024 Proposed Audit Plan

Risk Assessment

Board Policy - 262.06 (a)(1) of the Internal Audit Charter:
Conduct an entity-wide Risk Assessment to prioritize risk and establish a list of auditable entities.

IIA Global Audit Standards

Standard 9.4 Internal Audit Plan - The chief audit executive must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks. The assessment must be performed at least annually.

2024 Proposed Audit Plan

Methodology

1. Consider feedback from the Board, senior management, and line management to understand business objectives and risks to those objectives
2. Review the strategic plan, financial statements, operating and capital budgets, and other internal and external resources
3. Develop our risk universe of auditable entities, objectives, risks, and controls
4. Score strategic risks against organizational objectives
5. Prioritize a list of potential projects to address strategic risk

IIA Global Audit Standards

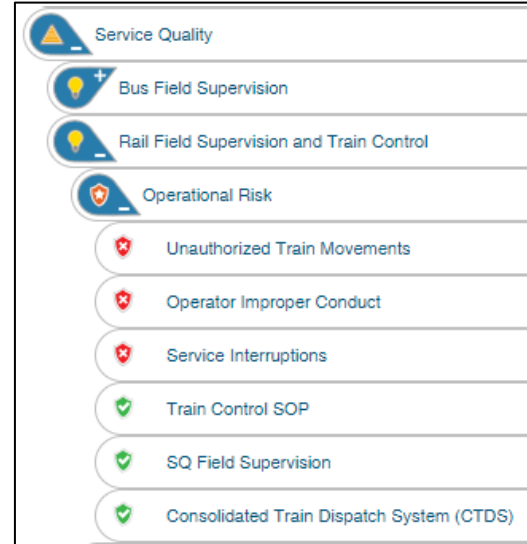
Standard 9.4 Internal Audit Plan – The assessment must be informed by input from the board and senior management, as well as the chief audit executive’s understanding of the organization’s Governance, Risk Management, and Control processes.



- **Objectives:** An object that represents the goals against the risks that are assessed in the assessment.
- **Strategic Risks:** A high-level risk used to assess the risk in all areas of your organization.
- **Risks:** An object in the form of a factor or an event that may affect the attainment of the strategic goals/objectives for the organization.
- **Controls:** An object describing something to mitigate defined or implied risks.
























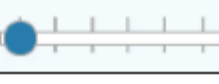



Strategic Risks



Risk Scoring

Used to score the strategic risks and risks for each auditable entity. Risk scores are applied based on the scoring formulas contained in your assessment. The level of inherent and residual risk for an entity informs your audit project decisions.

 Inherent Impact	 Inherent Impact	 Inherent Likelihood	 Inherent Likelihood	 Inherent	 Inherent	 Inherent Trend
				5.00		
				1.00		
				3.00		
						

2024 Proposed Audit Plan

Result

- A list of eligible audits prioritized by risk rank is developed
- Hours are assigned to projects using a resource allocation model
- Projects are aligned with organizational strategic plan and success outcomes

IIA Global Audit Standards

Standard 9.4 Internal Audit – The chief audit executive must identify the necessary human, financial, and technical resources to complete the plan. Consider coverage of information technology governance, fraud risk, the effectiveness of the organization's compliance and ethics programs, and other high-risk areas.

Proposed 2024 Risk-Based Audit Plan

Project	Budgeted Hours	Success Outcome(s)	Project	Budgeted Hours	Success Outcome(s)
<u>Advisory Projects</u>			<u>Railcar Replacement</u>		
Assurance Map - External Assurance Providers	80	III	Brookpark Track Construction	200	I, II, III
Change Order Committee	40	I, II, III	Railcar Infrastructure Modification Designs	200	I, II, III
Data Analytics	20	II, III	- Brookpark Maintenance Facility Design	-	-
Engineering Workforce Advisory	100	II, IV	- Central Rail Maintenance Facility Design	-	-
Fraud Risk Assessment	80	III	- Rail Station Platform Design	-	-
Insurance Application Support	40	III	Railcar Port Connection Construction	200	I, II, III
Internal Audit - Global Audit Standards - Implementation	80	IV	Railcar Replacement Contract	300	I, II, III, IV
Self-Insurance Casualty Program Assessment	40	III, IV	Railcar Workforce Development	100	IV
<u>Internal Audits</u>			<u>Information Technology Audits</u>		
Accident and Incident Training and Discipline Outcomes	120	III, IV	Accrued Leave	240	III, IV
Accounts Payable	200	III	Change and Patch Management	200	III
ADA Certification Process	200	I, II, III	Consolidated Train Dispatch System Replacement	200	I, II, IV
Applicant Tracking System Implementation	200	I, IV	Cybersecurity Assessment	100	III, IV
Capital Planning Funding Process Development	200	III	Disaster Recovery	200	III
Configuration Management Follow-up	80	I, II, III, IV	Firewall Replacement	100	III
CSU U-Pass Closeout	80	II, III	Hastus Operator Performance Module	40	IV
Customer Complaints Process	200	I, II, III	Identity and Access Management	160	III, IV
Customer Service Center - Tower City	80	III, IV	IT Governance	40	III, IV
Dependent Eligibility - Follow-up	80	III, IV	IT Project Management Process	300	III, IV
Electronic Funds Transfer Approval Process	100	III	On-Route System Upgrade	40	I, II, IV
FTA Triennial Taskforce	100	III, IV	Riskmaster Upgrade/Interface	40	III
Fuel Expense	100	III	Trapeze PASS Upgrade	40	I, II, IV
Healthcare Claims Expense	200	III, IV	<u>Continuous Audit</u>		
Maintenance-Management System Upgrade	200	I, II, III, IV	Accounts Payable	120	III
On-Time Performance	300	I, II	Nepotism	50	IV
Petty Cash	80	III	Paratransit Eligibility/Certification	50	I, II, III
Physical Inventory	250	III	Payroll	50	III, IV
PTASP - Emergency Operations Plan	200	I, IV	Purchasing Card Expense	50	III
PTASP - Maintenance Management SOPs/Documentation	200	I, III, IV	Revenue Collection	50	III
Service Quality Bus Field Supervision	120	I, II, IV	Script Development	900	I, II, III, IV
Third-Party Risk Assessment	100	III	<u>External Audits</u>		
Transit Ambassador/Fare Enforcement	300	I, II, III, IV	Financial Audit Support	100	III
Transit Police Overtime and Compensated Time	50	III, IV	FTA Project Management Oversight	40	III
Travel Reimbursement	120	III, IV	State Safety Oversight Triennial	40	II, III
Work Order Management	400	III, IV	System Security Plan	80	I, II

Proposed 2024 Risk-Based Audit Plan

Project	Budgeted Hours	Success Outcome(s)
<u>Contract Audits</u>		
City of Shaker Heights Maintenance Expense	100	II, III
Hayden Roof Replacement	100	III, IV
Locomotive Replacement	60	II, IV
Paratransit Vehicle Replacement	40	I, II, III, IV
Supply Chain Contract Management	180	I, II, III
Tower City Portals Construction	300	I, II, III
Tower City Station - Common Area Maintenance	80	I, II, III
Vehicle Buy America	80	I, II, III, IV
Warrensville-Van Aken Rapid Station Construction	200	I, II, III
Waterfront Line Bridge Rehabilitation	80	I, II, III
West 25th Street Corridor BRT	100	I, II
Special Requests & Emerging Issues	2000	

Success Outcomes:

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***

The GCRTA Internal Audit 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

2024 Proposed Audit Plan

Request for Plan Approval

- Staff requests the Audit Committee recommend to the Board of Trustees the proposed 2024 audit plan for approval.

IIA Global Audit Standards

Standard 9.4 Internal Audit Plan - The chief audit executive must discuss the internal audit plan, including significant interim changes with the board and senior management. The plan and significant changes must be approved by the board.

Internal Audit Quarterly Report – 4th Quarter Activities

Fourth Quarter Report

Introduction

2023 Internal Audit Plan

2024 Proposed Audit Plan

Completed Projects

Continuous Auditing

Projects in Progress

Special Requests and Emerging Issues

External Audit Coordination

Status of Outstanding Follow-up

Other Projects

Staff Training

IIA Global 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.

Example Template

Audit Title

Objective: Purpose

Scope: Audit program/fieldwork

Results: Satisfactory, Marginally Satisfactory, Marginally Unsatisfactory, Unsatisfactory

Issues for Board Consideration: Areas of high risk the board should consider for oversight and governance.

Completed Projects

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.

Results: Marginally Satisfactory, with findings and recommendations for management.

Issues for Board Consideration: None

Completed Projects

Petty Cash

Objective: Reconcile 100% of active GCRTA petty cash accounts in accordance with GCRTA Administrative Procedure 003.

Scope: All active GCRTA Petty Cash Accounts.

Results: Satisfactory, with findings and recommendations for management.

Issues for Board Consideration: None

Completed Projects

Engineering Project Controls and Project Support

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

Scope: Engineering Project Management control environment.

Sample Project: E 79th Street Red Line Reconstruction.

Results: Revised audit procedure template for conducting construction audits.

Issues for Board Consideration: See following slides.

Completed Projects

Engineering Project Controls and Project Support

- Previous construction audit template was written in different control environment
- New template is risk-based and aligned with Engineering's manuals and project file structure
- Successfully applied template to previously completed construction project using Engineering's archived project file: E. 79th Street Red Line Station Reconstruction
- Hosted internal training for Internal Audit on new construction template, will use E. 79th Street Red Line Station Reconstruction as an example to train future auditors

Completed Projects

Engineering Project Controls and Project Support

Template tests the following controls:

- Schedule Approval Prior to First Payment
- Payment Application Process
- Schedule
- Change Order Log
- Request for Information (RFI) Log
- Submittal Log
- Change Order Documentation
- Allowance Log and Documentation
- Substantial Completion Process (punch list, certificate)
- Project Closeout Controls (forms, checklist, release of retainage)

Completed Projects

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.

Results: Flowcharts of bargaining and non-bargaining hiring process, and analysis of time-to-hire based on process milestones.

Issues for Board Consideration: None

Completed Projects

PTASP – Internal Safety Audit Plan

Objective: To evaluate Public Transportation Agency Safety Plan (PTASP) section compliance with Federal Transit Administration (FTA) and State Safety Oversight (SSO) guidance. To evaluate Internal Safety Audit Program adherence to the PTASP requirements. To assess Safety Department audit processes against Internal Audit best practices.

Scope: 2021 - 2023 PTASP review period.

Results: Marginally Satisfactory, with findings and recommendations for management.

Issues for Board Consideration: None

Completed Projects

PTASP – Configuration Management

Objective: Evaluate GCRTA compliance with Federal Transit Administration (FTA) and State Safety Oversight (SSO) requirements for Configuration Management. Provide assurance on Configuration Management plan, governance, and execution.

Scope: Public Transportation Agency Safety Plan (PTASP) compliance with FTA standards, Maintenance Requirements, State of Good Repair (SOGR) Assessments, Asset Inventory Completeness, and Technical Capacity.

Results: Unsatisfactory, with findings and recommendations for management.

Issues for Board Consideration: Yes

Completed Projects

PTASP – Configuration Management

Configuration Management program is unsatisfactory including:

- Vacant Asset and Configuration Manager and defunct Configuration Management Committee
- Unapproved Configuration Management Plan
- Missing state of good repair (SOGR) assessment records, no records retention schedule
- Insufficient technical capacity for facilities configuration management

Completed Projects

PTASP – Configuration Management

Recommendations:

- Hire a Manager of Asset and Configuration Management and reestablish the Configuration Management Committee
- Draft and approve a new Configuration Management Plan
- Establish a records retention schedule, revise the procedures for performing facilities state of good repair (SOGR) assessments, and reperform assessments for assets with missing records
- Internal Audit identified training opportunities for existing staff and recommends the division of equipment and facilities assets and configuration responsibilities based on subject matter expertise

Completed Projects

Physical Inventory - Parts

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

Scope: Audit observed management counts, reconciled records, evaluated controls, and conducted sample counts at the Central Bus Maintenance Facility. Management did not complete planned physical inventories at other locations.

Results: Marginally Satisfactory, with findings and recommendations for management.

Issues for Board Consideration: None

Completed Projects

FTA – Post-Delivery Buy America Review – CNG Coaches

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

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

Results: Satisfactory.

Issues for Board Consideration: None

Completed Projects

GCRTA Travel and Expense Reimbursement

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

Scope: 100% of trips and expenses.

Results: Satisfactory, with findings and recommendations for management.

Issues for Board Consideration: None

Projects in Progress

Transit Police Overtime and Compensatory Time

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

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

Current Status:



Projects in Progress

City of Shaker Heights Maintenance Expenses

Objective: GCRTA and Shaker Heights have an interagency agreement for landscaping along the light rail right-of-way. To reconcile the costs of Shaker Heights right-of-way maintenance expenses against the invoices paid by the GCRTA, and to evaluate compliance with the terms and conditions of the maintenance contracts.

Scope: Current contract period 2021 – 2023.

Current Status:



Projects in Progress

TRACTION Performance Measurement

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

Scope: Surveys and reports supporting performance management monitoring.

Current Status:



Projects in Progress

Tower City Common Area Maintenance Agreement

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

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

Update: Management and Internal Audit met with Bedrock. Management is evaluating next steps.

Current Status:



Projects in Progress

Waterfront Line Bridge Rehabilitation

Objective: To provide assurance of Engineering project management controls for the Waterfront Line Bridge Rehabilitation project.

Scope: Controls testing to evaluate contract compliance.

Current Status:



Projects in Progress

Service Quality Bus Field Supervision

Objective: To evaluate the processes and procedures in place to successfully perform field supervision of revenue service.

Scope: TBD upon completion of Risk Assessment.

Current Status:



Projects in Progress

Customer Communications – Service Interruptions

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

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

Current Status:



Projects in Progress

Customer Communications – Service Interruptions

Recommendations:

- Develop a Customer Experience Plan and assign Customer Experience oversight
- Improvements to customer communications including:
 - Transit App messaging
 - Social Media strategies
 - Subscription-based communication
 - Enhance ADA compliance

Projects in Progress

Electronic Funds Transfer

Objective: To document the controls over Electronic Funds Transfer and provide assurance on the efficacy of those controls.

Scope: Electronic Funds Transfer Process for grant and non-grant funded activities.

Current Status:



Projects in Progress

Hayden Roof Construction

Objective: To provide assurance of Engineering project management controls for the Hayden Roof project.

Scope: Controls testing to evaluate contract compliance.

Current Status:



Projects in Progress

Paratransit – Contracted Services

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

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

Current Status:



Projects in Progress

Heavy Rail - Motor Overhaul (Swiger Coil Systems)

Objective: Evaluate evolving Heavy Rail Vehicle (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: Final delivery was in December 2023.

Current Status:



Projects in Progress

FTA – Post-Delivery Buy America Review – Paratransit Coaches

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

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

Current Status:



Projects in Progress

Accrued Time Reconciliation

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

Scope: All employee time accruals by pay group. Secondary engagement to follow for reconciliation of hours.

Current Status:



Projects in Progress

Identity and Access Management

Objective: Evaluate controls in place for accessing critical Authority systems

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

Current Status: Review and testing of controls for Authority Bid Dispatch System



Additional MIS/IT Projects

- **CTDS**
- **Transit Master**
- **EZFare**
- **Applicant Tracking**
- **Learning Management**
- **Data Center Co-location**
- **Point of Sale**
- **Infrastructure Updates**

Continuous Auditing

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



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.

Results: The script was executed monthly and results were shared with Accounting Management.

Continuous Auditing

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.

Results: Script was executed monthly, and exceptions were shared with Revenue Management. Each month had insignificant variance between systems and financial management records.

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

Continuous Auditing

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.

Results: Script was executed monthly. Exceptions were shared with management for their feedback and supporting documentation.

Continuous Auditing

Nepotism

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

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

Results: Script is run monthly. Results to be shared with management for follow-up on employee relationships

Continuous Auditing

2024 Objectives

- Create Accounts Payable script
- Create Fuel Expense script
- Enhanced Reporting
- Fare Reconciliation: EzFare reconciliation
- Payroll: Cross-reference time keeping systems
- Nepotism: Review management responses and tracking

Special Requests/Emerging Issues

Internal Audit – Inspector General Duties

- Incompatible Employment – GCRTA Code of Ethics (Completed)
- Transit Police – Office of Professional Standards – Internal Affairs Process Review (In progress)
- Salary Non-Bargaining Non-Exempt Compensatory Time (In progress)

External Audit Coordination

- State of Ohio Department of Transportation - Rail Safety Oversight Program
- Federal Transit Administration - Project Management Oversight – Railcar Replacement Program

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.

Status of Outstanding Follow-up

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

Upon verification, issues are closed.

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.

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

Other Projects

Others

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

Staff Training

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

- Business Chemistry (NEO IIA)
- Pillar Two Overview and Internal Audit Considerations (NEO IIA)
- IIA Update Standards Update (NEO IIA)
- Culture Audits (NEO IIA)
- AI and Large Language Models (NEO IIA)
- Interviewing Techniques (NEO IIA)
- Ethics (NEO IIA)
- Managing Automation & Supplier/Vendor Risks (NEO IIA)

Cybersecurity Assessment

Institute of Internal Auditors Survey - Reasons for Cyberattacks

- Perpetrate financial fraud
- Information theft or misuse
- Activist causes, to render computer systems inoperable, and to disrupt critical infrastructure and vital services of a government or organization

Information Valuable to Cyberfraudsters

- Customer and employee data
- Intellectual property and supply chain data
- Safety Procedures
- Contract terms and pricing
- Strategic planning information
- Financial data

Three Lines of Cybersecurity Defense

1. Management in first line roles owns and manages data, processes, risks, and controls (Senior Management)
2. The second line comprises risk, control, and compliance oversight functions responsible for ensuring that first line processes and controls exist and are effectively operating (Information Technology Staff)
3. As a third line role, the internal audit activity provides senior management and the board with independent and objective assurance on governance, risk management, and controls (Internal Audit)

Cybersecurity & Infrastructure Security Agency (CISA)

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Cybersecurity & Infrastructure Security Agency

Cyber Hygiene - Portfolio of services:

- Reduce stakeholder risk by helping organizations understand their exposure
- Support resilience through the proactive identification of vulnerabilities
- Inform risk management efforts and policy decisions
- Enable data driven decisions across the government and industry alike

Cost is free, funded by the federal government.

GCRTA Cybersecurity Risk Assessment Plan

Ransomware Readiness Assessment

- Understand your cybersecurity posture with respect to the ever-evolving threat of ransomware

External Dependencies Management

- Evaluate risks of third parties that provide, operate, control, have access to, own, or have other responsibilities over key IT and related assets

Cyber Resilience Assessment

- Evaluate the cybersecurity and service continuity practices of critical infrastructure owners and operators.

GCRTA Cybersecurity Risk Assessment Plan

December 2023:

- Ransomware Readiness Assessment - **Complete**

2024:

- External Dependencies Management
- Cyber Resilience Assessment

Tabletop Exercises

** The time between assessments will allow for implementation of results*

Risk Assessment Team

CISA: Security Advisors

GCRTA:

- Information Technology/Management Information Systems & other Subject Matter Experts
- Transit Police – Federal Transit Administration/Department of Homeland Security Liaison
- Internal Audit
- Legal

Questions & Feedback

