Audit Committee Meeting

November 26, 2024

GCRTA Internal Audit Department

"Conforms with the International Standards for the Professional Practice of Internal Auditing"

Agenda

- Global Audit Standards – Internal Audit Charter

- Quality Assurance and Improvement Program

- Railcar Replacement & Infrastructure Audit Activities

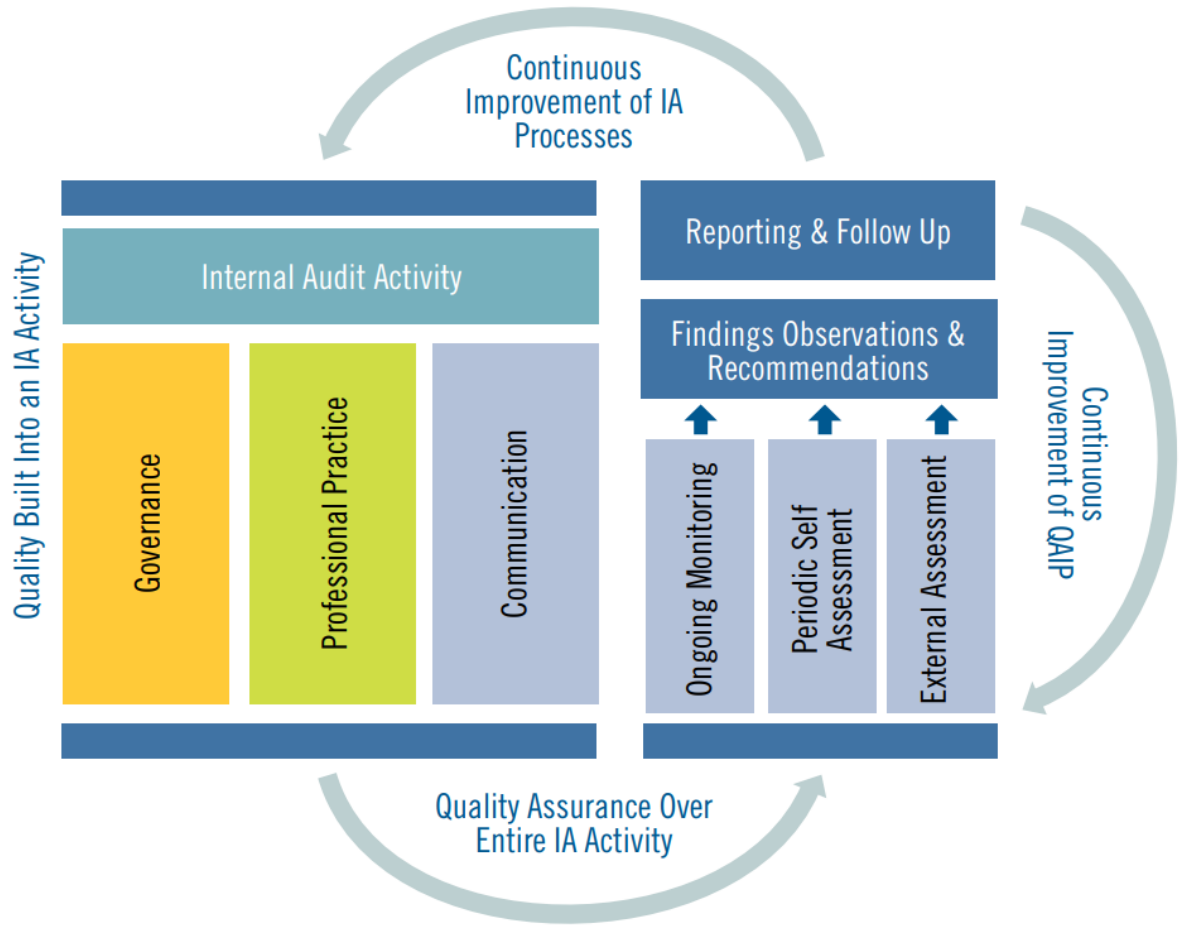- Internal Audit Quarterly Report – 3rd Quarter Activities

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Global Audit Standards
Internal Audit Charter

Quality Assurance and Improvement Program

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.

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Quality Assurance and Improvement Program (QAIP) Framework

The Institute of Internal Auditors

Continuous Improvement of IA Processes

Quality Built Into an IA Activity

Internal Audit Activity

Governance

Professional Practice

Communication

Reporting & Follow Up

Findings Observations & Recommendations

Ongoing Monitoring

Periodic Self Assessment

External Assessment

Continuous Improvement of QAIP

Quality Assurance Over Entire IA Activity

Assessing the QAIP (2023)

QAIP Element	Purpose	Initial Status
Audit Templates	Quality by design. Consistent execution	Existing
Review and QA Process	Ensure accuracy and due professional care	Existing
Key Performance Indicators	Establish goals and track progress	Missing
Client Satisfaction Survey	Measure performance and obtain feedback	Missing
Post-audit Lessons Learned	Engagement focused improvement	Missing
Internal Assessment Framework	Department focused improvement	Missing
External Assessment	External assurance for IA and stakeholders	Existing
Reporting	Transparency and accountability	Ad-hoc

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Summarized Results

Based upon the procedures performed and the results obtained from the Internal Audit Self Assessment and validated by Jefferson Wells, Internal Audit's conformance to the *Standards* and Code of Ethics is rated as follows:

Assessment Results	
Assessment Area	**Rating**
Attribute Standards	Generally Conforms
Performance Standards	Generally Conforms
Code of Ethics	Generally Conforms
Overall Assessment	**Generally Conforms**

- The Attribute Standards address the attributes of organizations and the individuals performing the work. These are generally assessed periodically in a QAIP.

- The Performance Standards describe the nature of internal auditing and provide criteria against which the performance of services can be measured. These are generally considered the standards to assess the day-to-day operations of Internal Audit.

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Key Performance Indicators

- Purpose: To identify the key measures of departmental objectives so that we can evaluate performance.

- SMART Objectives
    - Specific
    - Measurable
    - Achievable
    - Relevant
    - Time-bound

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Internal Audit Department
Key Performance Indicators
Audit Plan Year 2025

Audit Delivery and Efficiency						
Area	**Measure**	**Target**	**Actual**			
			Q1	**Q2**	**Q3**	**Q4**
Delivering the Audit Plan	Audits completed / Audits planned	15%/30%/60%/90%				
Audit Schedule Adherence	Percentage of audits that are greater than 30 days past scheduled completion	< 20%				
Audit Report Timeliness	Average days from end of fieldwork to report publish date.	< 60 Days				

Staff Development						
Area	**Measure**	**Target**	**Actual**			
			Q1	**Q2**	**Q3**	**Q4**
Training Hours	Number of training hours dedicated per staff per year	10/20/30/40 Hours				
Certifications Achieved	Staff members with at least one active audit professional certification	8 FTEs				

Client Relations						
Area	**Measure**	**Target**	**Actual**			
			Q1	**Q2**	**Q3**	**Q4**
Client Satisfaction	Percentage of clients satisfied with audit services	> 80%				

Issue Tracking and Follow-up						
Area	**Measure**	**Target**	**Actual**			
			Q1	**Q2**	**Q3**	**Q4**
Status Updates	Average days since last status update for all open audit issues	< 60 Days				
Issue Closure	Percentage of eligible issues closed	100%				

Audit Quarters for KPIs will be based on the start of the Audit Plan year. Q1 will start in March.

Client Satisfaction Surveys

- Purpose: To measure client satisfaction from audits to improve internal processes and enhance client relationships

- Challenge: Obtaining honest feedback from stakeholders

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- Likert Scale (agree/disagree)
  - Clear communication
  - Relevance
  - Value
  - Duration
  - Stakeholder input
  - Professionalism
  - Integrity
- Open Ended
  - Positive experiences
  - Improvement opportunities
  - Open comments

Post-audit Lessons Learned

- Objective: To establish a norm of regrouping at the end of an audit to discuss outcomes.

- Honest introspective feedback aimed at improving our internal processes engagement by engagement.

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Internal Audit Department
Lessons Learned Review

Project:	
Date:	
Project Team:	
Successful Practices:	
Opportunities for Improvement:	
Challenges or Limitations:	
Recommendation for Follow-up Audit Timing:	
Additional Audits Proposed:	

- Successful Practices
- Opportunities for Improvement
- Challenges or Limitations
- Recommendations for Audit Follow-up Timing
- Additional Audits Proposed

Internal Assessment Framework

- Purpose
  - The internal assessment is meant to measure the department's compliance with the standards, but the standards are changing.

- Solution
  - The IIA developed a new standards readiness assessment.
  - This assessment measured the gaps to conformance between our current implementation and the future state.
  - 2023 Self-Assessment with Independent Validation (External Assessment) served as baseline

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New Requirement in Standards	What this Change Means	Considerations for Implementation	Examples of Evidence of Conformance
Domain III: Governing the Internal Audit Function (introduction)			
The CAE must discuss this domain with the board and senior management.

The discussions are needed to inform the board and senior management about the importance of the essential conditions and to gain alignment among their respective responsibilities.

If either the board or senior management disagrees with one or more of these essential conditions, the CAE must emphasize – with examples – how absence of the condition(s) may affect the internal audit function's ability to fulfill its purpose or conform with specific standards. | While the 2017 Standards often stated or implied an expectation or need for the board and senior management to take certain actions, such as approvals, the Standards did not frame such actions as essential to the internal audit function's ability to fulfill the Purpose of Internal Auditing.

The introduction to Domain III requires the CAE to discuss with the board and senior management the roles and responsibilities of each party.

The presentation of "essential conditions" in the new Standards brings new focus on the importance of the relationship between the CAE, the board, and senior management and sets forth new expectations for direct communication and collaboration between the parties. | The discussions with the board and senior management should focus on:

• The Purpose of Internal Auditing as articulated in Domain I: Purpose of Internal Auditing.

• The essential conditions outlined under each of the standards in Domain III: Governing the Internal Audit Function.

• The potential impact on the effectiveness of the internal audit function if the board or senior management does not provide the support outlined in the essential conditions.

The nature and frequency of these discussions depend on the circumstances and changes in the organization.

Domain III tools, available from The IIA, may assist with the communications. | Documented agenda items, presentations, notes, and/or minutes from board and senior management discussions concerning Domain III. |
| **6.3 Board and Senior Management Support** | | | |
| The CAE must coordinate the internal audit function's board communications with senior management to support the board's ability to fulfill its requirements.

Essential Conditions Board
Champion the internal audit function to enable it to fulfill the Purpose of Internal Auditing and pursue its strategy and objectives.

Senior Management
Support recognition of the internal audit function throughout the organization. | The 2017 Standards did not include details about the CAE facilitating communications between the board, senior management, and the internal audit function or about the importance of the board and senior management promoting the function's ability to achieve its purpose. | The CAE should inform senior management of board discussions as appropriate and confirm an understanding of reporting provided by both parties to establish clarity and a lack of redundancy. | An agreed-upon matrix or similar documentation showing the information, including the essential conditions, that the CAE should communicate to the board and senior management and the expected frequency. |

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Readiness Assessment Results

- 27 Standards identified by the IIA requiring evaluation.
  - GCRTA Internal Audit is already in compliance with 16 of the updated standards.
  - 11 standards will require changes to achieve compliance.
  - 11 Corrective Action Plans have been developed with two implementations complete.

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Corrective Action Plans

IIA Standard	Missing Requirement/Action Plan	Target Date
1.1 Honesty and Professional Courage	Client surveys include assessment of auditor honesty and professional courage.	Implemented
3.1 Competency	Maintain a central repository for tracking training, certifications, and CPEs. Formalize training program.	December 2024
3.2 Continuing Professional Development	Annual ethics training is now a requirement.	Implemented
5.2 Protection of Information	Develop procedures to codify department standards for requesting, storing, accessing, and sharing confidential information. Review and enhance (if needed) annual statements of confidentiality	January 2025

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Corrective Action Plans

IIA Standard	Missing Requirement/Action Plan	Target Date
7.2 Chief Audit Executive Qualifications	The Executive Director of Internal Audit's job description and qualifications should be updated. Identify a succession plan for Executive Director.	January 2025
8.3 Quality	Establish annual performance objectives approved by the board of trustees.	February 2025
9.2 Internal Audit Strategy	Develop an Internal Audit Department strategy that will look forward 3 – 5 years.	March 2025
10.2 Human Resources Management	Develop a formal recruitment and retention policy.	January 2025

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Corrective Action Plans

IIA Standard	Missing Requirement/Action Plan	Target Date
11.3 Communicating Results	Establish a process for communicating engagement themes at defined intervals.	March 2025
12.2 Performance Measurement	Similar to 8.3 Quality. Once approved by the board, maintain active measurement of performance objectives.	March 2025
14.4 Recommendations and Action Plans	Review and update the Administrative Procedure for management response to audit recommendations.	March 2025

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QAIP Today (2024)

QAIP Element	Purpose	Present Status
Audit Templates	Quality by design. Consistent execution.	Existing
Review and QA Process	Ensure accuracy and due professional care	Existing
Key Performance Indicators	Establish goals and track progress	In-progress
Client Satisfaction Survey	Measure performance and obtain feedback	Implemented
Post-audit Lessons Learned	Engagement focused improvement	Implemented
Self-Assessment Framework	Department focused improvement	Implemented
External-Assessment	External assurance for IA and stakeholders	Existing
Reporting	Transparency and accountability	Implemented

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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

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

- Purchase and delivery of up to six (6) high-floor light rail vehicles
- Purchase and delivery of up to (18) high-floor light rail vehicles

*High-floor light rail vehicles will operate on the Red, Blue, Green, and Waterfront Lines

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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

Contract Compliance Audit

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: Welding on the railcar frame girders has started in Sacramento. Management is engaging design consultants for infrastructure modifications.

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Siemens Mobility Contract Change Order Log

- **Original Contract Amount:**

  $163,920,115.00

- **Total Change Order Amount to date:**

  $31,699,734.21

- **Total Change Order Amount pending Change Order Six approvals:**

  $144,469,734.21

CHANGE ORDER No. 5 LOG

CONTRACT NO. 2021-125

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

Contract #2021-125   Contractor: Siemens Mobility Inc.

Original Contract Amount $163,920,115.00   Total G.M./C.E.O. Authority Remaining $ 5,828,281.79

Total Change Order Amount To Date $31,669,734.21 (*$144,469,734.21 Pending Board Approval*)

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	$5,989,112.00	$195,429,019.00
3	3	12-6-23	$0.00	$5,989,112.00	$195,429,019.00
4	4	3-29-24	$108,916.54	$5,880,195.46	$195,537,935.54
5	5	8-6-24	$51,913.67	$5,828,281.89	$195,589,849.21
*6	6	TBD	$112,800,000	BOT	$308,389,850.00

NOTES/CHANGE ORDER DESCRIPTION:
CO No. 1 – Exercise 6 Vehicle Options
CO No. 2 – 4 Additional Couplers
CO No. 3 – Modification of SP-20B
CO No. 4 – Smoke Detectors
CO No. 5 – Additional Wheel Profiles
*CO No. 6 – 18 Option Vehicles, Spare Parts & Tooling - Change Order #6 has not been executed but is shown to display the full value of the contract after exercising Option 2 for 18 additional vehicles

Siemens Mobility Potential Change Order Log

PROPOSED CHANGE ORDER LOG - Railcar Replacement Project

$ 144,469,734.21

$31,669,734.21

PFA 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	Closed Date	GCRTA C.O. #	Status
$ 30,998,016.00	6/26/2023	9	001	10/26/23	0	Excersise Options - 6 Vehicles	$0.00	N/A	$30,998,016.00	10/25/23	$30,998,016.00	12/12/23	001	Closed
$ 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	12/12/23	002	Closed
$ -	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	12/12/23	003	Closed
$ 108,916.54	12/8/2023	9	004	1/25/24	0	HVAC Smoke Detectors	$108,916.54		$127,703.00	N/A	$108,916.54	3/28/24	004	Closed
$ 51,913.67	8/24/2023	9	005	3/12/24	0	Additional Rail Profiles	$51,913.67	N/A	$69,189.00	N/A	$51,913.67	8/7/24	005	Closed
	5/29/2024	9	006		0	ATC Code Rate Clarification - Specification Change	$0.00	N/A	$0.00	12/1/24				
	5/29/2024	9	007		0	60 MPH Maximum Speed - Specification Change	$0.00	N/A	$0.00	12/1/24				
$ 112,800,000.00	7/3/2024	9	008			Exercise Options - 18 Vehicles	$107,813,282.00	12/13/24	$93,036,348.00	12/13/24	$112,800,000.00			

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*As of 11/11/24

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Siemens Mobility Inc. - Payments

GCRTA Financial Management System

RTA Set of Books:

Purchase Order – Railcar Replacement

- Purchase Order Line Items – totaling **$308,389,849.21.** (per board approval)
- **$67,936,875.56** paid (as of 11/21/2024)
- **22%** of contract amount plus change orders has been paid.

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Railcar Replacement Program Contracts

Contract	Contract Amt	Expenditures	Change Orders
Hatch LTK Engineering Consulting	$5,936,923.21	$2,623,709.85	2
K&J Safety and Security Consulting	$517,024.02	$199,637.33	1
Port Connection (Design)	$78,130.00	$33,782.15	0
Port Connection (Construction)	$883,443.00	$74,961.00	0
Brookpark Yard and Track (Design)	$45,580.00	$0.00	0
Brookpark Yard and Track (Construction)	Ready to Advertise	N/A	N/A
Brookpark Interior Mods (Design)	$283,739.00	$0.00	0
Brookpark Interior Mods (Construction)	Ready to Advertise	N/A	N/A

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Railcar Replacement Program Contracts

Contract	Contract Amt	Expenditures	Change Orders
Central Rail Maintenance Mods (Design)	$472,484.95	$0.00	0
Central Rail Maintenance Mods (Construction)	Pending Design	N/A	N/A
Electronics Lab	$27,921.89	$27,921.89	1
Red Line Platform Mods (Design)	$861,676.92	$0.00	0
Red Line Platform Mods (Construction)	Pending Design	N/A	N/A
Light Rail Platform Mods (Design)	RFP in Development	N/A	N/A
Light Rail Platform Mods (Construction)	Pending Design	N/A	N/A

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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 safely, efficiently, and effectively.

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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

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FTA – Project Management Oversight

Project Management Review - LS Gallegos, Inc.

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

Internal Audit Quarterly Report – 3rd Quarter Activities

Third Quarter Report

Introduction

2024 Audit Plan

Completed Projects

Projects in Progress

Continuous Auditing

Special Requests and Emerging Issues

External Audit Coordination

Status of Outstanding Follow-up
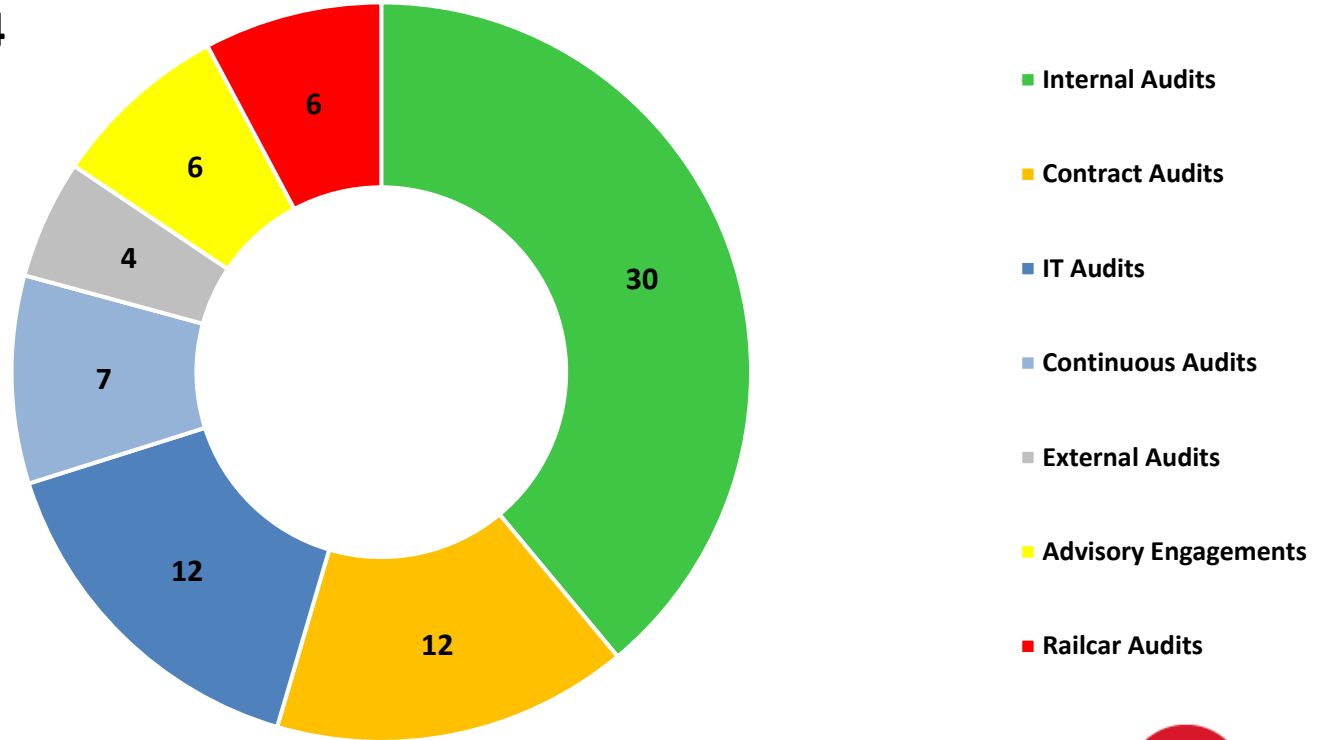
Other Projects

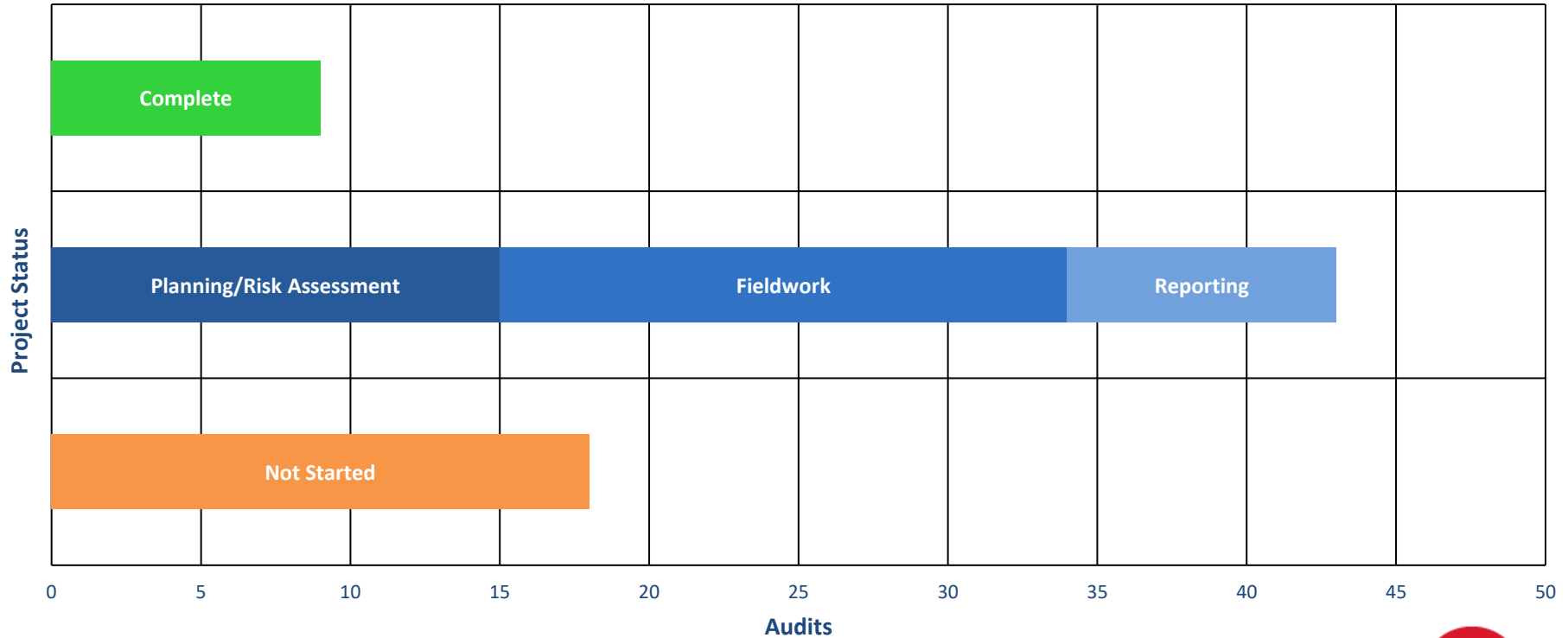Staff Training

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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.

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2024 Audit Plan Coverage by Audits Scheduled

Modified October 2024

Legend:
- Internal Audits
- Contract Audits
- IT Audits
- Continuous Audits
- External Audits
- Advisory Engagements
- Railcar Audits

Values shown: 30, 12, 12, 7, 4, 6, 6

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2024 Audit Plan Progress – 3rd Quarter

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Completed Projects

Viaduct Rehabilitation

Objective: Provide assurance over Engineering project management controls for the Viaduct Rehabilitation project.

Scope: Project management activities from notice to proceed through final completion.

Success Outcomes: Community Impact and Financial Health.

Results: Satisfactory, with one recommendation for management.

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Completed Projects

Viaduct Rehabilitation

Management Successful Practices:

- All project management controls are in place and working effectively.

- Engineering Division project record keeping practices are exceptional.

- Successful recovery of design error and omission claim.

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Completed Projects

Viaduct Rehabilitation

Recommendations

- None

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Completed Projects

Waterfront Line Bridge Rehabilitation

Objective: Provide assurance over Engineering project management controls for the Waterfront Line Bridge Rehabilitation project.

Scope: Project management activities from notice to proceed through final completion.

Success Outcomes: Community Impact and Financial Health.

Results: Satisfactory, with one recommendation for management.

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Completed Projects

Waterfront Line Bridge Rehabilitation

Management Successful Practices:

- All project management controls are in place and working effectively.

- Engineering Division project record keeping practices are exceptional.

- Effective inspection and daily activity oversight.

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Completed Projects

Waterfront Line Bridge Rehabilitation

Recommendations

- Upload evidence of final completion once the final outstanding contractor items are satisfied.

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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, all non-compliant results are returned to travelers for correction prior to processing.

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Projects in Progress – Planning/Risk Assessment

Audit Title	Objective
Accrued Leave	To provide assurance over the controls in place to calculate, track, and roll-forward accrued leave balances.
Applicant Tracking System (ATS) Implementation	To provide assurance on the implementation of the new ATS. Scope to include evaluation of candidate experience and integration of software into existing workflows.
Configuration Management Follow-up	Post-audit implementation assurance to support project success.
CSU U-Pass Program	To evaluate agreement compliance for Cleveland State University Student "Universal Pass" program.

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Projects in Progress – Planning/Risk Assessment

Audit Title	Objective
Dependent Eligibility Follow-up	Post-audit implementation assurance to support project success.
Port Connector Track	To provide assurance of Engineering project management controls for the Port Connector Track project.
Work Order Management	Evaluate how work orders are scheduled, completed, approved, closed, and quality assured.

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Projects in Progress - Fieldwork

Audit Title	Objective
Fiber Optic	To provide assurance of Engineering project management controls for the Fiber Optic project.
Fraud Risk Assessment	An entity-wide risk assessment of fraud vulnerabilities and the controls in place to detect, prevent, and mitigate fraud.
Fuel Expense (Diesel & Gasoline) + (CNG & Propulsion)	To evaluate contract compliance and to obtain background information, including expenditure trends, documentation of the workflow processes, invoice payments, and access controls.
Maintenance/ Management System Upgrade	To provide assurance over the Maintenance/Management System upgrade, evaluating IT Project Management system implementation.
On-Time Performance	To evaluate the processes for defining, measuring, achieving, and improving on-time performance.

Projects in Progress - Fieldwork

Audit Title	Objective
Petty Cash	To analyze petty cash replenishment history, conduct counts of active petty cash accounts, and review Acknowledgement of Accountability forms.
PTASP - Emergency Operations Plan	To validate that GCRTA's PTASP section on Emergency Management meets compliance requirements, and that GCRTA is sufficiently prepared with an updated Emergency plan that incorporates Information Technology resilience.
PTASP - Maintenance Manuals/SOPs	To evaluate GCRTA processes and procedures to maintain, update, and utilize maintenance manuals and standard operating procedures.
Railcar Infrastructure Modification Designs	To evaluate project management controls for railcar infrastructure modification design projects.
Railcar Workforce Development	To evaluate the workforce development plan for the railcar replacement program.

Projects in Progress - Fieldwork

Audit Title	Objective
Railcar Replacement Contract (Siemens)	To provide ongoing contract compliance assurance on program management and procurement activities and to complete necessary Buy America reviews.
Supply Chain Contract Management	Document contract management strategies used to manage contracts. Assess risk associated with centralized contract management. Evaluate efficacy of controls.
Transit Ambassadors	To provide assurance over the Transit Ambassador program, including that resources are deployed strategically, processes and procedures are in place, and stated program objectives are achieved.

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Projects in Progress - Reporting

Audit Title	Objective
Accident and Incident Training and Discipline Outcomes	Evaluate the processes and controls in place to ensure the efficacy, consistency, and quality of training and discipline outcomes that result from accident and incident review.
Body Worn Cameras	To evaluate the use, administration, and impact of Body Worn Cameras in Transit Police operations.
Hayden Roof Construction	To provide assurance of Engineering project management controls for the Hayden Roof project.
Identity and Access Management	Evaluate controls in place for accessing critical Authority systems. This engagement is reviewing the Operator Bid – Dispatch system (Hastus).

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Projects in Progress - Reporting

Audit Title	Objective
Rail Cleanliness	To document GCRTA processes for cleaning rail vehicles and rail station facilities.
Service Quality Bus Field Supervision	To evaluate the processes and procedures in place to successfully perform field supervision of Bus revenue service.

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Projects in Progress – Buy America

Manufacturer	Vehicle Type	Location	Audit Type
Geismar	(1) Line Car	Beaufort, South Carolina	Pre-Award
Geismar	(1) Locomotive	Beaufort, South Carolina	Post-Delivery
Gillig	(40) CNG Coaches	Livermore, California	Pre-Award
New Flyer	(8) Articulated BRT	Anniston, Alabama	Pre-Award
Siemens	(18) High-floor LRV	Sacramento, California	Pre-Award

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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.


7 steps for continuous auditing

1 Establish priority areas
2 Identify audit rules
3 Determine process frequency
4 Configure parameters and execute
5 Manage results and follow up
6 Report results
7 Assess emerging risk and add to register

Continuous Auditing

Title	Objective	Frequency
Nepotism	Evaluate employee relationships for non-compliance with GCRTA policy and code of ethics	Monthly
Purchasing Card	Evaluate P-Card transactions for compliance with the GCRTA Procurement Card Policy and for potential fraud, waste, and abuse.	Monthly
Payroll	Evaluate HR and Payroll information to identify the potential for fraud, waste, and abuse.	Monthly
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
Paratransit Customer Eligibility	Reconcile paratransit customer information to State of Ohio death records and evaluation the possibility for fraud, waste, and abuse.	Annually

Revenue

12-Month Lookback
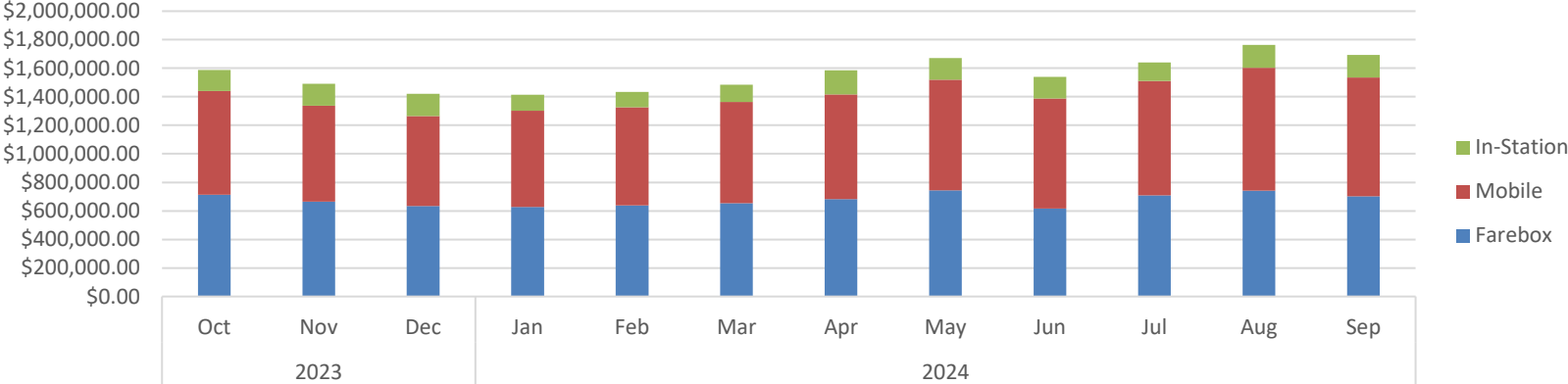
	Brinks	Bank	GL
Farebox			
In-Station			
Mobile	Not Applicable	*	*

< 2% Variance
Follow-up In Progress
Mobile in Development

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Purchasing Card

Third Quarter 2024

Average Purchase	Highest Purchase	Count
$ 368.40	$ 7,340.20	2186

Tests
Documentation Missing
Document Review Threshold
Non-US
Holidays/Weekends
Organizations
Schools
Computers/Electronics
Food
Over $10,000

12-Month Review

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Payroll

	7/6/2024	7/20/2024	8/3/2024	8/17/2024	8/31/2024	9/14/2024	9/28/2024
■ FOP	$429,389.95	$431,467.79	$430,068.61	$436,311.74	$415,408.94	$446,656.04	$427,382.56
■ Non-Bargaining	$1,357,693.01	$1,296,996.50	$1,303,028.88	$1,288,730.80	$1,298,194.11	$1,303,101.49	$1,284,106.30
■ ATU	$5,062,690.11	$4,881,766.91	$4,939,082.14	$4,949,573.41	$4,907,504.74	$5,177,133.31	$4,884,821.41
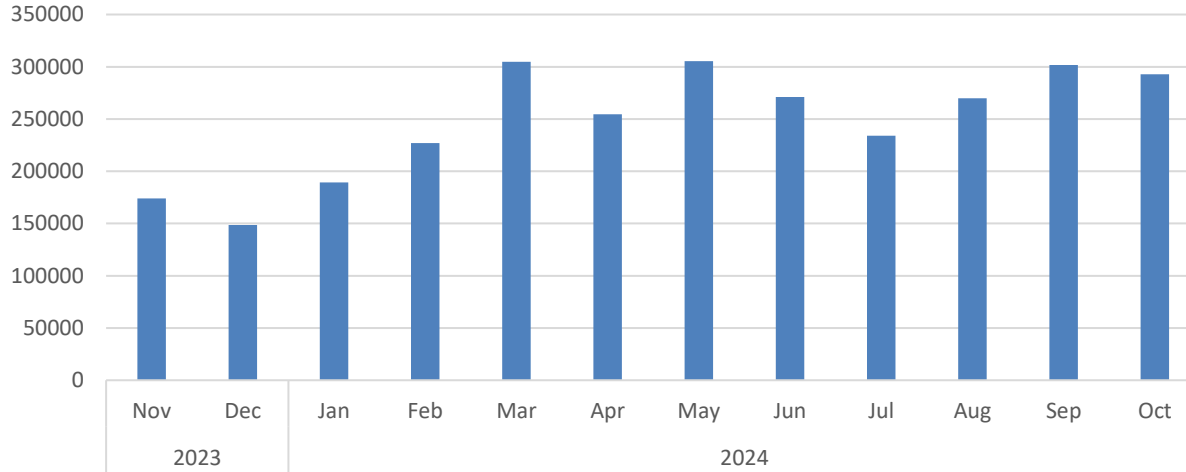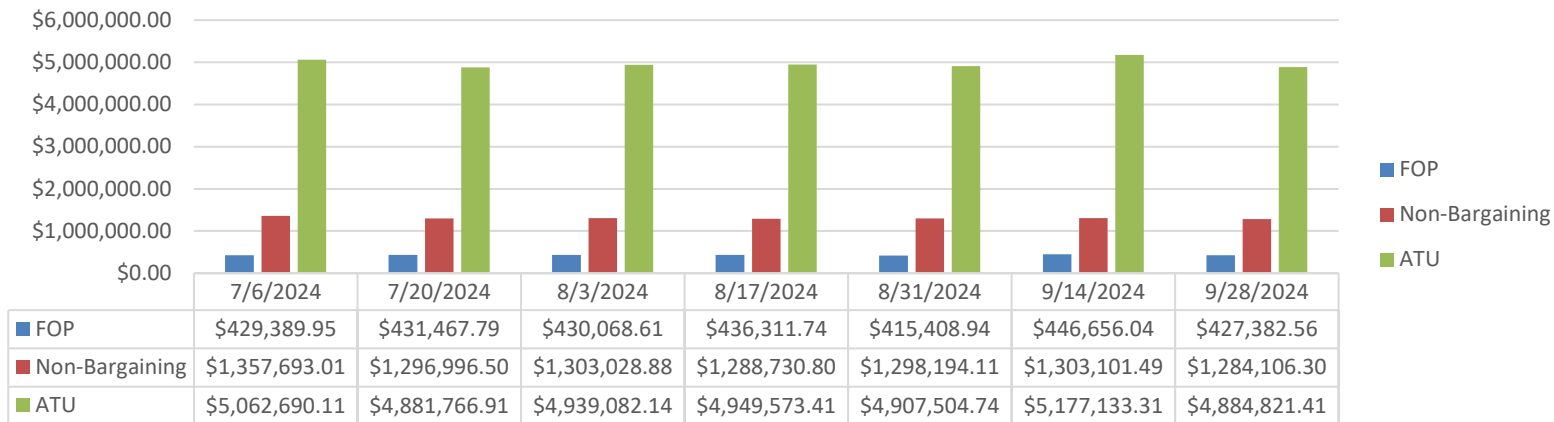
Second Quarter	
Pay Periods	7
Records analyzed	48,000
Total Compensation	$46,951,108.75

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

Greater Cleveland Regional Transit Authority

RTA

Continuous Auditing
Updated, New, and In Development

Title	Objective	Status
Nepotism	Enhancements to automation and tracking	Updated
Compensatory Time - SNE	Reconcile employee compensatory hours and earnings across timekeeping and payroll systems	Management Feedback
Mobile Ticketing Reconciliation	Reconcile mobile fares collected to mobile fare contract	In Development - Monthly
Fuel Expense	Reconcile Diesel and Gasoline deliveries and expenses	Audit in Progress

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RTA

Ongoing Technology Projects

- **Consolidated Train Dispatch System**
  - Final Design
- **EZFare**
  - Tower City Validators
  - Account Based Ticketing
- **Bid Dispatch**
  - System Enhancements
- **Disaster Recovery**
  - Data Center Co-location
- **Paratransit Scheduling**
  - Discovery

- **Robotic Process Automation**
  - Procurement
- **Point of Sale**
- **Infrastructure Updates**
- **Learning Management**
- **Ticket Vending Machine Consulting**
- **Fluid Management**

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Special Requests/Emerging Issues

Salary Non-Bargaining Non-Exempt Compensatory Time

Request: Human Resources identified instances of unusual compensatory time earnings and requested Internal Audit to perform a review and validation.

Scope: Internal Audit developed a script to calculate the anticipated compensatory time credit/debit amounts based on weekly hours worked compared to actual system values between the time and attendance system and the financial management system.

Result: A number of current and former employees were identified with variances between calculated and system values for compensatory time accruals. Human Resources will perform manual validation of the variances and initiate remedies to correct accounts.

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RTA

Special Requests/Emerging Issues

Internal Audit – Inspector General Duties

- Transit Police – Office of Professional Standards – Internal Affairs Process Review (In-progress)

- Salary Non-Bargaining Non-Exempt Compensatory Time (Complete)

- Diverted Vendor Payment (Reporting)

- West 117th Rapid Station – Change Directive (In-Progress)

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External Audit Coordination

- State of Ohio Auditor 2024 Single Audit
  - Interim work fall 2024
- State of Ohio Department of Transportation
  - Rail Safety Oversight Program
  - State Safety Oversight Triennial Review
- Federal Transit Administration - Project Management Oversight – Railcar Replacement Program

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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.

Greater Cleveland Regional Transit Authority

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.

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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.

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Other Projects

Others

- Fraud Hotline

- Information Technology Council

- Change Order Review Committee

- Railcar Replacement Steering Committee

- Oracle Upgrade Steering Committee

- Trapeze Upgrade Steering Committee

- Executive Records Management Commission

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Staff Training

Internal Audit Department staff received the following training during the Third Quarter 2024:

- GCRTA Financial Management System – Business Intelligence Reporting - (GCRTA)
- Ethics - (Ohio Ethics Commission)
- Leadership – Coaching - (Tri-C Corporate College)
- Effective Quality Assessment - (IIA)
- Performance Management Training (GCRTA HR)
- 2024 Global Internal Audit Standards - (IIA)
- Business Process Improvement, Cybersecurity (IIA/ISACA)
- Basic Investigator Skills Workshop (ACFE)
- Buy America Training (GCRTA IA)

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Questions & Feedback

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