

RESOLUTION NO. 1989 - 21

APPROVING A POLICY TO PROVIDE PROTECTION  
AGAINST INTERNAL LOSSES OF PUBLIC ASSETS

WHEREAS, the Greater Cleveland Regional Transit Authority receives substantial sums of money from passenger fares, tax proceeds, grants, loans and other sources to acquire, operate, maintain and improve its public transit facilities; and

WHEREAS, it is good business management to provide for protection against the possibility of internal losses in the use of the Authority's funds and assets due to acts of employees; and

WHEREAS, research on the approaches used by other transit authorities and consultation with the Authority's insurance consultant and broker of record has resulted in a proposed policy statement designed to provide protection against internal losses;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees for the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:


Section 1. That the Policy on Protection Against Internal Losses of Public Assets shown in Attachment 1 hereto is hereby adopted as official policy of the Authority.

Section 2. That the General Manager/Secretary-Treasurer of the Authority is hereby authorized to undertake the necessary actions to implement this Policy.

Section 3. That this Resolution shall become effective immediately upon its adoption.

Section 4. That the General Manager/Secretary-Treasurer is hereby authorized to enter into a contract with the Affiliated FM Insurance Co. for the furnishing of insurance to protect against internal losses for a total cost of Twenty-Seven Thousand and 00/100 (\$27,000.00) Dollars for a period of three (3) years.

Adopted: February 21, 1989

  
\_\_\_\_\_  
President

Attest:   
\_\_\_\_\_  
General Manager/Secretary-Treasurer

ATTACHMENT 1

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

PROTECTION AGAINST INTERNAL LOSSES OF PUBLIC ASSETS

1.0 PURPOSE/SCOPE

The policy described herein is designed to afford protection to the Authority against internal losses of public assets resulting from acts by employees whose responsibilities require access to monetary or other resources of significant value, and for protection against loss through acts of fraud by employees.

2.0 AUTHORITY

ORC Chapter 306, Regional Transit Authority, as follows:

- 306.34 Powers of board of trustees
- 306.35 Powers and duties of authority
- 306.42 Duties of secretary-treasurer

Greater Cleveland Regional Transit Authority By-Laws, as follows:

Article I, Section 8 General Manager and Secretary-Treasurer

3.0 POLICY PROVISIONS

- 3.1 The Greater Cleveland Regional Transit Authority shall acquire protection against internal losses of public assets due to acts by employees of the Authority, in such amounts and for such employees, as may be deemed appropriate to protect the public funds and property entrusted unto the Authority and to comply with the requirements of Ohio law.
- 3.2 The form of protection against internal losses to be acquired shall be determined by the General Manager consistent with the needs of the Authority, judicious expenditure of available financial resources, and the exercise of good business judgment.
- 3.3 Protection coverage in the form deemed most beneficial to the Authority, shall be obtained from a highly reputable underwriting company with sufficient resources, experience, and professional rating as to afford a reasonable expectation of indemnification in the event of an act or acts of an employee for which coverage is provided.
- 3.4 On acquiring internal loss protection, whether by bonding, insurance or any other appropriate surety means, the Authority or its designated Broker of Record shall conform to the general requirement for obtaining competitive quotations pursuant to Ohio Revised Code, Section 306.

- 3.5 The employee, who may be defined by name or position, to be covered by the Authority's internal loss protection shall include the Secretary-Treasurer, any employee designated by statute, and any other employee designated by the Board of Trustees or General Manager. Amounts of coverage shall be as specified by statute, where applicable, and as determined to be appropriate in all other instances
- 3.6 Notwithstanding the above, the Secretary-Treasurer shall obtain a surety bond to and in favor of the Authority in the penal sum of \$100,000 and such bond shall be conditioned upon the faithful performance of the duties of the office.
- 3.7 The cost of the protection coverages provided for herein, including the cost of any surety bonds, shall be paid by the Authority.

#### 4.0 PERIODIC REVIEW AND AMENDMENT

- 4.1 Adequacy of the Authority's internal loss protection coverage shall be reviewed on a yearly basis, and changes made to the coverage provided as may be deemed to be in the public interest.
- 4.2 Amendments or revisions to these policies can be initiated or proposed by any member of the Board of Trustees or by the General Manager of the Authority at any time.
- 4.3 Proposed amendments or revisions to these policies shall be subject to review and study by the Legal Committee of the Board of Trustees. The Legal Committee will make recommendations on any proposed amendment or revision to the Board of Trustees. The Board of Trustees must approve any amendment or revision by majority vote, as defined in the By-Laws, before said amendment or revision will become official policy of the Authority.