

RESOLUTION NO. 2021-28

APPROVING THE 2021 INTERNAL AUDIT PLAN

WHEREAS, the Board of Trustees has been granted the power and authority, pursuant to Chapter 306 of the Ohio Revised Code, to manage and conduct the affairs of the Greater Cleveland Regional Transit Authority ("Authority"); and

WHEREAS, Article IX, Section 5 of the Authority's Bylaws provides that the Board of Trustees shall review and approve the internal audit plan; and

WHEREAS, Section 262.07(a) of the Authority's Codified Rules and Regulations ("Code") requires the Executive Director of Internal Audit to submit, at least annually, to the General Manager, CEO, executive management and the Board of Trustees a risk-based internal audit plan for review and approval; and

WHEREAS, Section 262.07(d) of the Code requires the Executive Director of Internal Audit to communicate to the General Manager, CEO, executive management and the Board of Trustees any significant interim changes to the internal audit plan; and

WHEREAS, the Executive Director of Internal Audit prepared an audit plan for 2021, consulted with and considered feedback from the Board of Trustees, the General Manager, CEO and executive management, in accordance with the professional standards of the Institute of Internal Auditors; and

WHEREAS, the Executive Director of Internal Audit has submitted the 2021 Internal Audit Plan to the General Manager, CEO and executive management; and

WHEREAS, the Executive Director of Internal Audit hereby submits the 2021 Internal Audit Plan for approval by the Board of Trustees.

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

Section 1. That the 2021 Internal Audit Plan ("Plan"), which is substantially in the form of the attachment hereto, has been reviewed and is approved and the Executive Director of Internal Audit is hereby directed to inform the Board of Trustees, General Manager, CEO and executive management of any significant interim changes to the Plan.

Section 2. That this resolution shall be effective immediately.

Attachment: 2021 Audit Plan

Adopted: March 23, 2021



President

Attest: 

Interim Secretary-Treasurer

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
OCTOBER 1, 2020 THROUGH DECEMBER 31, 2020**

2021 PROPOSED INTERNAL AUDIT PLAN
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Project	Budgeted Hours	Success Outcome(s)
<u>COVID-19 Activities</u>		
Coronavirus Response & Relief Supplemental Appropriations Act	160	I,II,III
Family First Coronavirus Response	200	III,IV
Vehicle Disinfecting Program - Spot Audits	160	I,II,IV
<u>Consulting Projects</u>		
Audit Management System Replacement	200	IV
Cyber Risk/Liability Task Force	160	I,III
Data Analytics	160	II
Fraud Risk Assessment	240	III,IV
Third-Party Risk Assessment	240	I,III
<u>Continuous Auditing</u>		
Accounts Payable	200	II,III
Accounts Receivable	200	II,III
Nepotism	160	IV
Payroll	240	III,IV
Paratransit Eligibility/Certification	160	I,II
Revenue Collection	160	III
<u>Contract Audits</u>		
Compressed Natural Gas Vehicle Replacement	160	I,II,III
Common Area Maintenance - Tower City	200	III
Fiber Optic Line Replacement	200	I,II,III
Health Care Expenses	240	III
Health Line Vehicle Replacement	160	I,II,III
Heavy Rail Vehicle Replacement	500	I,II,III
Light Rail Track Replacement	200	I,II
Tire Lease/Maintenance	200	I,II,III
Tower City East Portal Rehabilitation	200	I,II
Viaduct Rehabilitation	200	I,II
<u>External Audits</u>		
Financial Audit Support	160	II,III
Public Transit Agency Safety Plan	340	I,II
System Security Plan	200	I,II

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INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT
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Information Technology Audits

Change and Patch Management	160	III,IV
Consolidated Train Dispatch System	160	I,III
Information Technology Governance	240	III,IV
Maintenance-Management System Upgrade	200	III,IV
Operator Time & Attendance System Upgrade	200	III,IV
Oracle System Upgrade/Migration	400	III,IV
RiskMaster/Oracle Interface	160	III
Transit Police Body Cameras	200	I,II,IV

Internal Audits

Absence Control - FMLA	200	III,IV
Accrued Leave	160	III,IV
Customer Service Center - Tower City	160	II,III
Employee Separation Process	200	III,IV
ESMS ISO 14001 Conformance Audit	240	II,III
Fare Media Inventory/Distribution	200	III
Hiring Practices	240	IV
Operating Leases	200	II,III
Parts Inventory - Cycle Counting	200	III
Petty Cash	100	III
Strategic Plan Implementation	160	I,II,III,IV
Travel Reimbursement	120	III

Revenue Collection Audits

Farebox Inventory	200	III
Revenue Reconciliation	160	III,IV
Sales Agent Collections	240	I,II,III

Special Requests & Emerging Issues	2000	
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Success Outcomes

- I. Customer Experience
- II. Community Value
- III. Financial Sustainability
- IV. Employee Engagement

"The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals" - Institute of Internal Auditing Standards – Planning 2010.



TITLE/DESCRIPTION: APPROVING THE 2021 INTERNAL AUDIT PLAN	Resolution No.: 2021-28
	Date: March 18, 2021
	Initiator: Internal Audit
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

1.0 PURPOSE/SCOPE: This action will approve the 2021 Internal Audit Plan, as required by Article IX, Section 5 of the Bylaws of the Greater Cleveland Regional Transit Authority (“Bylaws”) and Sections 262.07(a) and (d) of the Codified Rules and Regulations of the Greater Cleveland Regional Transit Authority (“Code”).

2.0 DESCRIPTION/JUSTIFICATION: Standard 2010, Planning, of the Institute of Internal Auditors’ (“IIA”) International Professional Practice Framework provides that “the chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals.” The IIA’s interpretation of that standard states that “to develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organization’s strategies, key business objectives, associated risks, and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organization’s business, risks, operations, programs, systems, and controls.”

The internal audit plan is intended to ensure that internal audit coverage adequately examines areas with the greatest exposure to the key risks that could affect the Authority’s ability to achieve its objectives. The preparation of the plan consists of a five-step process, including the identification of audit areas, establishment of risk based audit priorities, allocation of resources, development of audit scheduled, and formulation of the annual plan. Per the professional standards, Internal Audit considered feedback from the Board of Trustees, the General Manager, CEO, executive management and others. After Internal Audit met with the General Manager, CEO and each member of the executive management team to review their business objectives and organizational goals, Internal Audit aligned the plan with the Authority’s Strategic Plan and Success Outcomes.

3.0 PROCUREMENT BACKGROUND: Does not apply.

4.0 DBE/AFFIRMATIVE ACTION BACKGROUND: Does not apply.

5.0 POLICY IMPACT: Adoption of the resolution will result in the Authority having a 2021 Internal Audit Plan approved in accordance with the Authority’s Bylaws, Code and the Planning standard of the IIA.

6.0 ECONOMIC IMPACT: Does not apply.

- 6.0 ECONOMIC IMPACT: Does not apply.
- 7.0 ALTERNATIVES: Not adopting the resolution would leave the Authority without an approved Internal Audit Plan for 2021.
- 8.0 RECOMMENDATION: On February 16, 2021, the Audit, Safety Compliance and Real Estate Committee reviewed and discussed the 2021 Internal Audit Plan and referred it to the full Board. It is recommended that the resolution be adopted, approving the 2021 Internal Audit Plan.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



General Manager, Chief Executive Officer