

Minutes

RTA Audit, Safety Compliance & Real Estate Committee Meeting

9:07 a.m., November 26, 2024

Committee Members: Koomar (Chair), Elder, Pacetti, Sleasman, Weiss

Not present: Welch

Staff/Other: Birdsong Terry, Bowles, Burney, Cianciolo, Crawshaw, Dangelo, Fields, Fleig, Garlock, Garofoli, Gautam, Miller, Mothes, O'Donnell, Schipper, Scott, Talley, Togher, Walker Minor, Zimmerman

Public: None

The meeting was called to order at 9:07 a.m. There were five (5) committee members present.

Tony Garofoli, Executive Director of Internal Audit and his staff auditors gave the report. Laura Crawshaw is now a certified internal auditor.

Approval of Minutes

It was moved and seconded. The August 20, 2024 minutes were approved.

Global Audit Standards – Internal Audit Charter

The Institute of Internal Auditors revised its Global Audit Standards. The new standards are effective January 9, 2025. One component of the required revisions is the Internal Audit Charter. IA is still getting feedback from the Audit committee. A presentation will be made to explain the changes and request Board approval at the next Board meeting.

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.

Today they will discuss changes to the QAIP and new implementation for the QAIP for 2025. Through a 2023 Public Management Academy Program project Mr. Zimmerman looked at what the current QAIP, identified gaps and developed a plan to improve it.

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

The external assessment in 2023 found that IA generally conformed with all elements of the IA standards. However, the self-assessment determined there were opportunities for improvement.

Key Performance Indicators

- Purpose: To identify the key measures of departmental objectives so that we can evaluate performance.
- SMART Objectives: *Specific, Measurable, Achievable, Relevant and Time-bound*

They request feedback from the committee on these five KPI's and request approval at the February 25, 2025 meeting. The KPIs are divided into four sections: Audit Delivery and Efficiency, Staff Development, Client Relations and Issue Tracking and Follow-up with areas of focus, measurement and target for each section. Ms. Elder asked how the targets were determined. Mr. Zimmerman said they looked at a balance of what could be achieved and the desired end. Ms. Elder asked if what could be achieved is 100% and make adjustments. Mr. Garofoli said they are responsible for risk based coverage. They are active with their APTA Peer Group to share benchmarks and best practices.

Mayor Weiss asked about the audits completed versus audits planned. Mr. Garofoli said they look at risk factors and other factors in terms of how the plan is modified. A substantial change to the plan requires Board approval. Mr. Sleasman asked if staff looked at previous years to determine outcome if the KPI's had been in place. Mr. Zimmerman said yes but it was a balance of not setting goals too easy. This is the first time the department has been fully staffed. Ms. Terry asked if there are specific certifications they want their team to achieve and if it is withing budget. Mr. Garofoli said the goal is to be well rounded so the certifications vary. She suggested a baseline certification for the full group. She asked if the Issue Closure measure includes follow up. Mr. Garofoli said it is their goal to validate the recommendations. Ms. Terry asked if there was a baseline for the targets and how you get to client satisfaction. Mr. Zimmerman said he can share some examples that are similar.

Client Satisfaction Surveys

- Purpose: To measure client satisfaction from audits to improve internal processes and enhance client relationships
- Challenge: Obtaining honest feedback from stakeholders

They have dispersed surveys since 2023 through their management system. They encouraged management to give honest feedback. If the stakeholders are satisfied that will get plugged in as agreeable to the KPIs. The survey is sent to the distribution list of the audit report. They can implement a desired distribution list. They can also present aggregate and as a separate analysis. They receive close to 200 surveys. Mr. Sleasman said that if the samples are low that it may not reflect anything. He suggested they be deliberate with the priming of questions. Ms. Terry suggested an anonymous annual survey.

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.

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

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.

QAIP 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

Railcar Replacement & Infrastructure Audit Activities

Molly O'Donnell and Laura Crawshaw will be travelling to Sacramento, CA to do the Buy America Review for the 18-railcar option. The following is an overview of contract compliance audit activities for the railcar replacement program requested by the Board and Audit committee.

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

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 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.

Change Orders

The total change order amount to date is \$31.7 million and pending change order #6 the total is \$144.4 million. They also track potential change orders. The primary change since the last meeting is the 18 car option. Mayor Koomar asked that the change order authority approval by the Board and the GM be broken out. Ms. Dangelo added that FTA requires a tracking of all money against the original contract with a list of who had the authorization.

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.

There are several contracts in process under the railcar replacement program. They are not all subject to an 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 safely, efficiently, and effectively.
- 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

Project Management Review - LS Gallegos, Inc.

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

Ms. Pacetti asked for clarification on the IA department being audited. Mr. Garofoli added that each time a Buy America audit is required, IA is subject to a review by LS Gallegos to ensure Siemens is building the cars with domestic product. RTA was praised as the standard for this review. The results were shared in their quarterly reports.

Internal Audit Quarterly Report – 3rd Quarter Activities

A majority of projects are in the planning/risk assessment, fieldwork and reporting phase. They expect those projects to be completed soon or upgraded to the reporting phase. They anticipate a strong finish in the 4th quarter.

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.

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.

Recommendations: None

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.

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.

Recommendations

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

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.

PROJECTS IN PROGRESS

Seven projects are in the planning/risk assessment phase. Thirteen are in the fieldwork phase. Six are in the reporting phase. Five projects are under a Buy America review. The Buy America audits must be completed by January 2025. Additionally, clarification was requested about some of the projects. The Dependent Eligibility Follow-up audit relates to missing paperwork for eligible dependents. They worked with Benefits to secure the missing documents. Follow-up is to provide extra assurance that documents are filed. The Transit Ambassadors audit assessed the level of geographic coverage of the TAs. Some of the Siemens railcar parts will be manufactured overseas. Some of the project team will travel with the consultant to evaluate the process. Special precautions for overseas travel are recommended with IT

equipment. The station platform work is separate from the railcar contract. The contractors and timing of the work vary for the rail car project.

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. It analyses 100% of every transaction across internal and external databases. There are seven steps to this process. These audits are performed each month. Five projects are under this system. They include Nepotism, Pcard, Payroll, Revenue Reconciliation and Paratransit Customer Eligibility. A few projects are in the feedback, development or audit progress stage. They include Comp Time (SNE), Mobile Ticketing Reconciliation and Fuel Expense.

ONGOING TECHNOLOGY PROJECTS

These projects may or may not be official full-size audits.

Consolidated Train Dispatch System

- Final Design
- The project team is working with the vendor to schedule the factory acceptance testing. A team will be on location (traveling) for testing.

EZFare

- Tower City Validators – every faregate will have a validator
- Account Based Ticketing
- Team continues to meet with the vendor.

Bid Dispatch

- System Enhancements – to assist automation of tracking metrics for absences

Disaster Recovery

- Data Center Co-location – mostly complete, procuring hardware

Paratransit Scheduling

- Discovery – website updated for ADA compliance, application upgrade and new scheduling app being looked at.

Robotic Process Automation

- Procurement – come before the Board in December

Point of Sale

Infrastructure Updates

Learning Management

Ticket Vending Machine Consulting

Fluid Management

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.

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)

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

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.
- 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

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)

The meeting was adjourned at 10:46 a.m.


Rajan D. Gautam
Secretary/Treasurer


Theresa A. Burrage
Executive Assistant

