



SORTA/Metro
Finance Committee
January 21, 2025
8:30 am-9:00 am Eastern Time

FINANCE COMMITTEE

TUESDAY, JANUARY 21st, 2024 – 8:30 A.M.

SORTA/METRO AT HUNTINGTON CENTER

6th FLOOR SORTA BOARD ROOM

525 VINE STREET

CINCINNATI, OHIO 45202

General Items:

Call to order

Pledge of Allegiance

- 1 Approval of Finance Committee Minutes: November 12th, 2024

Briefing Items:

- 2 Financial Results as of December 31st (Tim Walker)
- 3 2025 Risk Assessment Report and Audit Plan (Norman Bouwie)
- 4 Audit Observation Progress (Norman Bouwie)

Action Items:

- 5 Approval of Investment of Funds Reports as of November 30th, 2024 (Tim Walker)
- 6 Approval of Investment of Funds Reports as of December 31st, 2024 (Tim Walker)

Other Items:

New Business

Adjournment

The next regular meeting of the Finance Committee has been scheduled for

Tuesday, February 18th, 2025, at 8:30 a.m.

FINANCE COMMITTEE
TUESDAY, NOVEMBER 12TH, 2024 – 8:30 A.M.
SORTA/METRO AT HUNTINGTON CENTER
6TH FLOOR SORTA BOARD ROOM
525 VINE STREET
CINCINNATI, OHIO 45202

COMMITTEE MEMEBERS APPOINTED: *Chelsea Clark (Chair), Jay Bedi, Dan Driehaus, and KZ Smith*

COMMITTEE/BOARD MEMBERS PRESENT: Jay Bedi, Tony Brice, Chelsea Clark, Trent Emeneker, Blake Ethridge, Neil Kelly, Pete Metz, Briana Moss, Gwen Robinson, Sara Sheets, Greg Simpson and KZ Smith

COMMITTEE MEMBERS ABSENT: Dan Driehaus, Kala Gibson and Sonja Taylor

STAFF MEMBERS PRESENT: Andy Aiello, Steve Anderson, John Edmondson, Joe Ferguson, Darryl Haley, Adriene Hairston, Natalie Krusling, Sharyn Lacombe, Bradley Mason, Troy Miller, Jeff Mundstock, John Ravasio, Kevin Ruth, Mark Samaan, Bill Spraul and Tim Walker

OTHERS PRESENT: Kim Schaefer (Vory's)

1. Call to Order

Ms. Clark called the meeting to order.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

3. Approval of Minutes of October 15th, 2024

Ms. Robinson moved, and Mr. Brice seconded that the minutes from October 15th, 2024, be approved. By voice vote the committee approved the minutes.

4. Financial Report as of October 31st, 2024

Mr. Walker presented the October financial results. Total revenues were \$13.0 million, which was unfavorable to budget by \$467K. Total expenses were \$13.5 million, which is favorable to budget by \$371k. Surplus/Deficit was \$0.5 million, which was unfavorable to budget by \$96k. Ridership was 1,434k, which was favorable to budget by 53k. Mr. Walker then reviewed the contributing factors to these variances.

The Committee accepted the report as presented.

5. Fuel Hedging

Mr. Kevin Ruth presented the fuel hedging report which indicated that as of October 31st, 2024, fuel is unfavorable to budget by \$106,336.

The Committee accepted the report as presented.

6. Approval of Investment of Funds Reports as of October 31st, 2024

Mr. Walker presented the October report noting the yields of SORTA 4.47% for October compared to the prior month of 4.50% for the month of September.

Mr. Walker presented the report noting yields for the Infrastructure Transit Fund of 4.60% for October compared to the prior month of 4.70% for the month of September.

Ms. Robinson moved, and Mr. Kelly seconded that the Investment of Funds as of October 31st, 2024 be approved.

By voice vote the committee approved the reports.

The Committee approved the report as presented.

7. Proposed Resolution: Approval of December 2024 – November 2025 Property & General Liability Insurance Coverages

Mr. Walker requested approval of a (1) year contract for Property & General Liability Insurance December 2024 – November 2025 Coverages for liability insurance program at a total cost not to exceed \$1,803,362.00, in addition to Property Insurance for the same period not to exceed \$571,104.00. Also, requested approval for funding for Shock Loss Contribution and Actuarial Study performed by OTRP not to exceed \$368,000.00 and \$8,000.00.

The Committee agreed to recommend the resolution to the full Board for approval on the consent agenda.

8. **Proposed Resolution: Approval of the 2025 Budget**

Mr. Walker requested approval of the 2025 budget.

The Committee agreed to recommend the motion to the full Board for approval.

9. **Proposed Motion: Approval of the 2025 SORTA Meeting Schedule**

Mr. Ethridge requested approval of the 2025 SORTA Board Schedule.

The Committee agreed to recommend the motion to the full Board for approval on the consent agenda.

New Business

Ms. Clark made a motion to request a non-monetary support proposal regarding Red Bike and the motion did not receive a second and the motion failed.

The Committee agreed to recommend the motion to the full Board for approval.

Mr. Metz moved and Ms. Moss seconded moving that Metro commits \$125,000 funding per year for (3) three years to procure first mile/last mile opportunities within our footprint and to integrate pass usage in alignment with Red Bike.

The Committee agreed to recommend the motion to the full Board for approval.

10. **Adjournment**

The meeting adjourned at 10:24 A.M.



Financial Summary - December 2024

Report Out Date – January 21, 2025

Agenda – Financial Summary

- Statement of Operations for December '24
 - Key Drivers
 - Detail Profit & Loss Statement
 - Revenue Chart
 - Sales Tax Trend
 - Expense Chart
- Investment Funds Reserve Summary
- Investment Balance Update (separate attachment)



Statement of Operations

Summary

- Total Revenue \$17.1M - favorable to Budget \$1,433k
- Total Expense \$14.2M - unfavorable to Budget (\$881k) or (6.6%)
- Operating Capital Contribution \$2.9M - favorable to Budget \$552k
- Note: Ridership total is 985k – unfavorable to Budget (70k) or (6.6%)

Revenue

- Total Operating Revenue \$1.8M - favorable to Budget \$447k or 31.9%; CPS Fares favorable to budget \$361k
- Non-Transportation \$1.9M - favorable to Budget \$392k or 25.8%; ODOT PM favorable \$250k
- County Sales Tax \$12.5M – favorable to Budget \$594k; see additional slide on county sales tax
- Federal Grants \$0.8M - on Budget

Expense

- Wages & Benefits \$10.3M - unfavorable to budget (\$151k) or (1.5%)
- Fuel and Lubricants \$676k - favorable to budget \$58k or 7.9%
- Parts & Supplies \$1.3M – unfavorable to Budget (\$465k) or (56.6%); driven by \$332k inventory write-off
- All Other \$1.9M – unfavorable to Budget (\$317k) driven by timing of outside services and other spend

Southwest Ohio Regional Transit Authority

2024 Profit & Loss Statement



12 Mo Ending December 31, 2024 (\$ In Thousands)	Month				Year to Date				
	Actual	Budget	Fav(Unfav)		Actual	Budget	Fav(Unfav)		Prior Year
Ridership									
Regular	823,510	926,139	(102,629)	(11.1%)	11,716,148	12,300,000	(583,852)	(4.7%)	11,445,647
CPS	138,601	108,817	29,784	27.4%	1,577,632	1,450,000	127,632	8.8%	1,456,476
Subtotal Fixed Route	962,111	1,034,956	(72,845)	(7.0%)	13,293,780	13,750,000	(456,220)	(3.3%)	12,902,123
Access	13,774	14,307	(533)	(3.7%)	179,086	191,309	(12,223)	(6.4%)	181,712
MetroNow!	8,600	5,126	3,474	67.8%	84,008	58,699	25,309	43.1%	20,804
Total Ridership	984,485	1,054,389	(69,904)	(6.6%)	13,556,874	14,000,008	(443,134)	(3.2%)	13,104,639
Operating Revenue									
Metro Fares	\$ 1,097	\$ 1,003	\$ 94	9.4%	\$ 13,810	\$ 13,434	\$ 376	2.8%	\$ 12,826
Access Fares	72	54	18	33.3%	701	721	(20)	(2.8%)	686
MetroNow! Fares	17	10	7	70.0%	170	117	53	45.3%	42
CPS Fares	487	126	361	286.5%	3,423	1,982	1,441	72.7%	2,004
Other	174	207	(33)	(15.9%)	2,220	2,456	(236)	(9.6%)	2,688
Total Operating Revenue	1,847	1,400	447	31.9%	20,324	18,710	1,614	8.6%	18,246
Non-Operating Revenue									
County Sales Tax	12,522	11,928	594	5.0%	119,332	124,201	(4,869)	(3.9%)	117,487
ARP	-	-	-	n/a	-	-	-	n/a	24,032
ARP Comp	-	-	-	n/a	-	-	-	n/a	28,500
Federal Subsidies	843	843	-	-	10,112	10,112	-	-	14,506
Non Transportation	1,911	1,519	392	25.8%	11,731	9,478	2,253	23.8%	10,601
Total Non-Operating Revenue	15,276	14,290	986	6.9%	141,175	143,791	(2,616)	(1.8%)	195,126
Total Revenue	17,123	15,690	1,433	9.1%	161,499	162,501	(1,002)	(0.6%)	213,372
Expenses									
Employee Wages & Benefits	10,286	10,135	(151)	(1.5%)	118,606	119,739	1,133	0.9%	107,937
Fuel & Lubricants	676	734	58	7.9%	8,220	8,131	(89)	(1.1%)	7,834
Parts & Supplies	1,287	822	(465)	(56.6%)	10,159	10,121	(38)	(0.4%)	9,376
Everybody Rides Metro Fund	41	35	(6)	(17.1%)	114	105	(9)	(8.6%)	500
Other	1,914	1,597	(317)	(19.8%)	20,772	22,071	1,299	5.9%	19,045
Total Expenses	14,204	13,323	(881)	(6.6%)	157,871	160,167	2,296	1.4%	144,692
Operating Capital Contribution	\$ 2,919	\$ 2,367	\$ 552		\$ 3,628	\$ 2,334	\$ 1,294		\$ 68,680

DECEMBER 2024 – FARE REVENUE SOURCES

3 MONTH TREND – OCTOBER 2024 THRU DECEMBER 2024

In Thousands



Month	Days per Month	Avg Rev per Day
Oct-24	31	\$40
Nov-24	30	\$37
Dec-24	31	\$35

Note: Number of Weekdays within each corresponding month as follows: Oct 23, Nov 21, Dec 22

County Sales Tax – Year to Date October

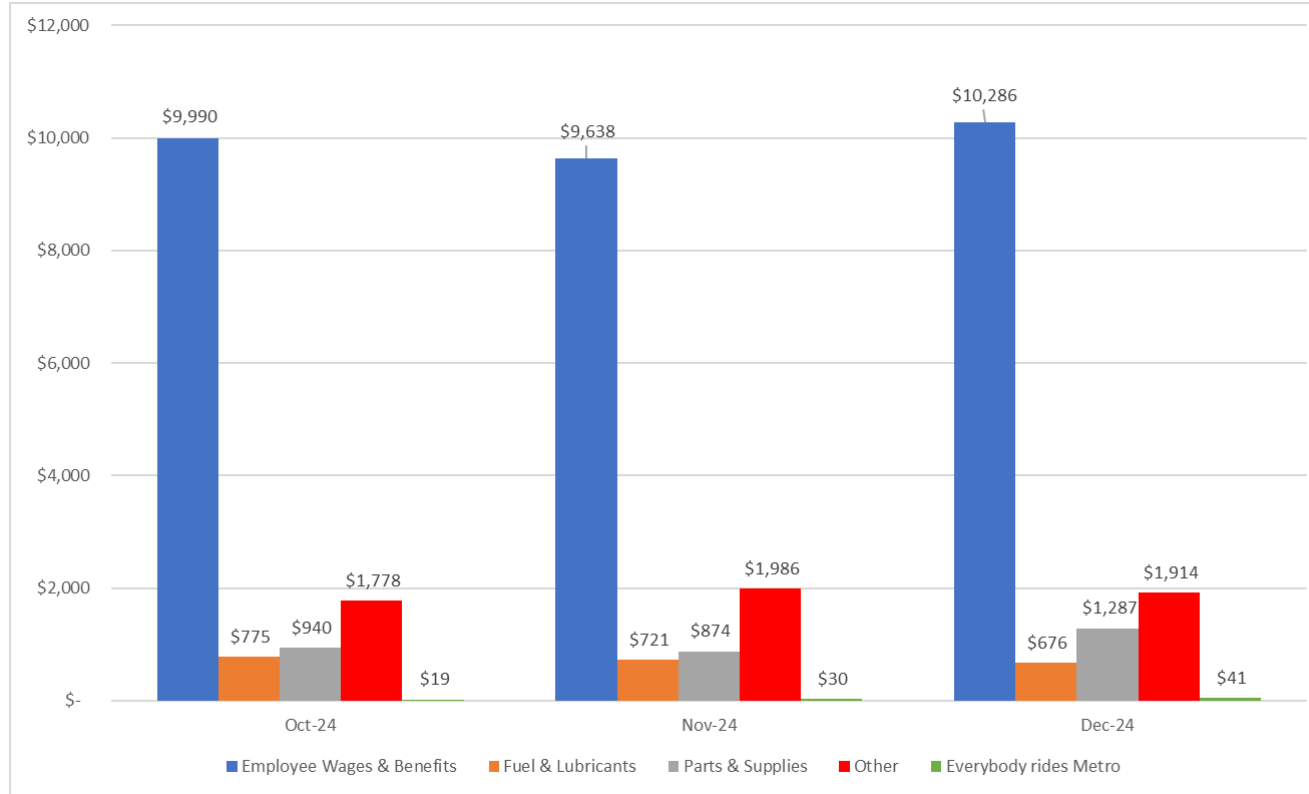
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	YTD
CY Actual	\$8,781	\$8,683	\$9,963	\$9,366	\$9,875	\$10,636	\$9,551	\$10,149	\$9,696	\$10,160	\$96,860
Budget	\$9,987	\$9,327	\$10,480	\$9,273	\$9,931	\$11,128	\$10,652	\$10,288	\$10,473	\$10,191	\$101,729
Var \$	(1,206)	(644)	(517)	93	(56)	(492)	(1,101)	(139)	(777)	(31)	(4,869)
Var %	-12.1%	-6.9%	-4.9%	1.0%	-0.6%	-4.4%	-10.3%	-1.3%	-7.4%	-0.3%	-4.8%
PY Actual	\$8,907	\$8,659	\$10,010	\$9,465	\$9,761	\$10,375	\$9,906	\$9,869	\$9,762	\$9,336	\$96,050
Var	(126)	24	(47)	(99)	114	261	(355)	280	(66)	824	810
Var %	-1.4%	0.3%	-0.5%	-1.0%	1.2%	2.5%	-3.6%	2.8%	-0.7%	8.8%	0.8%

- Year to Date thru October Hamilton County Sales Tax is (\$4.9m) unfavorable to budget and favorable to prior year \$810k or 0.8%
- Sales tax is only two months behind as we have now received October results earlier than previous cadence
- Received \$1.4M payment related to sales tax holiday

DECEMBER 2024 – OPERATING EXPENSE SOURCES

3 MONTH TREND – OCTOBER 2024 THRU DECEMBER 2024

In Thousands





Investment Funds Reserve Summary

Overnight Investments	\$28,088,917
Securities & CD's	\$130,213,904

Total All Securities (12/31/2024)	\$158,302,821
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Current Capital Reserve Obligations

<i>BRT Project Development (Hamilton & Reading Corridors) - Amts Pd</i>	\$33,973,492
<i>Future BRT Capital Match (Fed 70% & Local 30%)</i>	\$54,000,000

Total BRT	\$87,973,492
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Local Match - FTA and ODOT Grants	\$5,821,246
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100% Local Projects (Prior Years Open + Current Year)	\$31,351,222
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2 Months of Operating Expenses	\$26,000,000
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All Other Obligations	\$6,500,000
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Total Current Capital Reserve Obligations	\$157,645,960
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Net Unrestricted Securities Available	\$656,861
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2024 Remaining Operating Budget Surplus (Deficit)	\$0
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Net Unrestricted Securities + '24 Operating Budget Surplus	\$656,861
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METRO



2025 Risk Assessment

January 10, 2025





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Executive Summary

Since 2006, the risk assessment process for the Southwest Ohio Regional Transit Authority ("SORTA") has historically been performed in collaboration with external consultants such as Clark Schaefer Consulting ("CSC"). However, as of 2024, SORTA's Internal Audit (IA) Function independently conducted the Risk Assessment, marking a significant milestone in the department's growth and autonomy. While this was a departure from prior years, the same comprehensive format and methodology were applied to ensure continuity and consistency in risk identification and prioritization.

Since the inception of this process, SORTA has maintained a "risk-based" approach to developing its annual internal audit plan. This ensures that SORTA's internal audit efforts are focused on the highest organizational risks. The 2025 Risk Assessment was performed as an update to the 2023 model, with the objective of identifying and ranking SORTA's current risks. The results of this assessment have been used to develop a risk-based audit plan for 2025.

SORTA's Internal Audit Function utilized a detailed risk assessment process that aligns with defined standards and objectives from the Institute of Internal Auditors ("IIA"), COSO, COBIT, and other relevant control frameworks. The methodology included:

- **Engaging SORTA senior management:** Conducted discussions to identify additional risks facing the organization and to update the risk listing by removing risks no longer deemed relevant from the 2023 risk assessment.
- **Applying subject matter expertise:** Revised risk scores from an inherent risk perspective, considering the likelihood of occurrence and potential impact to the organization.
- **Prioritizing auditable areas:** Ranked risks by total scores (likelihood and impact) to identify the highest-priority auditable areas and confirmed alignment of these risks with potential audit engagements.

This report summarizes the scope and methodology of the 2025 Risk Assessment, key areas of risk identified, and the resulting proposed risk-based audit plan. By continuing to adopt a structured and standards-driven approach, SORTA's Internal Audit Function remains committed to providing value-added assurance and fostering a culture of risk awareness within the organization.





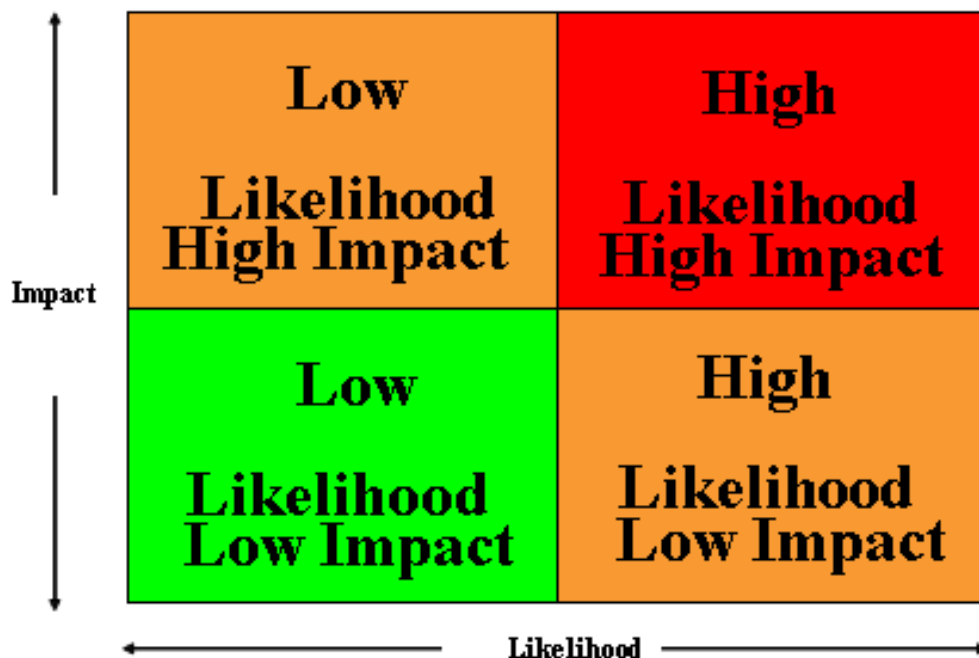
Introduction

Assessing Risk

Risk is the uncertainty that an event, which impacts the achievement of organizational objectives, will occur. Every risk has two attributes:

- *Likelihood*: How likely is it that this risk event will actually occur?
- *Impact*: What significance would the risk event have upon the business objectives of the organization should it actually occur?

Based upon a subjective scoring of each risk's likelihood and impact, the following grid was applied to internally rank the risks:



2025 Risk Assessment



Risks that are ranked lower (i.e., low impact and low likelihood) will be watched; but should they occur, they would not be expected to have a significant impact to SORTA. The cost of controlling such risk may be more than the actual cost of the risk's occurrence. On the other end of the spectrum, risks that were deemed higher (i.e., high impact and high likelihood) are risks that are too costly to allow to occur and typically the expense of mitigating such risks is well worth the expenditure to the organization.

Throughout the risk assessment process, SORTA's internal audit function assessed the likelihood and impact for identified risks. As this was an enterprise-wide risk assessment, the likelihood and impact of each identified risk was measured from the perspective of inherent risk, which is the risk that exists prior to the consideration of existing controls or processes in place to mitigate the risk. Consideration was then given to some of the existing controls in place to mitigate the inherent risks, which were provided by SORTA management during the risk assessment survey that occurred between October 1, 2024 – October 31, 2024.

The identified inherent risks were used as the primary focus for developing the organization's risk management approach. In addition, professional skepticism was applied to analyze whether mitigating controls were expected to be in place and operating effectively.

At SORTA, the internal audit function is expected to perform the following roles within the organization:

- Provide objective assurance on the adequacy and effectiveness of the risk management and internal control framework;
- Improve the processes by which risks are identified and managed; and
- Strengthen and improve the risk management and internal control framework.

In some cases, performing an internal audit for a specific risk area may not be possible, cost effective, or efficient. The risks associated with these areas should be managed through management oversight implementation of controls, and continuous monitoring.

Scope

The purpose of this risk assessment was to define the potential key risks of the organization.

Based upon the previous risk assessment and discussions with SORTA's management, key business functions for the organization were identified as follows:

METRO



2025 Risk Assessment



- Accessible Services
- Legal Affairs/Risk Management
- Procurement
- Information Technology
- Human Resources
- Executive Operations
- Communications & Customer Relations
- Fleet and Facilities
- Finance/Accounting
- Operations
- Safety and Security

The scope outlined above was used to organize the risks previously identified, as well as new risks that were noted during the assessment process. Other topical areas were considered as part of the risk assessment update but were then compiled into one of the assigned categories above.

Methodology

In determining the risk environment, internal audit relied upon the Risk Assessment Survey completed by key management personnel within each of the identified key functional areas of the organization. We collectively reviewed the key risk identified by SORTA management and developed a scoring process relevant to the current operating environment.

For this engagement, the following methodology was deployed:

1. IA sent a risk assessment survey to each member of the executive and senior leadership team, as denoted below. Based on these surveys, newly identified risks were added to the risk listing, and risks deemed no longer applicable from the previous risk assessment were removed from the 2025 risk listing.



2025 Risk Assessment



Name	Title
Andrew Aiello	Deputy General Manager
Timothy Walker	Chief Financial Officer
Julie Beard	Director of Accounting
Adriene Hairston	Chief Human Resources Officer
Patrick Giblin	Senior Director of IT
John Edmondson	Senior Director of Procurement
Bill Spraul	Chief Operating Officer
Brandy Jones	Chief Marketing Officer
John Ravasio	Chief of Staff
Jeff Mundstock	Director of Fleet & Facilities
Lisa Aulick	Director of ADA & Accessible Services
Mike Weil	Senior Director of Security

2. For each business risk acknowledge by management, IA identified a “risk likelihood” and “risk impact” score and from this determined an overall “risk ranking.”

<i>Risk Likelihood and Impact Scoring Model</i>			
Ranking	Score	Likelihood of Risk	Nature of Impact
Low	L	Rare or Unlikely	Little Impact
Medium	M	Possible or Likely	Significant Impact
High	H	Highly Likely or Almost Certain	Material Impact

3. IA then reviewed each risk based upon the ability (or inability) for an internal audit to feasibly and economically be conducted to assess the risk mitigating controls.

It is important to note that SORTA’s internal audit function did not perform testing, either compliance or substantive, to ascertain the operating effectiveness of any risks or controls identified while performing the risk assessment. IA relied upon the opinions of the SORTA executive team concerning these controls and recent internal audits while updating the risk assessment. Had IA performed such testing, then the conclusions contained within this document may have been different. It is feasible that additional areas of risk may have been identified with a higher risk ranking should controls represented by management be found insufficient for effectively mitigating such risks.

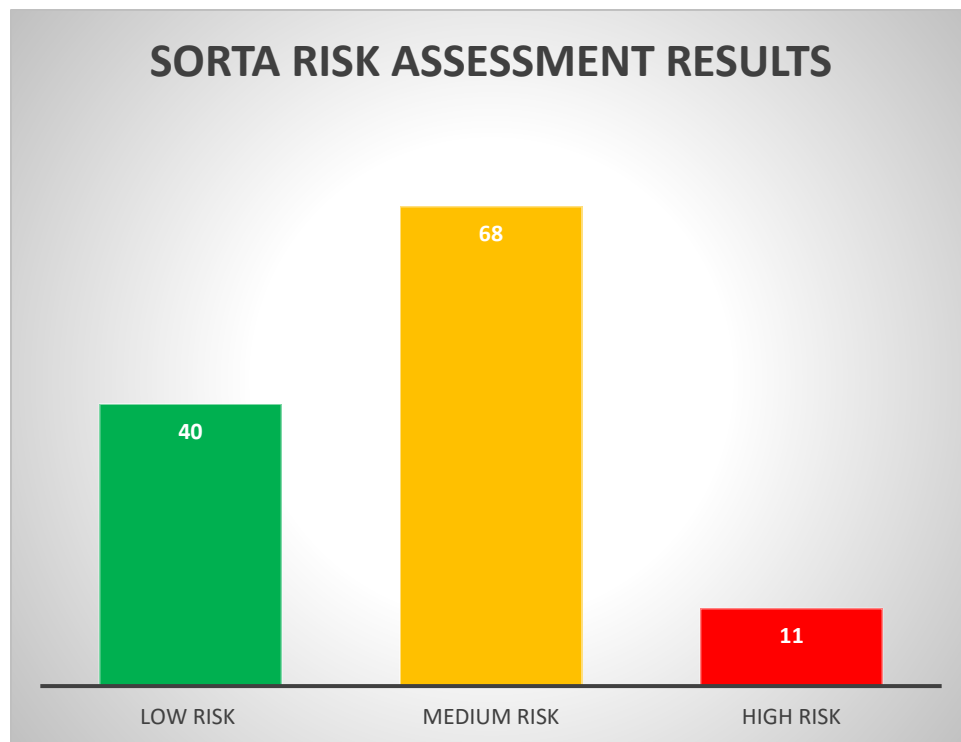


2025 Risk Assessment

The risk ranking provided through this process is a composite risk score after considering both risk likelihood and risk impact to the organization. Using these two factors gives the process a general risk exposure to the organization based on the absence of controls. Often difficulty arises when discerning the control structure (and subsequent strength) of a risk area without conducting a more thorough audit. Although used as a metric for assessing risk, the resultant exposure score is not an absolute identifier of risk to the organization nor are the values of Low, Medium and High used in Risk Likelihood, Risk Impact and overall Risk Ranking.

Results

The risk assessment matrix identified 119 current risks facing SORTA (See Appendix A for a listing of all 119 risks). Each identified risk was evaluated and scored to determine exposure to the organization. The graph below illustrates the 119 risks identified, the number of risks that were classified as low, medium or high to the organization. **Note: Not all areas of risk are auditable or should be audited.** Management should devise an audit plan that appropriately considers accepting certain risks, purchasing insurance against certain risks, and controlling risks by enhancing the control environment.



Of the risks plotted on the graph above, the highest risks were considered for inclusion in the proposed risk-based 2025 audit plan. Note: Three of the eleven highest risks identified are not auditable areas and therefore were not considered in the development of the audit plan. The highest risks identified are as follows:

2025 Risk Assessment



Risk Description	Addressed on 2025 Risk-Based Audit Plan
Contracts could be awarded without following the standard procurement process.	▪ N/A – Previously audited in 2024
SORTA operations may be adversely impacted and costs increased should vendors not meet established contractual requirements.	▪ N/A – Previously audited in 2024
Unauthorized access, data breaches, or cyberattacks could compromise sensitive information, disrupt operations, and negatively impact systems and data.	▪ N/A – Previously audited in 2024
Proper staffing levels may not be achieved or retained regarding required positions, experience, skills or training.	▪ N/A Previously audited in 2024
Unplanned bus replacement may adversely impact SORTA financially and operationally.	▪ N/A Previously audited in 2023
Aging equipment and facilities may result in added maintenance time.	▪ N/A Previously audited in 2023
Driver on Passenger, Passenger on Driver, or Passenger on Passenger violence could create injuries, liabilities and impact the reputation of SORTA.	▪ N/A – Not considered an auditable area.
Increased competition from ride-sharing services like Uber and Lyft could reduce ridership and revenue.	▪ MetroNow Audit
Negative media coverage from incidents such as accidents or service failures could damage SORTA's reputation and reduce public trust.	▪ N/A – Not considered an auditable area.
Challenges in transitioning to electric buses, including infrastructure upgrades and higher upfront costs, could pose financial and operational risks.	▪ N/A – Not considered an auditable area.
Inaccurate data entry, technical malfunctions, inconsistent data collection procedures, and inadequate internal controls could lead to errors or manipulation of ridership data, affecting decision-making and operational efficiency.	▪ N/A – Previously audited in 2024

Proposed Risk-Based Audits for the 2025 Internal Audit Plan

From a risk-based approach, the areas listed below are the areas that would benefit most from a formal internal audit to examine the current control environment and determine recommendations for improving the control environment.



2025 Risk Assessment



Based upon the risks identified through the assessment process, we recommend formal risk-based audits in the following areas to be considered:

2025 Risk-Based Audits		
#	Audit Area	Prior Audit Timing
1	MetroNow Audit	N/A

Recommendations

We recommend that SORTA management evaluate the auditable areas presented in this report in relation to the organization's overall goals. Responses to risks in these auditable areas can fall into one of the following categories:

- *Avoidance* – Exiting the activities causing the risk. This may involve selling assets or no longer providing certain services.
- *Reduction* – Action is taken to reduce risk likelihood or impact, or both. This would typically involve any myriads of normal business decisions.
- *Sharing* – Reducing risk likelihood or impact by transferring or otherwise sharing a portion of the risk. Common techniques include purchasing insurance products or engaging in hedging transactions.
- *Acceptance* - No action is taken to affect risk likelihood or impact.

The risk and control environments of an organization change over time. SORTA management should continue to review the risk and control environments, including audit reports and the current risk assessment, and make necessary adjustments to the process. This would include the Finance Committee periodically reviewing the control environment, identifying risk exposure areas, and ways to strengthen and improve it. The control environment is not static. Over time processes, risks, and controls will change. This on-going review of risk should include at least an annual reassessment of the control environment and ranking of risk areas.





Appendix A: List of Current Risks

Risk ID #	Risk Description
1	Changes in a fixed route negatively effects accessibility services provided to customers.
2	Physical injuries and property damage to passengers, motorists, pedestrians and others may result in legal liabilities to SORTA.
3	SORTA may incur fines or lose funding due to non-compliance with Americans with Disabilities Act (ADA) regulations.
4	Employees may be injured in the course of performing their job responsibilities resulting in Worker's Compensation claims or other liabilities that could negatively impact SORTA.
5	Operations may be negatively impacted and expenses increased due to vandalism or other damage of SORTA property and assets.
6	Risk analytics may be inadequate due to lack of knowledge/use of RiskMaster database system.
7	Inventory obsolescence and excess inventory may result in the added costs of retaining useless inventory or could produce operational inefficiencies.
8	Inventory levels to keep on hand can be changed by employees outside the Inventory Manager, which could result in incorrect inventory on hand and affect inventory counts.
9	Contracts could be awarded without following the standard procurement process.
10	SORTA operations may be adversely impacted and costs increased should vendors not meet established contractual requirements.
11	Inappropriate or unauthorized purchases may occur due to a failure to obtain appropriate approval and support for purchases.
12	Theft of SORTA inventory or other property may occur.
13	Inventory parts may not meet manufacturer specification which could result in equipment failure and increased costs.
14	Turnover of the DBE position may result in noncompliance of the DBE program with DOT standards.
15	Not logging or documenting inventory could result in inaccurate inventory counts.
16	Inadequate or incomplete formalized policies and procedures may cause a lack of uniformity with the deployment of IT services and could result in operational inefficiencies and applicable downtime.
17	Methodologies or resources used to lead information system projects may not effectively progress projects.
18	An interruption of systems processing might adversely affect the ability of SORTA to service customers.
19	Unauthorized access, data breaches, or cyberattacks could compromise sensitive information, disrupt operations, and negatively impact systems and data.
20	Aging information system technologies may result in operational inefficiencies or extended downtime.
21	Data sent outside of SORTA could be inappropriately accessed since data is not encrypted.
22	Confidential employee personal information (e.g. Medical information) may not be appropriately secured and handled.
23	Noncompliance with drug and alcohol testing of safety sensitive positions could affect SORTA's funding and reputation.
24	Increased expenses may occur due to unauthorized or inappropriate compensation of SORTA employees.
25	Increased expenses may occur due to unauthorized or inappropriate dependents contained within the benefits coverage of SORTA employees.



2025 Risk Assessment

Risk ID #	Risk Description
26	Benefits may be input incorrectly during enrollment due to lack of understanding of Paycor benefits.
27	SORTA leave policies may negatively impact the organization by reducing employee output and increasing costs to the organization, including overtime.
28	Reviews and other third-party assessments may be negatively impacted by SORTA improperly conforming to governmental and other regulatory compliance requirements.
29	Turnover of key personnel may result in knowledge loss and negatively impact the operations of SORTA.
30	Outdated badge access could result in unnecessary access to SORTA facilities.
31	Succession planning may not adequately address the loss of key personnel within the organization.
32	Proper staffing levels may not be achieved or retained regarding required positions, experience, skills or training.
33	Should collective bargaining negotiations prove unsuccessful, a strike could result, making operations difficult and negatively impacting ridership.
34	Allowing public access to financial records may lead to SORTA's financial decisions being questioned/viewed negatively by the public.
24	Increased expenses may occur due to unauthorized or inappropriate compensation of SORTA employees.
25	Increased expenses may occur due to unauthorized or inappropriate dependents contained within the benefits coverage of SORTA employees.
26	Benefits may be input incorrectly during enrollment due to lack of understanding of Paycor benefits.
27	SORTA leave policies may negatively impact the organization by reducing employee output and increasing costs to the organization, including overtime.
28	Reviews and other third-party assessments may be negatively impacted by SORTA improperly conforming to governmental and other regulatory compliance requirements.
29	Turnover of key personnel may result in knowledge loss and negatively impact the operations of SORTA.
30	Outdated badge access could result in unnecessary access to SORTA facilities.
31	Succession planning may not adequately address the loss of key personnel within the organization.
32	Proper staffing levels may not be achieved or retained regarding required positions, experience, skills or training.
33	Should collective bargaining negotiations prove unsuccessful, a strike could result, making operations difficult and negatively impacting ridership.
34	Allowing public access to financial records may lead to SORTA's financial decisions being questioned/viewed negatively by the public.
35	Fuel costs may rise to a level that would negatively impact the organization's financial status.
36	Financial stability of SORTA may be negatively impacted by market conditions.
37	Crisis management plans and procedures may not be sufficient for effectively handling the incidents which occur.
38	Unauthorized behavior or operational inefficiencies may occur due to a lack of written policies, outdated policies, or a failure to adhere to established policies within the organization.
39	New government regulations may be established resulting in an increase in costs for SORTA to ensure compliance.
40	Inconsistent application of policy could negatively impact SORTA's cost and employee productivity.
41	A change in the political climate of the region may negatively impact SORTA operations.

2025 Risk Assessment

Risk ID #	Risk Description
42	Turnover of members of the Board of Directors may negatively impact the operations of SORTA.
43	Failure to adequately perform required customer communication may result in a negative impact on SORTA's reputation.
44	Improper media interaction could provide inaccurate information to the public.
45	Staff engagement with the public can damage SORTA's reputation if not done in a professional manner.
47	Failure to adequately perform required internal communication may result in a negative impact on SORTA's reputation and employee efficiency.
48	Hazardous waste may not be stored/disposed of appropriately in adherence with EPA guidelines.
49	Employees or non-employees may steal diesel fuel from SORTA fuel storage locations.
50	Diesel fuel amounts that are stated as ordered by SORTA may differ from the actual amounts received.
51	Unplanned bus replacement may adversely impact SORTA financially and operationally.
52	Preventive maintenance will not keep unplanned bus replacements to a minimum.
53	Aging equipment and facilities may result in added maintenance time.
54	Unpaid insurance premiums could negatively impact SORTA's finances.
55	Errors could occur in financial reporting resulting in inappropriate management decisions and/or organizational actions.
56	Payroll processing may fail to comply with government regulations.
57	Investments may not be invested according to Ohio Revised Code Chapter 135 standards or might not be invested to effectively manage market fluctuations.
58	Due to changes in union contractual requirements, the financial stability may be negatively impacted.
59	Unauthorized/inappropriate payroll entries or adjustments may occur (e.g. invalid employees, inappropriate time entries, incorrect pay/deduction amounts).
60	Advertising revenue may not be properly accounted for by third party vendor resulting in loss of funds to the organization.
61	Invoicing of customers may be inaccurate or incomplete.
62	Petty cash checks may be misused or abused.
63	Fixed assets may be misappropriated or disposed of without proper authorization.
64	Inappropriate financial audit scoping or the irregularity of financial audits may result in an inadequate or incomplete financial reporting process for the organization.
65	A/P and Payroll related manual checks may be misused or abused.
66	Payments could be made to inappropriate or unauthorized vendors.
67	Grant standards may not be adhered to according to the requirements for each grant.
68	Accounting roles and responsibilities may not be properly segregated to avoid inappropriate or unauthorized transactions.
69	Loss of a funding source or reduction of funding may occur resulting in a reduction of SORTA revenue.
70	The sales tax levy funds may be less than projected over various timeframes (1 year, 5 years, 10 years), potentially impacting SORTA's revenue.
71	Sales office roles and responsibilities may not be properly segregated to avoid inappropriate or unauthorized transactions.
72	System or manual errors may cause material misstatements to financial and operational reports.
73	Ownership of Rail rights-of-way could subject SORTA to environmental and/or property damage risks.
74	Citizens' uncertainty of the use of tax dollars for bus services can reduce support and funding for bus service.

2025 Risk Assessment

Risk ID #	Risk Description
75	Inconsistent bus schedules, route changes, or operator errors and misconduct could lead to inaccurate ridership counts and negatively impact operational efficiency.
76	Claims are not appropriately managed and processed in accordance with policies leading to improper payment or management of litigation.
77	Acts of terrorism may occur resulting in physical harm to employees and/or riders, increasing expenses and damaging SORTA's reputation.
78	Location of SORTA facilities (e.g. garages) could subject employees to safety hazards from the surrounding community.
79	Noncompliance with government and workplace safety standards could result in employee injury and ultimately impact funding.
80	Liability and expenses may increase due to Maintenance Department personnel being injured on the job due to negligence or accident.
81	Theft and/or employee injury/violence could result due to collection of money from fare boxes do not require dual employee collection or armored vehicles.
82	Operator and rider security/safety may be compromised by having coaches with only one (front) door.
83	Driver on Passenger, Passenger on Driver, or Passenger on Passenger violence could create injuries, liabilities and impact the reputation of SORTA.
84	Future pandemics or health crises could significantly impact ridership, employee health, and operational continuity.
85	Natural disasters or extreme weather events, such as floods, storms, heatwaves, tornadoes, or earthquakes, could cause severe disruptions to transportation services, damage infrastructure, and impact SORTA's operations.
86	Failure to upgrade to new technologies could result in inefficiencies and competitive disadvantages.
87	Inadequate stakeholder engagement or dissatisfaction with services could affect funding and public support.
88	New laws or changes in transportation regulations could require costly adjustments to operations.
89	Stricter environmental regulations could increase operational costs or require significant investments in cleaner technologies.
90	Economic recessions or downturns could reduce ridership and revenue while increasing the demand for lower-cost transportation options.
91	Increased competition from ride-sharing services like Uber and Lyft could reduce ridership and revenue.
92	Disruptions in fuel supply chains could lead to increased costs or operational delays.
93	Difficulties in integrating new technologies with existing systems could cause operational disruptions and inefficiencies.
94	Financial instability of key vendors could disrupt services and necessitate finding alternative suppliers quickly.
95	Increased unionization efforts could lead to higher labor costs or operational disruptions due to strikes or negotiations.
96	Changes in public transportation policies at the federal, state, or local level could impact funding and operational mandates.
97	Failures in critical infrastructure such as bridges, roads, or tunnels could disrupt service and require costly repairs.
98	Negative media coverage from incidents such as accidents or service failures could damage SORTA's reputation and reduce public trust.
99	Insurance coverage might not be adequate to cover all potential liabilities, leading to financial losses.
100	Changes in how public funding is allocated or reduced funding from governmental bodies could impact financial stability.

2025 Risk Assessment

Risk ID #	Risk Description
101	Challenges in transitioning to electric buses, including infrastructure upgrades and higher upfront costs, could pose financial and operational risks.
102	Increased lawsuits related to accessibility issues could result in financial liabilities and operational changes.
103	New public health threats beyond pandemics, such as localized disease outbreaks, could impact operations and ridership.
104	Public protests or civil unrest could disrupt operations and pose safety risks to passengers and employees.
105	If passengers perceive public transportation as unsafe, it could lead to a decrease in ridership and revenue.
106	Failure to address environmental concerns, including not achieving sustainability goals or responding to increased activism, could lead to protests, service disruptions, negative publicity, reputational damage, and loss of support from environmentally conscious stakeholders.
107	New local government leaders may have different priorities that could affect funding and support for public transportation.
108	Local or state political instability could impact decision-making processes and funding allocations.
109	New legislation affecting public transportation policies, labor laws, or funding mechanisms could require significant adjustments.
110	Increased regulatory requirements could lead to higher compliance costs and operational challenges.
111	Changes in public transportation funding policies at the federal or state level could reduce financial support for SORTA.
112	Insufficient political advocacy or ineffective lobbying efforts could result in missed opportunities for funding and support.
113	Increasing pressure from the public and stakeholders to adopt more environmentally sustainable practices could require significant investments.
114	Stricter air quality regulations could necessitate costly upgrades to bus fleets and other equipment to meet new standards.
115	Liability for pollution caused by buses and facilities, including potential lawsuits or fines.
116	Requirements to reduce greenhouse gas emissions could lead to increased costs for implementing green technologies.
117	Scarcity of essential resources, such as water or energy, could impact operations and require additional expenditures to ensure continuity.
118	Changes in urban development and land use could impact transportation routes and demand.
119	Inaccurate data entry, technical malfunctions, inconsistent data collection procedures, and inadequate internal controls could lead to errors or manipulation of ridership data, affecting decision-making and operational efficiency.





Appendix B: Overall 2025 Audit Projects Plan

Internal audit has developed the following overall audit plan identifying projects to be completed in 2025. This listing includes both risk-based audits identified above to address high risk areas and topics identified throughout the risk assessment process pertaining to medium, low, and new emerging risks.

Project #	Project Description
1	Fare Media Sales Audit
2	MetroNow Service
3	Fixed Assets
4	Claims Activity
5	Gas Credit Card Policy
6	Parts Ordering and Receiving
7	Paycor 3rd Party Audit (IT)
8	Human Resources and Benefit Audit
9	Payroll Salary
10	Dispatching Audit
11	CBA Compliance
12	Accounts Receivable
13	Masabi 3rd Party Audit (IT)
14	Business Continuity and Disaster Recovery
15	Cash and Cash Equivalents Audit
16	Fuel Hedging Compliance
17	CPS Contract Compliance

The overall 2025 internal audit plan, as presented in Appendix B, Was Developed by SORTA's internal audit function, and will be managed by the function appropriately. SORTA will engage resources from CSC as appropriate to successfully execute the expanded audit plan.





Internal Audit Updates

January 21, 2025 **Norman C. Bouwie III, CPA**

Agenda

- Prior Audit Observations
- Current Audits
- Upcoming Audits



Prior Audit Observations

History of Audit Observations

- 15 Audit Reports Issued Since 2022
- 50 Total Observations Noted
 - 12% High
 - 42% - Moderate
 - 34% - Low
- 92% of Observations Fully Remediated

Open Audit Observations

Project Name	Entity	Severity Level	Recommendation Title	Estimated Implementation Date	Days Overdue – All	Actual Implementation Date	Actual Closed Date
Vendor Management	Procurement	High	New Vendor Approvals	10/1/2024	14	10/15/2024	1/13/2025
Vendor Management	Procurement	Medium	Vendor Access Monitoring	10/1/2024	104		
Vendor Management	Procurement	Medium	Vendor Internal Environment Monitoring	12/31/2024	13		
Vendor Management	Procurement	Medium	Vendor Performance Review Manual and Procedure Updates	12/31/2024	13		
Vendor Management	Procurement	Low	Policy/Procedure Periodic Review & Approval	9/1/2024	134		



Current Audits

Current Audits

Description	Fieldwork Kick-Off Date	Estimated Draft Report Date
Ridership Audit	June '24	Feb '25
Bridgestone Tire Contract Audit	Aug '24	Feb '25
Accounts Payable Audit	Oct '24	Feb '25
Badge Access / Security	Oct '24	Feb '25



Upcoming Audits

Upcoming Audits

Description	Fieldwork Kick-Off Date	Estimated Draft Report Date
Fare Media Sales	Jan '25	Mar '25
Fixed Assets Audit	TBD	TBD

Questions

Thank you for your time!

If you wish to discuss any aspects of this presentation in more detail, please feel free to contact us:

Norman: NBouwie@Go-Metro.com



**Investment of Funds Report
November 30, 2024**

	Principal Amount	11/30/2024 Yield	Security Days	Days to Maturity
<u>Overnight Investments</u>				
STAR Ohio	\$27,334,259	4.79%		
Fifth Third Bank Concentration Account	\$73,135	0.00%		
Subtotal Overnight Investments / Average Rate	<u>\$27,407,394</u>	4.78%		
<u>Securities & CD's</u>				
Fifth Third Bank Custody Account:				
Agency Bond	\$80,830,111	4.52%		
Certificate of Deposit	\$1,236,407	2.01%		
Commercial Paper	\$16,191,591	5.05%		
U.S. Treasury Bill	\$383,935	4.42%		
U.S. Treasury Bond	\$3,733,594	2.08%		
U.S. Treasury Note	\$32,231,866	3.88%		
Subtotal Securities & CD's / Weighted Yield / Maturity	<u>\$134,607,504</u>	4.34%	529	548
Total All Securities (11/30/2024) / Weighted Yield				
	<u>\$162,014,898</u>	4.42%		
Total All Securities (10/31/2024) / Weighted Yield				
	<u>\$168,702,529</u>	4.47%		
Funds provided by (required for) Operations during November	(\$1,680,862)		Monthly Investment Income \$	600,296
Funds provided by (required for) Capital during November	<u>(\$5,006,769)</u>		Year to Date Investment Income \$	7,633,298
Change in Cash during November 2024	<u>(\$6,687,631)</u>			

Note: Total All Securities (11/30/2023) \$176,133,003

Reviewed and Approved by:

Tim Walker
Chief Financial Officer



**Infrastructure Investment of Funds Report
November 30, 2024**

	Principal Amount	11/30/2024 Yield	Sec Days	Days to Maturity
<u>Overnight Investments</u>				
STAR Ohio	\$36,022,094	4.79%		
Trust Account/Fed Govt Oblig Issue Money Market Fund	\$272,210	4.50%		
Fifth Third Bank Infrastructure Account	\$80,225	0.00%		
Subtotal Overnight Investments / Average Rate	\$36,374,529	4.78%		

<u>Securities & CD's</u>				
Fifth Third Bank Custody Account:				
Agency Bond	\$36,410,020	4.34%		
Commercial Paper	\$6,472,212	4.83%		
U.S. Discount Note	\$2,398,834	5.11%		
U.S. Treasury Bond	\$13,760,548	3.99%		
U.S. Treasury Note	\$37,052,614	4.49%		
Subtotal Securities & CD's / Weighted Yield / Maturity	\$96,094,228	4.40%	493	511

Total All Securities (11/30/2024) / Weighted Yield / Maturity	<u>\$132,468,757</u>	4.50%
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Total All Securities (10/31/2024) / Weighted Yield / Maturity	<u>\$129,958,498</u>	4.60%
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Funds provided by (required for) Tax Receipts during November	\$ 3,558,696	Monthly Investment Income \$	646,470
Funds provided by (required for) Payouts during November	\$ (1,048,437)	Year to Date Investment Income \$	5,595,373
Change in Cash during November 2024	<u>\$ 2,510,259</u>		

Note: Total All Securities (11/30/2023) **\$103,499,439**

Reviewed and Approved by:

Tim Walker
Chief Financial Officer



**Investment of Funds Report
December 31, 2024**

	Principal Amount	12/31/2024 Yield	Security Days	Days to Maturity
<u>Overnight Investments</u>				
STAR Ohio	\$26,831,473	4.60%		
Fifth Third Bank Concentration Account	\$1,257,444	0.00%		
Subtotal Overnight Investments / Average Rate	\$28,088,917	4.39%		
<u>Securities & CD's</u>				
Fifth Third Bank Custody Account:				
Agency Bond	\$80,570,881	4.52%		
Certificate of Deposit	\$1,236,407	2.01%		
Commercial Paper	\$13,306,831	4.98%		
U.S. Treasury Bill	\$383,935	4.42%		
U.S. Treasury Bond	\$2,483,984	2.24%		
U.S. Treasury Note	\$32,231,866	3.88%		
Subtotal Securities & CD's / Weighted Yield / Maturity	\$130,213,904	4.34%	515	533
Total All Securities (12/31/2024) / Weighted Yield				
	\$158,302,821	4.35%		
Total All Securities (11/30/2024) / Weighted Yield				
	\$162,014,898	4.42%		
Funds provided by (required for) Operations during December	(\$2,026,185)	Monthly Investment Income	\$	579,331
Funds provided by (required for) Capital during December	(\$1,685,892)	Year to Date Investment Income	\$	8,212,629
Change in Cash during December 2024	(\$3,712,077)			

Note: Total All Securities (12/31/2023) **\$173,757,363**

Reviewed and Approved by:

Tim Walker
Chief Financial Officer



**Infrastructure Investment of Funds Report
December 31, 2024**

	Principal Amount	12/31/2024 Yield	Sec Days	Days to Maturity
<u>Overnight Investments</u>				
STAR Ohio	\$37,539,753	4.60%		
Trust Account/Fed Govt Oblig Issue Money Market Fund	\$211,479	4.35%		
Fifth Third Bank Infrastructure Account	\$56,925	0.00%		
Subtotal Overnight Investments / Average Rate	\$37,808,157	4.59%		
<u>Securities & CD's</u>				
Fifth Third Bank Custody Account:				
Agency Bond	\$36,410,019	4.34%		
Commercial Paper	\$7,681,582	4.78%		
U.S. Treasury Bond	\$12,495,100	4.22%		
U.S. Treasury Note	\$39,876,907	4.45%		
Subtotal Securities & CD's / Weighted Yield / Maturity	\$96,463,608	4.40%	500	518
Total All Securities (12/31/2024) / Weighted Yield / Maturity				
	\$134,271,765	4.46%		
Total All Securities (11/30/2024) / Weighted Yield / Maturity				
	\$132,468,757	4.50%		
Funds provided by (required for) Tax Receipts during December	\$ 4,150,497	Monthly Investment Income	\$ 466,144	
Funds provided by (required for) Payouts during December	<u>\$ (2,347,489)</u>	Year to Date Investment Income	\$ 6,061,517	
Change in Cash during December 2024	<u>\$ 1,803,008</u>			

Note: Total All Securities (12/31/2023) \$105,156,660

Reviewed and Approved by:

Tim Walker
Chief Financial Officer