

Minutes

Meeting of the Board of Directors

Audit Committee Meeting

Metropolitan Atlanta Rapid Transit Authority

May 28, 2014

The Board of Directors Audit Committee held a meeting on May 28, 2014 at 10:41 a.m. in the Board Lounge on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Harold Buckley, Sr., Chairman
Frederick Daniels, Jr.

MARTA officials in attendance were General Manager/CEO Keith T. Parker, AICP; Executive Team Members – Chief Operating Officer Rich Krisak; Chief of Staff Rukiya Eaddy; Chief Administrative Officer Edward Johnson; Chief Financial Officer Gordon Hutchinson, AGMs - Lashanda Dawkins, Cheryl King, Ryland McClendon, Elizabeth O'Neill, Ming Hsi, Terry Thompson, Directors - Undra Baldwin, Ferdinand Risco, Cynthia Moss-Beasley, Managers Tiffany Rayford and KC Worku; Sr. Executive Administrator to Board of Directors Kellee Mobley.

Others in attendance were Patricia Pryor and Henry Huang from Cherry Bekaert; Jonnie Keith.

Minutes of the September 26, 2013 Audit Committee Meeting and Special Audit Committee Meetings held on November 8, 2013 and December 2, 2013

On motion by Mr. Daniels seconded by Mr. Buckley, the Minutes were unanimously approved by a vote of 4 to 0, with 4 members present.

Audit Activities

Mr. Thompson spoke on the operational audit, noting there were no significant findings. All findings involving amounts in excess \$100,000 and fraud activities of any amount are considered significant items and are reported to the Audit Committee. Marginal audit findings represent those findings that do not have a material effect on the Authority, whereas minor audit findings represent those findings that should be brought to the attention of management.

Mr. Thompson then briefed the Committee on the Information Technology Audit group, noting the audits completed this period had no significant findings. All of these audits showed marginal findings.

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Mr. Daniels asked that pages are numbered in the report in the future. He also asked Mr. Thompson to provide the Audit Committee with a game plan for catching up on the Information Technology Audit Plan.

Mr. Buckley asked Mr. Thompson for a report on the validation of the action steps taken to resolve issues for the NTT Data Information Technology Top-Down audit recommendations and the APTA Information Technology Audit.

Other Matters

Follow-Up to Top-Down Review

Mr. Thompson spoke on the NTT Data Information Technology Top-Down audit recommendations. The audit objectives were to assess the different IT areas which included Organization, Governance, Process, Capabilities, Strategy & Culture, Technology, Benchmarking, and Strategic Sourcing. As of March 31, 2014 there were 32 audit recommendations, 21 completed recommendations, and 11 outstanding recommendations.

Mr. Daniels asked what management was doing to confirm that the information presented has been implemented.

Mr. Thompson said they can put this in the Audit Plan and go back and validate.

Mr. Buckley asked for a report of the validation of the information at the next Audit Committee meeting

Follow-Up Apta Peer Review

The APTA Information Technology Audit focused on the IT areas of Management Structure, Operating Model, Service Delivery Effectiveness and other Observations. As of March 31, 2014 there were 43 audit recommendations, 37 completed recommendations and 5 outstanding recommendations.

Cherry Bekaert

- Overview of the Year-End Financial Review

Patricia Pryor spoke on the plan for the 2014 Audit. Henry Huang spoke on the timetable for the year which includes the Planning and Interim Procedures as well as the Final Procedures.

Mr. Hutchinson asked if the October date was earlier than the timeline issued last year.

Ms. Pryor responded that the reports were issued in December.

Mr. Huang went on to discuss the key audit areas and the focus of the 2014 audit which will include fair market value of derivative instruments, self-insurance liability, capital lease assets and obligations, fixed assets, revenue bonds and Inventory obsolescence reserve.

Ms. Pryor asked that the Committee let their concerns be known so that they can be included in Cherry Bekaert Audit Plan.

- Update on new GASB standards and pronouncements

Ms. Pryor introduced the new GASBs and discussed when they would be implemented:

- GASB Statement No. 66- Technical Corrections (Effective for year ending June 30, 2014)
- GASB Statement No. 67- Pensions Plans (Effective for the year ending June 30, 2014)
- GASB Statement No. 68- Employer Accounting & Reporting (Effective for the year ending June 30, 2015)

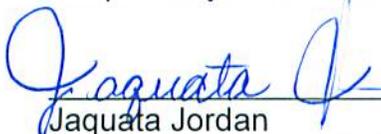
- Training for Audit Committee and Internal Audit Charters

Cherry Bekaert provided a Special training session for the Audit Committee to bring them up to speed on current Audit practices.

Adjournment

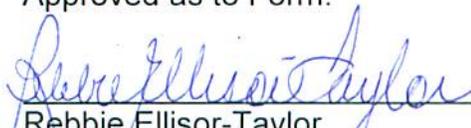
The Audit Committee meeting adjourned at 12:34 p.m.

Respectfully submitted:



Jaquata Jordan
Department Administrator

Approved as to Form:



Rebbie Ellisor-Taylor
Assistant Secretary to the MARTA Board