



**BOARD OF DIRECTORS**  
**METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY**  
**AUDIT COMMITTEE**  
**THURSDAY, MAY 19, 2022**  
**ATLANTA, GEORGIA**  
**MEETING MINUTES**

**1. CALL TO ORDER AND ROLL CALL**

Vice-Chair William Floyd called the meeting to order at 10:40 A.M.

**Board Members**

**Present:**

William Floyd  
Roderick Frierson  
Al Pond  
Kathryn Powers  
Reginald Snyder

**Board Members**

**Absent:**

Roberta Abdul-Salaam  
Robert Ashe III  
Stacy Blakley  
Jim Durrett  
Freda Hardage  
Russell McMurry

Rita Scott  
Thomas Worthy  
Roderick Mullice

**Staff Members**

**Present:**

Collie Greenwood  
Melissa Mullinax  
Raj Srinath  
Peter Andrews  
Luz Borrero  
Manjeet Ranu  
Rhonda Allen  
Ralph McKinney  
Michael Kreher  
George Wright

**Also in Attendance:** Justice Leah Ward Sears  
Emil Tzanov  
Dean Mallis  
Paula Nash  
Jacqueline Holland  
Gloria Londono  
Keri Lee  
Brad Schelle  
Katherine Brothers  
Kenya Hammond  
Tyrene Huff

### **APPROVAL OF THE MINUTES**

#### **Minutes from March 24, 2022**

Approval of Minutes from March 24, 2022. On a motion by Board Member Snyder, seconded by Board Member Frierson, the motion passed by a vote of 5 to 0 with 5 members present.

### **3. BRIEFINGS**

#### **MARTA FY2022 EXTERNAL AUDIT ENGAGEMENT – CROWE LLP**

Presented by Brad Schelle and Katherine Brothers, Partner, and Manager of Crowe LLP. Introduced the company planning for the Marta Fiscal Year 2022 External Audit Report, including their Audit Deliverables, Approach, Timeline, and emerging issues.

#### **INTERNAL AUDIT ACTIVITY BRIEFING 1/01/2022 – 3/31/2022**

Presented by Emil Tzanov, AGM of Internal Audit. Displayed 21 completed audits for Q3 and commented on several cybersecurity testing audits in progress.

#### **MARTA FISCAL YEAR 2023 INTERNAL AUDIT PLAN**

Presented by Emil Tzanov, AGM of Internal Audit. Showcased the Internal Audit proposal for the upcoming Fiscal Year 2023, explaining the audit plan parameters, planning process, and topics selected for each audit category.

### **4. OTHER MATTERS**

None

### **5. ADJOURNMENT**

The Committee meeting ended at 11:39 A.M.

Respectfully submitted,



Tyrene L. Huff  
Assistant Secretary to the Board

YouTube link: <https://youtu.be/hOTnsg0Dz28>



# Audit Planning Meeting

Metropolitan Atlanta Rapid Transit Authority

May 19, 2022

Smart decisions. Lasting value.™

# Agenda

**1**

Introductions

**2**

Audit Deliverables

**3**

Audit Approach

**4**

Timeline

**5**

Audit Committee  
Planning Inquiries

**6**

Emerging Issues

# Introductions – Key Engagement Team Members

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## Crowe Team

- Brad Schelle – Partner
- Katherine Brothers – Manager
- Stacy Curnow – Senior Staff

## Subcontractors

- Benford Brown & Associates
- Tim Watson - Partner

# Audit Deliverables

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- Independent Auditor's Report
- Management Letter (Communication of internal control deficiencies under SAS 115)
- SAS 114 Letter (Required communications with Those Charged With Governance)
  
- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance
- "In relation to" opinion on the Schedule of Expenditures of Federal Awards
  
- Agreed Upon Procedures report on National Transit Database Federal Funding Allocation Statistics Form
- Crowe's electronic certification of the Data Collection Form through Federal Clearinghouse

# Audit Approach

## Audit Methodology and Approach

- Purpose of Financial Statement and Compliance Audit
- Audit Committee Role– Quality, Internal controls, Compliance
- Concepts of Audit Risk and Materiality
- Role of Internal Controls and Tone at the Top
- Role of Monthly Financial Reporting



# Audit Approach

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- Internal Controls
- Implementation of New Standards
  - GASB 87, Leases
  - GASB 89, Accounting for Interest Cost Incurred Before the End of a Construction Period
  - GASB 92, Omnibus 2020
  - GASB 97, Certain Component Unit Criteria and Section 457 Plans
  - GASB 98, The Annual Comprehensive Financial Report
  - IG 2019-3, Leases
  - IG 2020-1, Update
- CARES, CRRSAA, ARPA funding
- Traditional Risk Areas (cash, capital assets, debt, pension, revenue, etc.)

# Timeline

Date	Event
April 25	Interim fieldwork to begin
July 18	IT audit procedures to begin
August 22	Year-end fieldwork to begin
October 14	MARTA to provide FS draft
October 21	Crowe to provide initial FS comments
October 24	Crowe to receive NTD report
October 28	Crowe to provide final FS review comments
October 31	Deliver final NTD report
November 2	Deliver final FS reports
November 18	MARTA Audit Committee meeting
December 9	MARTA to provide draft Annual Comprehensive Financial Report
December 14	Crowe to provide Annual Comprehensive Financial Report comments

# Audit Committee Planning Inquiries

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- Fraud inquiries required by SAS 99
  - a. Management understands that it is their responsibility to prevent and detect fraud.
  - b. Management's views on the risks of material misstatement due to fraud, including the following:
    - Does management have knowledge of any fraud or suspected fraud affecting the entity?
    - Is management aware of any allegations of fraud or suspected fraud affecting the entity?
    - What is management's understanding about the risk of fraud in the entity, including any specific fraud risks the entity has identified or account balances or classes of transactions for which a risk of fraud may be likely to exist?
    - What programs or controls are established to reduce specific fraud risks that have been identified and how are these monitored?
    - How does management communicate to employees its views on business practices and ethical behavior?
    - Has management reported to the Committee (or others with equivalent authority and responsibility) how the entity's internal control services to prevent, deter or detect material misstatement due to fraud?
- Committee feedback and planning input
- Desired method for communicating management recommendations
- Communication and status updates

# Audit Committee Planning Inquiries

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To assist the Audit Committee in its oversight role, the following fraud risks have been identified for discussion:

1. Misappropriation of assets
2. Undisclosed related party relationships
3. Unauthorized or improperly applied employee compensation and benefits
4. Loss of funds due to improper/unauthorized access to financial assets (i.e., hacking or phishing)
5. Loss of personal or sensitive information due to data breach
6. Misapplication or misuse of restricted funds

# Emerging Issues

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- Implementation 6/30/2023
  - GASB 91, Conduit Debt Obligations
  - GASB 96, Subscription-Based Technology Agreements





# Thank you

Brad Schelle, CPA

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Katherine Brothers, CPA

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# Internal Audit Activity Briefing

January – March of 2022

## Operational Audit Group *(current period)*

Audit Title	Audit Report Issue Date	Audit Engagement Rating	Audit Project Status	Significant Findings				Moderate Findings			
				Total	Closed	In Process	Past Due	Total	Closed	In Process	Past Due
<b>Inventory Audit</b>	3/12/22	Needs Attention	Completed	2	-	2	-	2	-	2	-
				<ul style="list-style-type: none"> <li>- Security needs to be enhanced to deter potential theft of inventory (6/30/22)</li> <li>- Inaccurate records for the bulk fluids (6/30/22)</li> </ul>							
<b>emVision 360</b>	3/28/22	Needs Attention	Completed	-	-	-	-	2	-	2	-
<b>Atlanta Streetcar</b>	3/31/22	Needs Attention	Completed	-	-	-	-	1	-	1	-
<b>New Rail Car Procurement – Project Management Governance</b>	3/31/22	Needs Attention	Completed	3	-	3	-	1	-	1	-
				<ul style="list-style-type: none"> <li>- The billing procedures could allow excessive cost to be incurred (7/1/22)</li> <li>- The Risk Register needs improvement (7/1/22)</li> <li>- The MARTA Program Management Plan needs to be updated (7/1/22)</li> </ul>							
<b>Total Significant &amp; Moderate Findings:</b>				<b>5</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>6</b>	

# Operational Audit Group – Prior Audits with Open Findings

Audit Title	Audit Report Issue Date	Audit Engagement Rating	Audit Project Status	Significant Findings				Moderate Findings			
				Total	Closed	In Process	Past Due	Total	Closed	In Process	Past Due
<b>Non-Revenue Vehicles Usage Process</b>	1/15/21	High Risk	Completed	5	-	5	-	1	-	1	-
<ul style="list-style-type: none"> <li>- Standard Operating Procedures (6/30/2022)</li> <li>- Oversight of the Mini-Pool Program (6/30/2022)</li> <li>- Record keeping of permanently assigned &amp; take-home vehicles (6/30/2022)</li> <li>- Mini-Pool Vehicle Reservation Process (6/30/2022)</li> <li>- 2018 Investigation Report recommendations (6/30/2022)</li> </ul>											
<b>Capital Improvement Program Follow-up</b>	1/15/21	Low	Completed	28	18	0	10	-	-	-	-
<ul style="list-style-type: none"> <li>- Internal Audit verifying completion status of the corrective action plans</li> </ul>											
<b>Bus Maintenance</b>	9/30/21	Needs Attention	Completed	1	-	1	-	1	1	-	-
<ul style="list-style-type: none"> <li>- Predictive maintenance inspections not always completed on-time (8/1/22)</li> </ul>											
<b>Total Significant &amp; Moderate Findings:</b>				<b>34</b>	<b>18</b>	<b>6</b>	<b>10</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>-</b>

# Information Technology Audit Group *(current period)*

Audit Title	Audit Report Issue Date	Audit Engagement Rating	Audit Project Status	Significant Findings				Moderate Findings			
				Total	Closed	In Process	Past Due	Total	Closed	In Process	Past Due
<b>TCSN Pen-Test Findings Remediation Review</b>	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
<b>Enterprise Pen-Test Findings Remediation Review</b>	04/15/22	High Risk	Completed	5	-	5	-	5	-	-	-
<b>Password Management Audit</b>	12/30/21	High Risk	Completed	3	-	1	2	-	-	-	-
<ul style="list-style-type: none"> <li>- Formal process to ensure that password configuration is meeting requirements (6/30/22)</li> <li>- Password configuration settings on critical systems are not compliant with Policy (3/31/22)</li> <li>- Password settings for privileged accounts are not complaint with policy (3/31/22)</li> </ul>											
<b>Total Significant &amp; Moderate Findings:</b>				<b>8</b>	<b>-</b>	<b>6</b>	<b>2</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>

## IT Audit Group – Prior Audits with Open Findings

Audit Title	Audit Report Issue Date	Audit Engagement Rating	Audit Project Status	Significant Findings				Moderate Findings			
				Total	Closed	In Process	Past Due	Total	Closed	In Process	Past Due
<b>Patch Management Audit</b>	7/29/21	High Risk	Completed	3	3	-	-	1	-	-	<b>1</b>
<b>TCS &amp; SCADA – Cybersecurity</b>	3/09/20	High Risk	Completed	6	4	2	-	2	2	-	-
<ul style="list-style-type: none"> <li>- User access management controls were not designed or implemented effectively. (4/30/22)</li> <li>- Training per the contract was not developed or delivered, impairing MARTA personnel’s ability to administer the system. (5/31/22)</li> </ul>											
<b>Cybersecurity – PCs, Email and Internet</b>	6/24/19	High Risk	Completed	5	4	-	<b>1</b>	4	2	-	<b>2</b>
<ul style="list-style-type: none"> <li>- Not all end user devices on the MARTA network were centrally managed. (1/31/20)</li> </ul>											
<b>Total Significant &amp; Moderate Findings:</b>				<b>14</b>	<b>11</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>4</b>	<b>-</b>	<b>3</b>

# Contracts Audit Group

## Audits Completed Period Jan – Mar of 2022

<u>Audit Opinions</u>	<u>Audits Issued</u>
Low Risk	13
Needs Attention	1
Total Audits Issued	14
Identified Potential Cost Savings in Cost/Price and Change Order Reviews	\$8,949

## Audits In Progress

<u>Audit Types</u>	
Interim / Close Out	-
Rate Reviews	6
Cost / Price Analysis	3
Change Orders Special Audit (Incurred Cost, Special Request, Buy America & Claims)	4
<b>Total Contract Audits in Progress</b>	<b><u>13</u></b>

# Fraud, Waste, & Abuse (“FWA”) Summary

## Allegations Received Jan – Mar of 2022

- One allegation was investigated by Bus Operations Management and determined to be unsubstantiated.
- A caller alleged that a Director had paid for services that had not been received and has knowingly circumvented the direct pay process. (Investigation in progress)
- A supervisor is alleged to have allowed employees to violate the company policy by working in a restricted area without the required certification. (Investigation in progress)
- A caller alleged that an employee may be accepting payments from a vendor. The allegation has been referred to MARTA Police for further investigation. Internal Audit will follow up with Police. (Investigation in progress)

## Investigations from Prior Periods

- One caller alleged that 3 employees were out on medical leave but were being allowed by their supervisor to charge their time as if they had worked. The allegation had been referred to the responsible department’s management. Internal Audit is reviewing the investigation records submitted by the responsible department’s management





MARTA FISCAL YEAR 2023 INTERNAL AUDIT PLAN

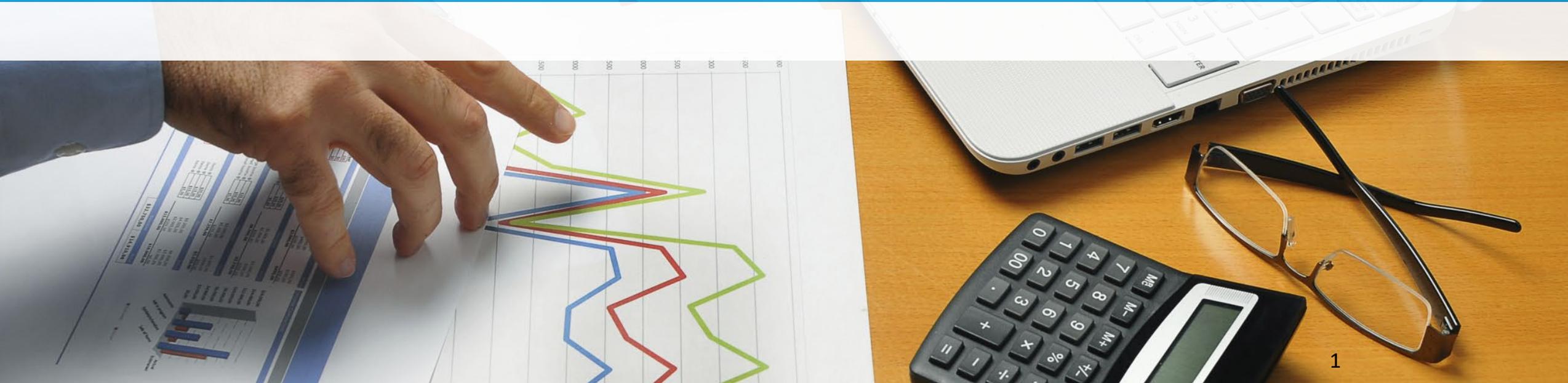
# Briefing Report

**Meeting:** Audit - May 19 2022  
**Subject:** MARTA FISCAL YEAR 2023 INTERNAL AUDIT PLAN  
**Voting** N/A  
**Requirements:**

## ATTACHMENTS:



# FY 2023 Internal Audit Plan Briefing



## FY23 AUDIT PLAN DEVELOPMENT

The FY23 audit plan was developed to guide Internal Audit's ("IA") activities regarding testing internal controls, safeguarding of assets, and process, cost and revenue improvements. The purpose of this plan is to:

- Communicate the priorities and general approach of IA's activities and reporting
- Ensure that key risks and controls related to the achievement of MARTA's organizational objectives are reviewed
- Provide a record of the internal audit plan

This plan is not intended to be a comprehensive, detailed audit work program. Specific audit work programs will be developed for each audit project.

The Internal Audit plan is not static or unchangeable. Changes in risk profile, organizational conditions, or special requests may require updates to the plan. Any significant changes to the plan will be communicated to the Audit Committee and the CEO.

The plan was developed based on evaluation of strategic, operational, financial, and compliance risks, as well as a fraud risk assessment.

# RAPID AUDIT PLANNING PROCESS



## PROPOSED FY2022 INTERNAL AUDIT PROJECTS SUMMARY

AUDIT AREA	Number of Audits
Information Technology	6
Operational	12
Contracts	Ongoing pipeline
Fraud Investigations	As needed

## INFORMATION TECHNOLOGY AUDIT PLAN \*

Audit Name	Description	MARTA Priority
<b>Backups and Disaster Recovery</b>	Assess backup readiness and ability to recover critical applications	Cybersecurity / All four priorities
<b>Identity and Access Management</b>	Evaluate application security and access controls	Cybersecurity / All four priorities
<b>IT Asset Management - Hardware</b>	Assess foundational controls related to Hardware	Cybersecurity / All four priorities
<b>IT Asset management - Software</b>	Assess foundational controls related to Software	Cybersecurity / All four priorities
<b>IT Support of Critical Enterprise Applications &amp; Systems</b>	Assess level of IT production support of critical operational assets (except TCS/SCADA)	Provide Excellence in Customer Service
<b>TCS/SCADA Production Support</b>	Evaluate critical elements of production support post transition to MARTA	Provide Excellence in Customer Service

*\*The audits are not listed in chronological order*

## OPERATIONS AUDIT PLAN \*

Audit Name	Description	MARTA Priority
<b>Online Invoice system (OLIS)</b>	Review billing controls within OLIS and related processes	Demonstrate Fiscal Responsibility / Deliver the Capital Program with Speed & Efficiency
<b>Contract Compliance &amp; Deliverables</b>	Assess contract compliance in a sample of capital projects	Demonstrate Fiscal Responsibility / Deliver the Capital Program with Speed & Efficiency
<b>Review of Transit Oriented Development ("TOD")</b>	Review policies, processes and controls withing the TOD Department	Demonstrate Fiscal Responsibility / Strengthen the MARTA Brand
<b>New Rail Car Procurement</b>	Review the invoice controls and project-to-date budget performance	Demonstrate Fiscal Responsibility / Deliver the Capital Program with Speed & Efficiency
<b>P-Card Use &amp; Compliance</b>	Assess policy effectiveness and compliance	Demonstrate Fiscal Responsibility
<b>Direct Pay Process</b>	Review of direct pay policy compliance and fraud prevention controls	Demonstrate Fiscal Responsibility

*\*The audits are not listed in chronological order*

## OPERATIONAL AUDIT PLAN (CONT.)

Audit Name	Description	MARTA Priority
Travel Expense Reports	Review policy compliance and technology and process controls	Demonstrate Fiscal Responsibility
Fuel Use	Assess contract compliance and internal controls related to the use of Gasoline and Diesel Fuel and Fuel Cards	Demonstrate Fiscal Responsibility
Attracting & Retaining Employees	Evaluate the strategies and processes related to attracting and retaining talent	All four priorities
Homeless Outreach	Assess the effectiveness of the homeless outreach strategy and programs	Consistently Provide Excellence in Customer Service
SOC 1 Reports Review	Review of critical third-party providers' SOC1 reports	Compliance
Police Property & Evidence	Evaluate the controls over high-risk property & evidence items in the MARTA Police evidence storage facility.	Compliance / Strengthen the MARTA Brand

