



BOARD OF DIRECTORS

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

AUDIT COMMITTEE

THURSDAY, JULY 20, 2023

ATLANTA, GEORGIA

MEETING MINUTES

1. CALL TO ORDER AND ROLL CALL

Committee Chair Roderick Frierson called the meeting to order at 10:07 A.M.

Board Members

Present:

William Floyd
Roderick Frierson
Freda Hardage
Al Pond
Kathryn Powers
Sagirah Jones

Board Members

Absent:

James Durrett
Russell McMurry
Rita Scott
Thomas Worthy
Valencia Williamson
Jennifer Ide
Jacob Tzegaegbe
Jannine Miller
Stacy Blakley

Staff Members Present:

Collie Greenwood
Raj Srinath
Peter Andrews
Rhonda Allen
Ralph McKinney
Micheal Kreher
George Wright
Carrie Rocha

Also in Attendance: Justice Leah Ward Sears
Emil Tzanov
Charles Middlebrooks
Gloria Londono
Tyrene Huff
Kenya Hammond
Phyllis Bryant

2. APPROVAL OF THE MINUTES

Approval of the Audit Committee Minutes from May 18, 2023

Approval of the Audit Committee Minutes from May 18, 2023. On a motion by Board Member Hardage, seconded by Board Member Floyd, the motion passed by a vote of 6 to 0 with 6 members present.

3. BRIEFING

INTERNAL AUDIT ACTIVITY Q4/FY23

Emil Tzanov, AGM Internal Audit, briefed the Board on the Q4/FY23 Audit activity.

4. OTHER MATTERS

None

5. ADJOURNMENT

The Committee meeting adjourned at 10:44 A.M.

Respectfully submitted,



Tyrene L. Huff
Assistant Secretary to the Board

YouTube link: https://www.youtube.com/live/_FOlclwG1dg?feature=shared



Internal Audit Activity Briefing

Q4 / FY23 ~ Apr. 1 – Jun. 30, 2023

Operational Group Audits

Q4 / FY23 (1)

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
Review of Transit Oriented Development	5/15/23	Needs Attention	Completed	3	-	3	-	1	-	1	-
				<ul style="list-style-type: none"> - Ground Lease Payments are not always made on time and late fees and penalties are not being applied. - In the absence of an Asset Manager, verification of Ground Lease Payments was not properly done. - The Office of Real Estate does not have a document management System. 							
Homeless Outreach	5/15/23	Low	Completed	-	-	-	-	-	-	-	-
Purchasing Cards (P-Cards)	5/19/23	High	Completed	3	-	3	-	3	-	3	-
				<ul style="list-style-type: none"> - Purchase Card procedures are out of date and need more clear and direct language. - Purchases inconsistent with P-card procedures - Purchases of supplies or services that are already available under an existing Authority contract 							
CIP – Clayton Co. O&M Facility (interim audit)	6/26/23	Low	Completed	-	-	-	-	-	-	-	-
New Rail Car Procurement Invoice Controls and Budget Performance	6/28/23	Low	Completed	-	-	-	-	-	-	-	-

Operational Group Audits

Q4 / FY23 (2)

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
Attracting & Retaining Employees	6/28/23	High	Completed	4	-	4	-	4	-	4	-
				<ul style="list-style-type: none"> - No broad-based retention strategy. - Career development & advancement opportunities need to be expanded. - Employee Handbook needs to be developed - No formal or defined succession planning process 							
SOC* 1 Reports	6/28/23	Low	Completed	-	-	-	-	-	-	-	-
Police Property & Evidence	6/29/23	Not Rated	Completed	-	-	-	-	-	-	-	-
CIP – Indian Creek Station (interim audit)	6/29/23	High	Completed	3	-	3	-	-	-	-	-
				<ul style="list-style-type: none"> - Absence of governance mechanisms. - Insufficient project change documentation and change management governance. - Contractor oversight needs to be enhanced 							
Total Significant & Moderate Findings:				13	-	13	-	8	-	8	-

* SOC – System and Organization Controls

Prior Operational Audits with Open Significant 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
Capital Improvement Program Follow-up	1/15/21	Needs Attention	Completed	28	19	9	-	-	-	-	-
Capital Projects – Soft Cost	9/30/22	Needs Attention	Completed	-	-	-	-	2	-	2	-
On-Line Invoice System 'OLIS'	9/30/22	Needs Attention	Completed	-	-	-	-	2	-	2	-
Excessive Absenteeism Investigation and Bus Operator Availability Analysis (Interim Report)	1/19/23	High	Completed	3	-	3	-	-	-	-	-

- Absence of written policies and procedures to specifically address excessive absenteeism by represented employees. (9/30/23)
- HRIS and Bus Operations bus operator availability reports do not reconcile (9/30/23)
- No documented definition exists for “Bus Operator Availability” and how it should be calculated. (9/30/23)

Prior Operational Audits with Open Significant Findings (cont.)

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
Direct Pay Process	2/21/23	High Risk	Completed	5	5	-	-	1	1	-	-
				<ul style="list-style-type: none"> - No Officially Documented Policies and Procedures - Committing of Authority Funds - Frequently used Direct Pay Vendors Circumvent Procurement Process - No Oversight for Rejected Direct Payment Request - Improper Oracle Workflow 							
Non-Revenue Vehicle Fuel Use	3/20/23	High Risk	Completed	3	-	3	-	1	-	1	-
				<ul style="list-style-type: none"> - No Formalized Process for Reviewing Non-Police Vehicles(6/30/23) - Inadequate Monitoring of Off-Site Fuel Process(6/30/23) - WEX Cards and PINs are Not Adequately Monitored(6/30/23) - Odometer Reading are Being Entered Inaccurately(6/30/23) 							
Total Significant & Moderate Findings:				39	24	15	-	6	1	5	-

IT Group Audits

Q4 / FY23

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
Identity and Access Management Audit	5/4/23	High Risk	Completed	3	-	3	-	1	-	1	-
IT Support of Critical Enterprise Applications and Systems Audit	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
IT Hardware Asset Management Audit	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
Total Significant & Moderate Findings:				3	-	3	-	1	-	1	-

Prior IT Audits with Open Findings

Audit Title	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
3 rd Party IT Risk Management	12/06/22	High Risk	Completed	4	-	-	4	3	1	-	2
Oracle Disaster Recovery	09/29/22	High Risk	Completed	3	2	-	1	2	-	-	2
TCSN Pen-Test Findings Remediation Review	06/30/22	High Risk	Completed	10	4	-	6	6	2	-	4
Enterprise Pen-Test Findings Remediation Review	04/15/22	High Risk	Completed	5	4	-	1	5	4	-	1
Cybersecurity – PCs, Email and Internet	06/24/19	High Risk	Completed	5	4	-	1	4	3	-	1
Total Significant & Moderate Findings:				27	14	-	13	20	10	-	10

Contract Group Audits

Q4 / FY23

Contract Audits Completed

Audit Ratings	No. of Audits Issued
Low Risk	18
Needs Attention	1
High Risk	0
Total Audits Issued	19

Contract Audits In Progress

Audit Types	
Interim / Close Out	1
Rate Reviews	10
Buy America / Special Request	1
Cost / Price Analysis	2
Change Orders	1
Total Contract Audits in Progress	15

- ✓ Identified Unallowable Cost in Overhead Rate Reviews as per Federal Acquisition Regulation (FAR) **None this period**
- ✓ Identified Unsupported in Cost/Price and Change Order Reviews **\$286,120.48**

Fraud, Waste & Abuse Summary

Newly Reported Allegations

Investigation 23-03-I-9

Train Operator claimed unfair treatment related to scheduling of work. Allegation was referred to Operations and Labor Relations.

Investigation 23-04-I-9

An employee who moved out of state is alleged to have been allowed to work remotely by MARTA Management.

Allegation was referred to Legal.

Investigation 23-05-I-9

An employee is alleged to be working a second job during the same hours he is working full time for MARTA.

Previously Reported Allegations

Investigation 23-02-I-9

Allegation related to the MARTA Employee Charity Club is currently being investigated.



FY23 Internal Audit Summary

Audits Completed in FY23	
Audit Branch / Type	
Contract Audits	121
<i>Identified Unallowable Costs in Overhead Rates (as per Federal Acquisition Regulations)</i>	\$13,269,542
<i>Identified Unsupported Cost in Cost / Price and Change Order Reviews</i>	\$6,165,239
Operational Audit Engagements	15
IT Audit Engagements	3
Investigations	2

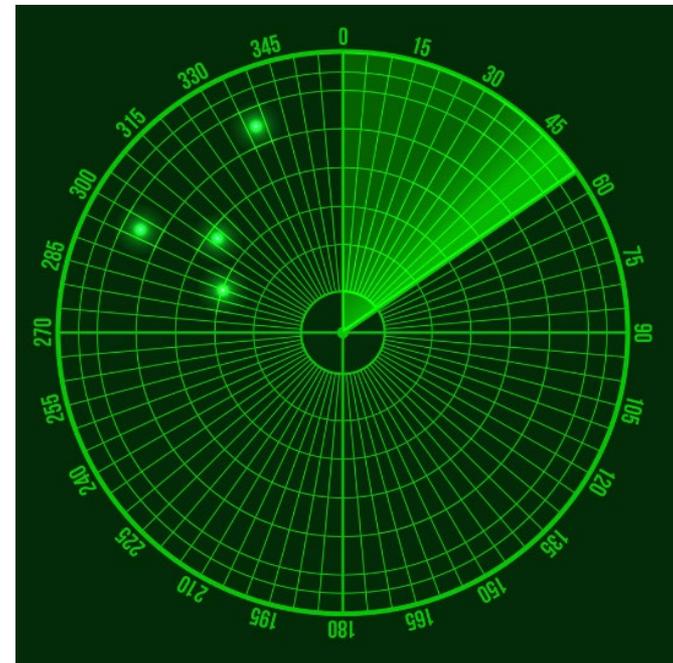
On the Internal Audit ‘Radar Screen’

November Audit Committee Meeting

- Update MARTA Audit Committee Charter (last updated 2013)
- Update MARTA Internal Audit Charter (last updated 2008)
- Crowe LLP briefing – FY23 Annual External Financial Audit

Audit Plan Update

- Add advisory audit review of tax revenue allocation







AUDIT COMMITTEE MEETING
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
THURSDAY, JULY 20, 2023
ATLANTA, GEORGIA
10:00 A.M



Agenda

1. Approval of the May 18, 2023, Audit Committee Meeting Minutes
2. Internal Audit Activity Briefing – **Emil Tzanov, AGM Internal Audit**