



BOARD OF DIRECTORS

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

AUDIT COMMITTEE

FRIDAY, NOVEMBER 18, 2022

ATLANTA, GEORGIA

MEETING MINUTES

1. CALL TO ORDER AND ROLL CALL

Committee Chair Freda Hardage called the meeting to order at 10:27 A.M.

Board Members

Present:

Robert Ashe III
William Floyd
Roderick Frierson
Freda Hardage
Al Pond
Rita Scott

Board Members

Absent:

Roberta Abdul-Salaam
Stacy Blakley
Jim Durrett
Russell McMurry
Kathryn Powers
Reginald Snyder
Thomas Worthy
Heather Aquino
Roderick Mullice

Staff Members Present:

Collie Greenwood
Raj Srinath
Peter Andrews
Luz Borrero
Ralph McKinney
George Wright

Also in Attendance: Leah Ward Sears
Emil Tzanov
Dean Mallis
Brad Schelle
Katherine Brothers
Tyrene Huff
Kenya Hammond

2. APPROVAL OF THE MINUTES

Minutes from July 21, 2022 Audit Committee

Approval of the Minutes from July 21, 2022 Audit Committee On a motion by Board Member Pond, seconded by Board Member Floyd, the motion passed by a vote of 6 to 0 with 6 members present.

3. BRIEFING

INTERNAL AUDIT ACTIVITY BRIEFING FY23 Q1

Brad Schelle and Katherine Brothers, from Crowe LLP, presented the MARTA Annual External Financial Audit for the Fiscal Year 2022.

Emil Tzanov, AGM Internal Audit, presented the Internal Audit Activity Briefing for Q1 of FY23.

INFORMATION SECURITY UPDATE

Dean Mallis presented an Information Security update.

4. OTHER MATTERS

None

5. ADJOURNMENT

The Committee meeting adjourned at 11:21 A.M.

Respectfully submitted,



Tyrene L. Huff
Assistant Secretary to the Board

YouTube link: https://youtube.com/live/PGH_pHjjXr8?feature=share



Smart decisions. Lasting value™

FY2022 Audit Results

Metropolitan Atlanta Rapid
Transit Authority

November 18, 2022



Audit Process and Scope of Work

Audit Methodology and Approach

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

Financial Statement and Compliance Audits

- Annual Comprehensive Financial Report
- Audit Highlights
- Management’s Discussion and Analysis

New Accounting Standards

- GASB 87 – Leases
- GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period



Audit Approach and Plan



Interim fieldwork: Early to mid May

Management interviews
Planning and Risk Assessment
Internal controls
Single audit testing



Year-end fieldwork: Mid August to late September

Audit procedures on year-end balances and fiscal year activity
Single audit testing – completion
NTD testing



Reporting: Late September through October

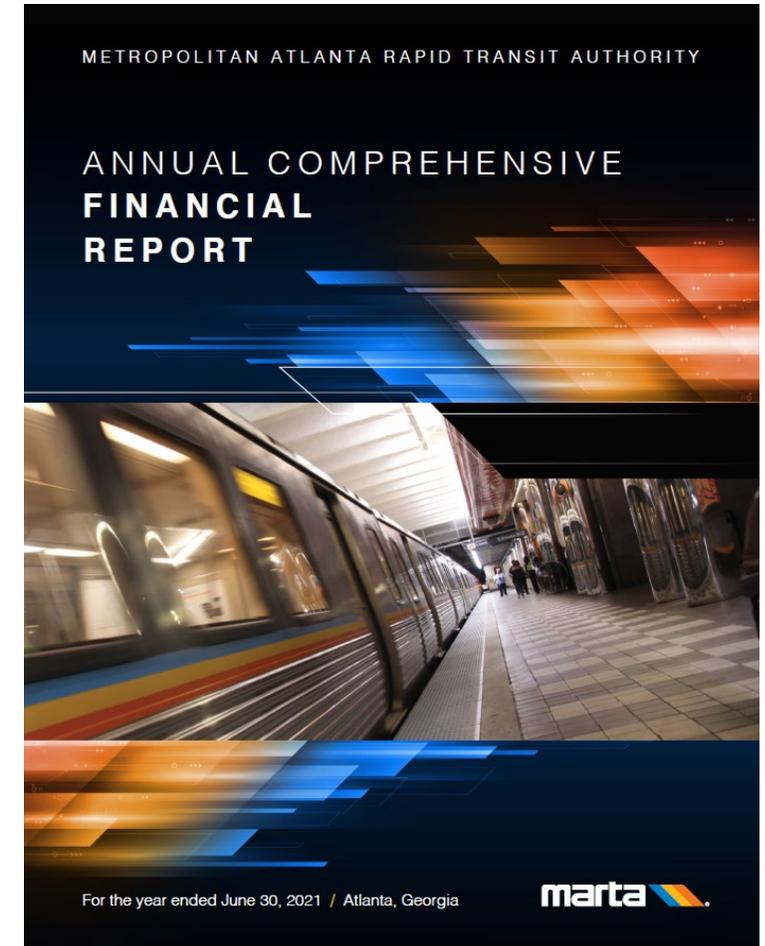
Review financial statements prepared by management
Preparation and review of compliance reports
Reporting to the Audit Committee

Audit Deliverables

- Independent Auditor's Report
- Management Letter
- SAS 114 Letter

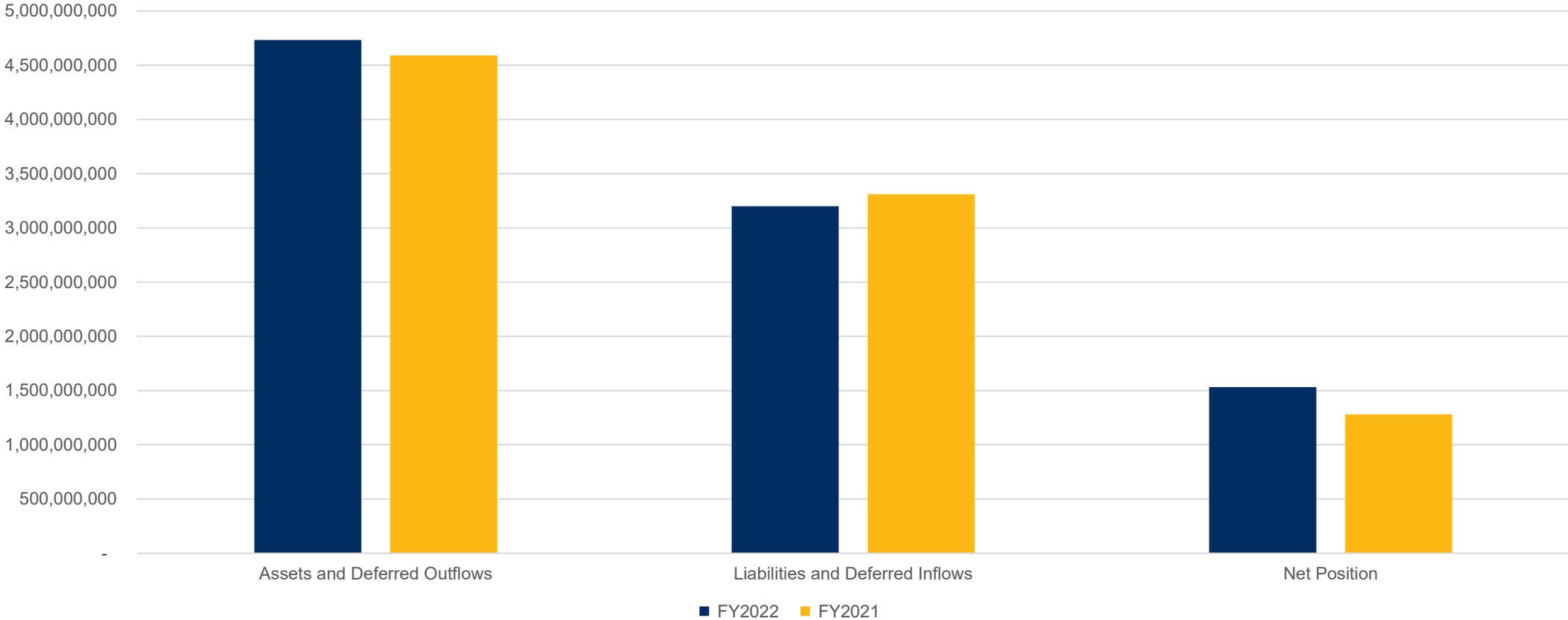
- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal 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



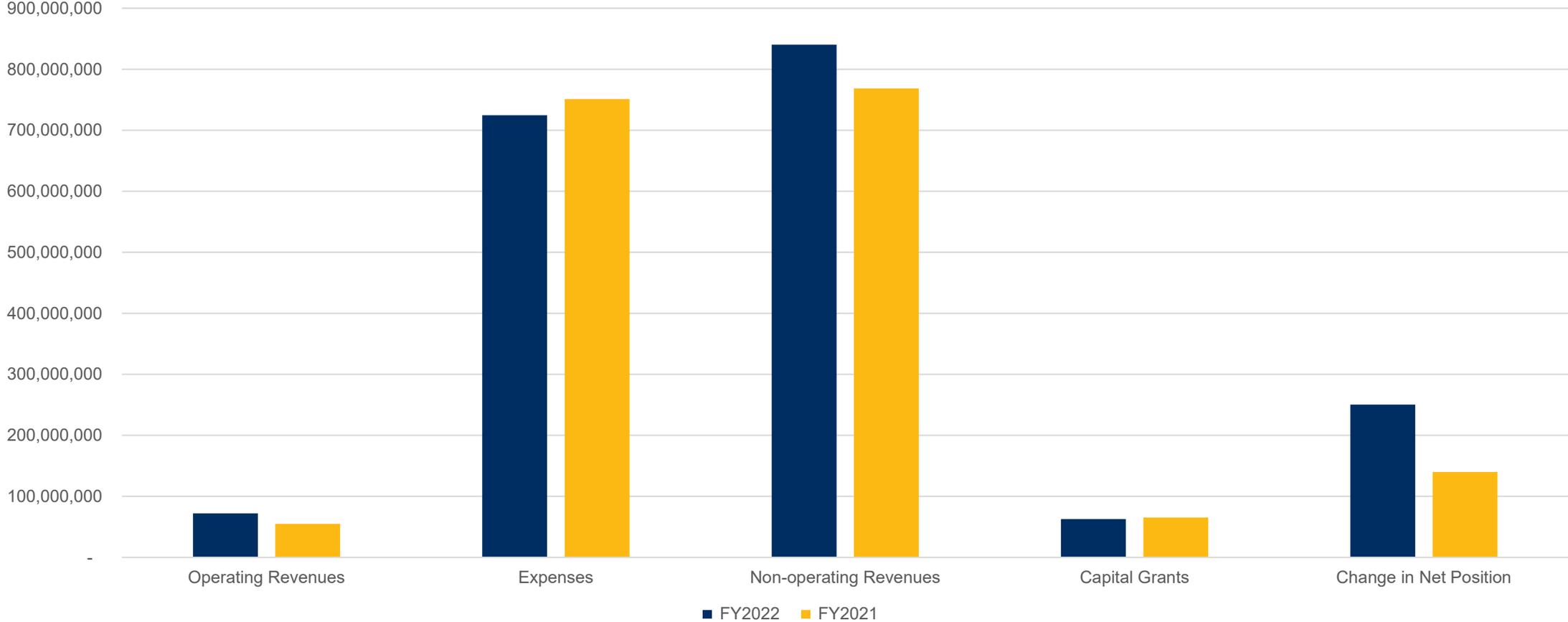
Financial Highlights

Statement of Net Position



Financial Highlights

Statement of Revenues, Expenses, and Changes in Net Position



Required Communications

- Auditor's Responsibility
- Independence
- Significant Accounting Policies
- Management Judgments and Accounting Estimates
- Auditor's Judgments
- Corrected and Uncorrected Misstatements
- Management Recommendations
 - No material weaknesses or significant deficiencies in internal controls
 - No Uniform Guidance compliance findings
- Other Communications



Emerging Issues



- Implementation 6/30/2023
 - GASB 96, Subscription-Based Technology Agreements
 - Implementation Guide 2021-1, Implementation Guidance Update
 - GASB 99, Omnibus 2022 (Leases, PPPs and SBITAs)
- Implementation 6/30/2024
 - GASB 99, Omnibus 2022 (Financial guarantees and derivatives)
 - GASB 100, Accounting Changes and Error Corrections



Thank you

Brad Schelle

Partner

Brad.Schelle@crowe.com

Katherine Brothers

Manager

Katherine.Brothers@crowe.com

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Internal Audit Activity Briefing

Q1 / FY23 ~ July 1 – Sept. 30, 2022

Operational Group Audits

Q1 / 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
Travel Expense Audit	9/30	Low Risk	Completed	-	-	-	-	-	-	-	-
On-Line Invoice System Audit 'OLIS'	9/30	Needs Attention	Completed	-	-	-	-	2	-	2	-
Capital Projects – Soft Cost	9/30	Needs Attention	Completed	-	-	-	-	2	-	2	-
Total Significant & Moderate Findings:				-	-	-	-	4	-	4	-

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
Non-Revenue Vehicles Usage Process	1/15/21	High Risk	Completed	5	5	-	-	1	1	-	-
	<ul style="list-style-type: none"> - Standard Operating Procedures (closed) - Oversight of the Mini-Pool Program (closed) - Record keeping of permanently assigned & take-home vehicles (closed) - Mini-Pool Vehicle Reservation Process (closed) - 2018 Report recommendations (closed) 										
Capital Improvement Program Follow-up	1/15/21	Low	Completed	28	19	9	-	-	-	-	-
Bus Maintenance	9/30/21	Needs Attention	Completed	1	-	1	-	1	1	-	-
	- Predictive maintenance inspections not always completed on-time (2/1/23)										
Inventory Audit	3/12/22	Needs Attention	Completed	2	2	-	-	2	2	-	-
	- Inaccurate bulk fluid records (closed)										
Total Significant & Moderate Findings:				36	26	10	-	4	4	-	-

IT Group Audits

Q1 / 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
Oracle Disaster Recovery	9/29	High Risk	Completed	3	-	3	-	2	-	2	-
3 rd Party IT Risk Management	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
Identity and Access Management Audit	TBH	TBH	Planning	-	-	-	-	-	-	-	-
IT Support of Critical Enterprise Applications and Systems Audit	TBH	TBH	Planning	-	-	-	-	-	-	-	-
Total Significant & Moderate Findings:				3	-	3	-	2	-	2	-

Prior IT 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
TCSN Pen-Test Findings Remediation Review	06/30/22	High Risk	Completed	10	1	9	-	6	-	6	-
Enterprise Pen-Test Findings Remediation Review	04/15/22	High Risk	Completed	5	3	2	-	5	3	-	2
TCS & SCADA – Cybersecurity	03/09/20	High Risk	Completed	6	5	1	-	2	2	-	-
				- Training per the contract was not developed or delivered, impairing MARTA personnel's ability to administer the system. (10/31/22)							
Cybersecurity – PCs, Email and Internet	6/24/19	High Risk	Completed	5	4	-	1	4	3	-	1
				- Not all end user devices on the MARTA network were centrally managed. (7/31/22)							
Total Significant & Moderate Findings:				26	13	12	1	17	8	6	3

Contract Group Audits

Q1 / FY23

Contract Audits Completed

Audit Ratings	No of Audits Issued
Low Risk	33
Needs Attention	4
High Risk	0
Total Audits Issued	37

Contract Audits In Progress

Audit Types	
Interim / Close Out	1
Rate Reviews	17
Cost / Price Analysis	3
Change Orders	4
Total Contract Audits in Progress	25

- ✓ Identified Unallowable Cost in Overhead Rate Reviews as per Federal Acquisition Regulation (FAR) **\$752,755**
- ✓ Identified Unsupported in Cost/Price and Change Order Reviews **\$12,453,277**

Fraud, Waste, & Abuse (“FWA”) Summary

Previously Reported Investigations

- Investigation #22-04-I-9. Allegation: Direct Pay process violation. Implicated employee resigned from MARTA after a prolonged leave. Status: closed
- Investigation #22-05-I-9. Allegation: inaccurate time records. The allegation was substantiated. Management addressed the issue through employee discipline. Status: closed
- Investigation #22-06-I-9. Allegation: inaccurate time records. The allegation was substantiated. Management addressed the issue through establishing stricter controls and counseling the employee. Status: Closed

Newly Reported Allegations

- Investigation #23-01-I-9. Allegation: a Bus Operations Manager is alleged to have recorded a bus operator as being on vacation to enable him to receive vacation pay while he was incarcerated and improperly marked him as eligible for rehire. Status: Planning







Information Security Update November 2022



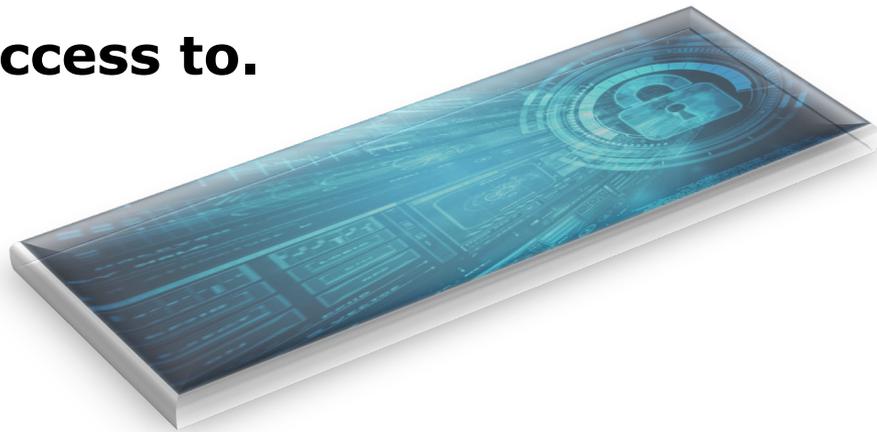
Information Security Update November 2022

Cyber security is ...

Understanding, Managing and Mitigating

the risk of our critical assets being disclosed,

altered or denied access to.



Information Security Update November 2022

TSA Security Directive 1582-21-01

- Designate a cybersecurity coordinator.
- Report cybersecurity incidents to CISA within 24 hours.
- Develop and implement a cybersecurity incident response plan to reduce the risk of an operational disruption.
- Complete a cybersecurity vulnerability assessment to identify potential gaps or vulnerabilities in their systems.
- TSA onsite inspection: Nov 9th

Information Security Update November 2022

Implementations:

- Passed PCI compliance (Payment Card Industry). Process starts again May 2023.
- National Cyber Security Awareness Month
 - Phishing
- Internal mail link filtering deployed.
- Advanced Endpoint Protection rollout completed.
- Malicious Domain Blocking Enhancement
 - Rolling out endpoint agent
 - Block/Monitor while offsite
- Penetration Testing
 - New Trains
 - Enterprise applications/cloud FY 23 Q3



THANK YOU

Moving Cybersecurity Throughout the Authority