

MINUTES
MEETING OF THE BOARD OF DIRECTORS
AUDIT COMMITTEE
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

January 25, 2019

Board of Directors Audit Committee held a meeting on January 25, 2019 at 10:00 a.m. in the Board Lounge on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

The Board Members Present

Robert F. Dallas
William Floyd
Jerry Griffin
John "Al" Pond
Jim Durrett
Frederick L. Daniels, Jr.

MARTA officials in attendance were Chief Administrative Officer Luz Borrero; Chief Information Security Officer Dean Mallis; Chief of Police, Wanda Dunham; Chief Counsel Legal Services, Liz O'Neill; AGM's Emil Tzanov, Kirk Talbott and Thomas Young; Senior Director Ms. Beasley Moss-Beasley and Director David Petrisky; Managers Tiffney Jackson, Charles Middlebrooks; Executive Manager to the Board Rebbie Ellisor-Taylor; Department Administrator Jaquata Jordan.

Minutes of the November 16, 2018 Audit Committee Meeting

On motion by Mr. Pond seconded by Mr. Durrett, the minutes were unanimously approved by a vote of 6 to 0, with 6 members present.

Jurisdictional Reporting

Cynthia Beasley, Senior Director of Accounting and Controller, spoke on Jurisdictional reporting. The objective of this report dealt with the design and implementation of short and long-term solutions for producing financial reports by MARTA Jurisdictional segments. Ms. Beasley spoke about the different jurisdictions which include Fulton, DeKalb, City of Atlanta, City of Atlanta- More MARTA, Clayton, future jurisdictions, other

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funding (similar to more MARTA), and contracted services. Ms. Beasley stated that the background is extremely important because it gives a good idea of the complexities we are dealing with. Georgia Department of Revenue distributes a MARTA sales tax. It is not separated by jurisdiction. Mr. Floyd asked about the separating of jurisdictions in regard to MARTA's sales tax. He asked if the More Marta and Clayton County is also separate. Ms. Beasley said no. She said that information is not currently provided to us. Ms. Beasley said that MARTA does our own in-house calculation. Mr. Daniels asked was this calculation or formula part of the presentation Ms. Beasley was giving. Ms. Beasley stated that what she is presenting is not focused on jurisdiction. Mr. Floyd stated that this is going to become more serious if Gwinnett comes into the fold because they are only going to want to pay what they owe.

Ms. Beasley went on to discuss the solutions to a complex request and how if detailed reporting is required that it will be more complex, time consuming and costly to produce. Ms. Beasley stated that the short-term strategy has changed and that the goal is to provide the type of high level reporting that is needed. Mr. Durrett asked about the general agreement of methodology from whom. Ms. Beasley stated they would have to work with Planning and IT. Ms. Beasley went on to state that the focus of our reporting would be Clayton County high capacity reserve and More Marta reserve. Mr. Pond asked if the external auditors look at these reports at year end. Ms. Beasley said no, that would be outside the scope of a financial audit. Mr. Daniels asked if we should add a scope to our audit going forward. Mr. Emil stated that we may have to expand the scope. Mr. Floyd asked if we are only doing this for those special situations that only exist in Clayton County and More Marta. Mr. Daniels said that is correct. Mr. Floyd said that every single one of those jurisdictions especially DeKalb keeps asking "why can't we see what we are contributing". Further discussion resulted in Board Members requesting a report that shows a break down monthly by jurisdiction. Ms. Beasley stated that it is an in-house report that is only done by request. Mr. Durrett said that the pie chart was somewhat confusing. Ms. Beasley explained that the colors may be misleading but the 50% sales tax is the majority of the chart. Mr. Floyd asked a question from a capital investment perspective in regard to rail cars and if there was a way Clayton County pays a share and More Marta pays a share. Ms. Beasley stated that no we wouldn't use any of Clayton County funds. The rail cars would be purchased using Marta's capital budget. Ms. Beasley stated that you have four pots of money, operating, capital, and the two specific reserves. Mr. Floyd asked where that capital fund is coming from. Mr. Durrett said there should be a simple one pager that shows sources of money from various jurisdictions and what that money is being spent on.

Audit Activities

Mr. Emil spoke on the audit activities since the last committee meeting. The Contracts Audit Group issued 15 low risk audits and 4 audits that have been classified as "needs attention". Total audits issued from 10/2018 to 12/2018 were 19. There is a total of 15 Contract audits in progress. The Operational Audit group completed 5 audits and

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currently have 5 audits which are ongoing. There are also 3 audits which have not been started yet.

Changes to the Audit Plan

ADDED: Drug & Alcohol Policy Enforcement - Assessment of the design and effectiveness of select controls related to the Drug & Alcohol Policy and its enforcement.

Internal Safety Audit of System Safety Program Plan - On a Three-Year Cycle, MARTA is required to conduct a review of the elements (Components) of the System Safety Program Plan in an effort to provide reasonable assurance that the rail transit agency has a developed and documented process for performing an on-going internal safety and security review. This review is considered a compliance review. Through our audit we determined that MARTA's System Safety Program Plan met State and Federal Regulations. This compliance review does not require an engagement rating.

FY19 FTA Triennial Pre-Audit - The Federal Transit Administration (FTA) will be conducting a Triennial Review of MARTA in Federal Fiscal Year (FFY) 2019. Selected departments will undergo internal mock audit reviews by Internal Audit, Federal and State Grant Programs, and Treasury to detect if any material weaknesses or significant findings associated with the review areas can be detected and possibly corrected prior to the Triennial Review. This pre-audit does not require an engagement rating.

REPLACED: Capital Programs-Asset Management was replaced and will be performed during FY 20.

The Information Technology Audit group completed 1 audit and is in the planning phase of 1 audit. The Fraud, Waste, & Abuse hotline received 32 calls from October 1, 2018 to December 31, 2018. Of those calls 24 were forwarded to Customer Service because they did not pertain to Fraud, Waste, and Abuse. 5 calls requested call backs but never responded to the voicemails left. 1 call forwarded to mobility for resolution and 2 calls resulted in a Fraud, Waste, or Abuse investigation to be opened.

IT Update

The Technology Preparations for Super Bowl consist of the following:

- Staff Enhancement
 - Fare Collection Plans
 - CCTV Plans
 - Police Support Plans
- Ambassador Mobile App
- Regional Cyber Security Coordination

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Current Action Items

- Fiber Renewal & Expansion (Diversified Fiber)
 - NTP (Notice to Proceed) to AT&T delayed awaiting vendor's certificate of insurance – ETA Jan 2019
 - Installing MARTA's networking equipment prior to NTP
 - In process of scheduling kickoff with AT&T this month (will deliver NTP at kickoff)

- SAN (Storage Area Network) Storage Upgrade
 - Storage equipment installed at HQ, IOC, and PCC
 - Equipment is now being configured for full functionality (expected in service Q2 FY2020)

- Colocation Datacenter Project
 - Contract awarded (DC Blox) – NTP Sept. 2018
 - Design in progress
 - DC Blox preparing for construction necessary for MARTA occupancy
 - Need to revisit scope of work based on design discoveries

Adjournment

The Audit Committee meeting adjourned at 11:19am.