marta

BOARD OF DIRECTORS

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

AUDIT COMMITTEE

THURSDAY, MARCH 24, 2022

ATLANTA, GEORGIA

MEETING MINUTES

1. **CALL TO ORDER AND ROLL CALL**
   Chair Freda Hardage called the meeting to order at 10:20 A.M.

Board Members Present:	Freda Hardage
	Rita Scott
	William Floyd
	Roderick Frierson
	Al Pond
	Reginald Snyder
	Rod Mullice
Board Members Absent:	Roberta Abdul-Salaam
	Robert Ashe III
	Stacy Blakley
	Jim Durrett
	Russell McMurry
	Kathryn Powers
	Thomas Worthy
	Christopher Tomlinson
Staff Members Present:	Collie Greenwood
	Melissa Mullinax
	Raj Srinath
	Manjeet Ranu
	Rhonda Allen
	Ralph McKinney
	Michael Kreher
	George Wright

Also in Attendance: Justice Leah Ward Sears
                                  Emil Tzanov
                                  Dean Mallis
                                  Charles Middlebrooks
                                  Kirk Talbot
                                  Gloria Londono
                                  Keri Lee
                                  Jonathan Hunt
                                  Tyrene Huff
                                  Kenya Hammond

2.   APPROVAL OF THE MINUTES

Approval of Audit Committee November 19, 2021 Minutes.

Approval of Audit Committee November 19, 2021 Minutes. On a motion by Board Member Mullice, seconded by Board Member Snyder, the motion passed by a vote of 7 to 0 with 7 members present.

3.   RESOLUTIONS

Resolution Authorizing the Award of a Contract for the Procurement of Annual Financial Audit Reports for Fiscal Years 2023 Through 2027, RFP P49208

Approval of the Resolution Authorizing the Award of a Contract for the Procurement of Annual Financial Audit Reports for Fiscal Years 2023 Through 2027, RFP P49208. On a motion by Board Member Snyder, seconded by Board Member Mullice, the resolution passed by a vote of 6 to 0, with 1 member abstaining, 7 members present.

4.   BRIEFING

Internal Audit Activity Briefing Q2 (10/01/21 – 12/31/21)

Presented by Emil Tzanov, **AGM Internal Audit**. Displayed 29 completed audits. Charles Middlebrooks presented the new, more robust Fraud Hotline technology for MARTA provided by an independent cloud-based provider. The IA Department also launched a Fraud prevention, on-demand e-course for MARTA's employees.

5. **ADJOURNMENT**

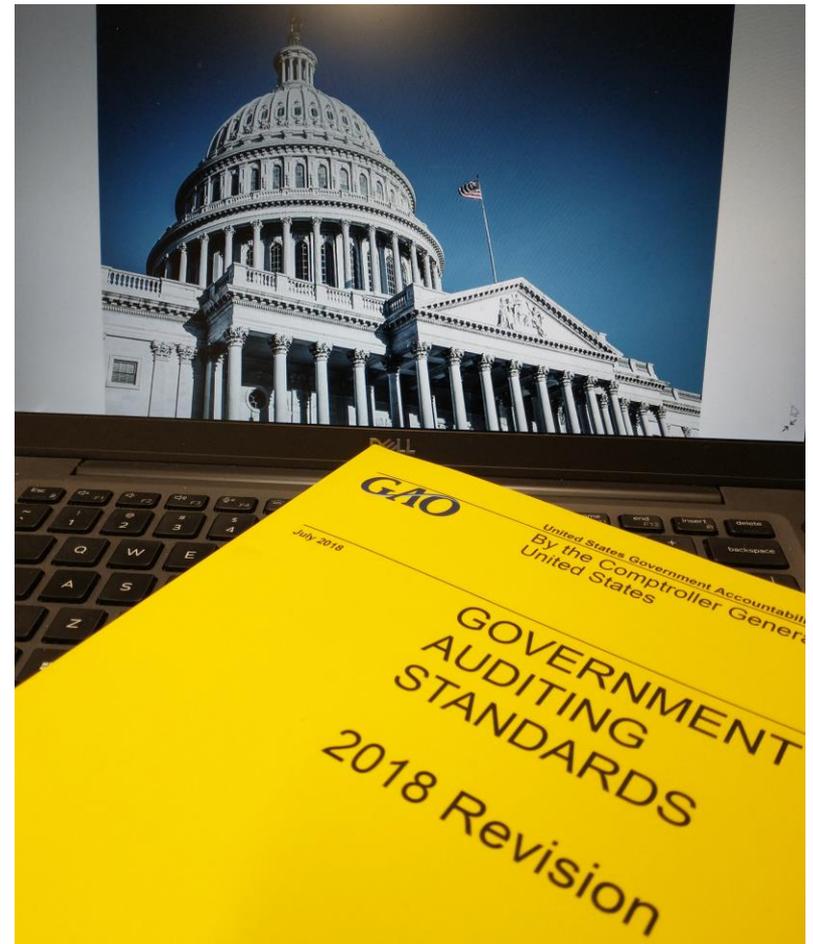The Committee meeting adjourned at 11:23 A.M.

Respectfully submitted,

Tyrene L. Huff
Assistant Secretary to the Board

YouTube link: https://youtu.be/MOE-ELG2Quw

Resolution Authorizing the Award of a Contract for the Procurement of Annual Financial Audit Reports for Fiscal Years 2023 - 2027, RFP P49208

Introduction

- Section 16 (c) of the MARTA Act requires the Board to employ, before July 31, 2022, a firm of independent certified public accountants as auditors to audit the financial books, records, and accounts of the Authority

- The existing contact for external audit services with Crowe LLP is entering its final contract year covering the audit of MARTA's current fiscal year (FY22)

- Crowe LLP has been MARTA's external audit firm for the past four years:

  - Financial Statements Audit
  - Single Audit
  - NTD FTA Report Review
  - New and upcoming audit pronouncements and their impact on MARTA
  - Process improvement recommendations

Award Analysis

- RFP issued on November 23, 2021

- The following four accounting firms submitted bids (in alphabetical order):

  - Cherry Bekaert LLP
  - Crowe LLP
  - Mauldin & Jenkins, LLC
  - RSM US LLP

- Source Evaluation Committee unanimously recommends awarding the contract to Crowe LLP – received the highest evaluation score of all proponents

  - Contract term – three years plus two option years
  - Total contract amount - $981,200
  - DBE 20% goal met. (Benford Brown & Associates, LLC)

THANK YOU
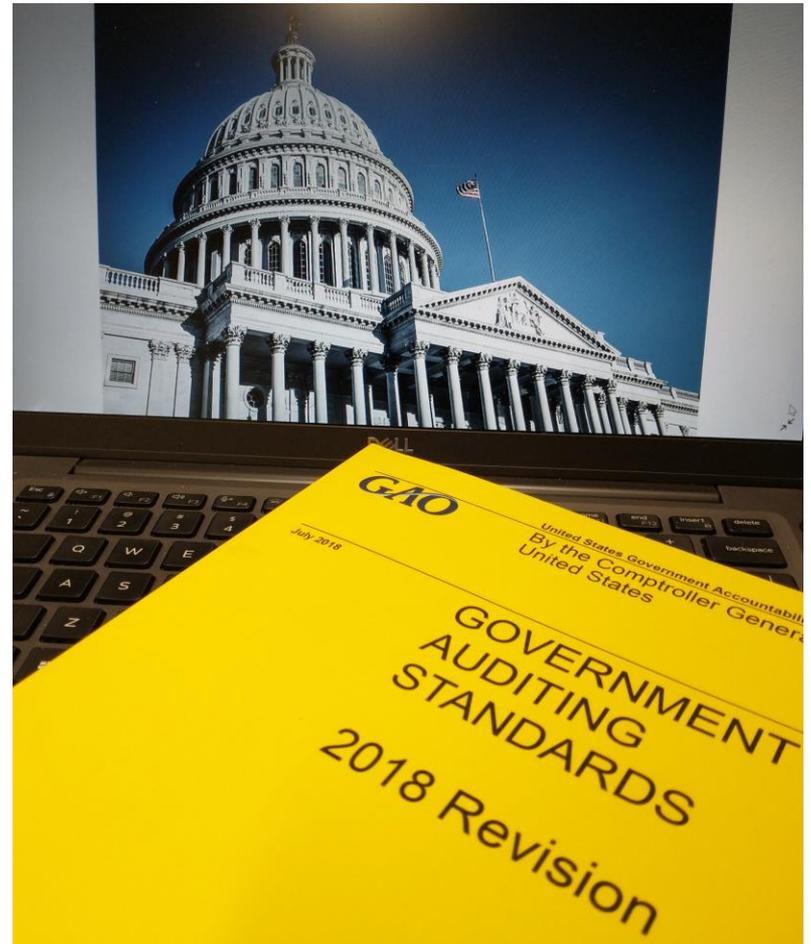
Internal Audit Activity Briefing

(10/01/2021 – 12/31/2021)

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
Contingencies Review and Reporting Process	12/8/21	Low	Completed	-	-	-	-	-	-	-	-
Non-Revenue Vehicles Usage Process	12/22/21	High	Completed	5	-	5	-	1	-	1	-

- Standard Operating Procedures (6/30/2022)
- Oversight of the Mini-Pool Program (3/31/2022)
- Record keeping of permanently assigned and take-home vehicles (3/31/2022)
- Mini-Pool Vehicle Reservation Process (6/30/2022)
- 2018 Investigation Report recommendations (6/30/2022)

Total Significant & Moderate Findings:				**5**	**-**	**5**	**-**	**1**	**-**	**1**	

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
Capital Improvement Program – Follow-Up	1/15/21	Low	Completed	28	18	0	10	-	-	-	-
- *Expected implementation date extended to 4/1/22.*											
Bus Maintenance	9/30/21	Needs Attention	Completed	1	-	1		1	-	-	1
- Predictive maintenance inspections not always completed on-time (04/01/2022)											
Total Significant & Moderate Findings:				*29*	*18*	*1*	*10*	*1*		*-*	*1*

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
TCSN Pen-Test Findings Remediation Review	TBD	TBD	Ongoing	-	-	-	-	-	-	-	-
Enterprise Pen-Test Findings Remediation Review	TBD	TBD	Ongoing	-	-	-	-	-	-	-	-
Cybersecurity Insurance Advisory Review	12/30/21	n/a	Completed	-	-	-	-	-	-	-	-
Password Management Audit	12/30/21	High Risk	Completed	3	-	3	-	-	-	-	-
- Formal process to ensure that password configuration is meeting requirements (6/30/22) - Password configuration settings on critical systems are not compliant with Policy (3/31/22) - Password settings for privileged accounts are not complaint with policy (3/31/22)											
Total Significant & Moderate Findings:				**3**	**-**	**3**	**-**	**-**	**-**	**-**	**-**

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
Patch Management Audit	7/29/21	High Risk	Completed	3	3	-	-	1	-	1	
TCS & SCADA – Cybersecurity	3/09/20	High Risk	Completed	6	4	2	-	1	1	-	-
- User access management controls were not designed or implemented effectively. (3/31/22) - Training per the contract was not developed or delivered, impairing MARTA personnel's ability to administer the system. (5/31/22)											
Cybersecurity – PCs, Email and Internet	6/24/19	High Risk	Completed	5	4	-	1	4	2	-	2
- Not all end user devices on the MARTA network were centrally managed. (1/31/20)											
Total Significant & Moderate Findings:				**14**	**11**	**2**	**1**	**6**	**3**	**1**	**2**

Contracts Audit Group

Audits Completed This Period (10/1/2021 – 12/31/2021)	
Audit Opinions	Audits Issued
Low Risk	25
Needs Attention	-
Total Audits Issued	25
Identified Potential Cost Savings in Cost/Price and Change Order Reviews	$5,696
Audits In Progress	
Audit Types	
Interim/Close Out	-
Rate Reviews	10
Cost/Price Analysis	5
Change Orders Special Audit (Incurred Cost, Special Request, Buy America & Claims)	3
Total Contract Audits in Progress	**18**

Fraud, Waste, & Abuse ("FWA") Summary

Three calls received on the FWA hotline from October 1, 2021 to December 31, 2021

- 1 allegation was investigated and determined to be unsubstantiated.

- 1 call alleged that an employee submitted an inaccurate timesheet to be paid for hours not worked. This issue was referred to the responsible department's management. This issue was investigated, and employee was disciplined.

- 1 call 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 has been referred to the responsible department's management. Internal Audit will perform follow-up review to verify the outcome.

Digital Transformation of the Fraud Hotline Process

Presented by Charles Middlebrooks

Acting Director of Operations Audit and Fraud Investigations

Old Fraud Hotline Technology

Previous Technology:

- A standard MARTA phone number linked to a voice mail to leave voice mail messages

- No audit trail of receipt and management of complaints

- No ability to anonymously contact the caller for two-way communication

- No live conversation with an agent

- No e-mail or web-based interface

- Very weak business continuity capability

Challenges:

- Investigations conducted often with very limited information leading to inefficient use of internal audit resources and limited outcomes

- Inability to ask follow-up questions to aid investigations or establish credibility

- Significant business continuity risk

- Limited options (only voice mail) to submit anonymous complaints

Lighthouse Hotline Software – What is it?

Lighthouse Software is a Web-Based Case Management System that tracks, addresses and monitors all incident reporting activities. The Case Management System is administered by Lighthouse Services, a third-party hotline service provider which offers:

- Anonymous hotline reporting

- Automated Fraud investigation process

- An audit trail to provide clear evidence of investigative activities

LIGHTHOUSE
Obtaining Information. Delivering solutions.

C
M
S

CASE MANAGEMENT SYSTEM

Get everything you need to track hotline reports from beginning to end in one easy-to-use online tool!

Fraud Awareness & Prevention E-Course

The Fraud, Waste, and Abuse Prevention Training eCourse has been added to your Learning Profile.

The Department of Internal Audit wants to ensure that all employees are aware of fraud and can prevent it. After completing this course, you will be able to explain the difference between fraud, waste, and abuse, and identify behaviors that indicate fraudulent activity.

Scan the QR Code to go to the course:

Topics covered will include:
- Identifying different types of Fraud
- Defining waste and abuse
- Reporting Fraud to the proper MARTA Authority

Two ways to take the eCourse:

Desktop/Laptop
Click here to launch MARTALearn in your browser.

Mobile App
Click here to download and view the mobile app reference guide.

Purpose of Course – To minimize fraud from occurring at MARTA

E-Course Objectives
- Identify and define fraud
- Identify fraudulent behaviors
- Understand how to report fraud

On-demand automated learning process

Reduced New Employee Training Orientation Time

Information Security Update March 2022

Information Security Update March 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.

Information Security Update March 2022

Implementations:

- 24/7 Monitoring/Vulnerability Scanning Vendor
  - Vendor will monitor network 24/7
  - Conduct vulnerability scanning
  - Save on FTE
  - Retire several technologies saving $327K from the operating budget.
- Advanced Endpoint Protection continues: CCTV, AFC (automatic fare collection network)
- Malicious Domain Blocking Enhancement
  - Enforce security for roaming users
  - Secure browser inspection
- Penetration Testing
  - New Trains
  - Enterprise applications/cloud