



AUDIT COMMITTEE
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
THURSDAY, JULY 21, 2022
ATLANTA, GEORGIA
MEETING MINUTES

1. CALL TO ORDER AND ROLL CALL

Chair Freda Hardage called the meeting to order at 10:43 A.M.

Board Members Present:

William Floyd
Jim Durrett
Freda Hardage
Al Pond
Rita Scott
Thomas Worthy

Board Members Absent:

Roberta Abdul-Salaam
Robert Ashe III
Stacy Blakley
Roderick Frierson
Russell McMurry¹
Kathryn Powers
Reginald Snyder
Heather Aquino¹
Rod Mullice

Staff Members Present:

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

¹Russell McMurry is Commissioner of the Georgia Department of Transportation (GDOT) and Heather Aquino is the Interim Executive Director of the Georgia Regional Transportation Authority (GRTA). Per the MARTA Act, both are non-voting members of the Board of Directors.

Michael Kreher
George Wright

Also in Attendance:

Justice Leah Ward Sears
Emil Tzanov
Dean Mallis
Paula Nash
Jacqueline Holland
Tyrene Huff
Kenya Hammond
Phyllis Bryant

2. APPROVAL OF THE MINUTES

Minutes from May 19, 2022.

Approval of the Minutes from May 19, 2022. On a motion by Board Member Pond, seconded by Board Member Durrett, the motion passed by a vote of 6 to 0 with 6 members present.

3. BRIEFING

INTERNAL AUDIT ACTIVITY BRIEFING 4/01/2022 - 6/30/2022

Emil Tzanov, AGM of Internal Audit presented 37 completed audits for Q4 and an FY22 summary of 118 audits between Contract, Operations and IT departments.

Emil Tzanov shared that MARTA's Internal Audit Department was featured in the Government Technology Magazine on March 21st as a successful case study of digital Transformation to boost efficiency.

Respectfully submitted,



Tyrene L. Huff
Assistant Secretary to the Board

YouTube link: <https://youtu.be/AHjgNr713NI>



Internal Audit Activity Briefing

April 1 – June 30, 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
COVID-19 Rail Stations & HQ Cleaning	6/14	Low Risk	Completed	-	-	-	-	-	-	-	-
COVID-19 Grants	6/24	Low Risk	Completed	-	-	-	-	-	-	-	-
SOC-1 Compliance	6/24	Low Risk	Completed	-	-	-	-	-	-	-	-
MARTA Police Property & Evidence Custody	6/24	Low Risk	Completed	-	-	-	-	-	-	-	-
Capital Projects – Soft Cost	6/30	TBD	Report Writing	-	-	-	-	-	-	-	-
Post-Covid Space Utilization - Advisory	6/17	n/a	Completed	-	-	-	-	-	-	-	-
Total Significant & Moderate Findings:				0	-	-	-	0	-	-	-

Operational Audit Group *(prior 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	3	2	-	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 (9/30/22) - 2018 Report recommendations (9/30/22)
Capital Improvement Program Follow-up	1/15/21	Low	Completed	28	22	5	1	-	-	-	-	
Bus Maintenance	9/30/21	Needs Attention	Completed	1	-	1	-	1	1	-	-	<ul style="list-style-type: none"> - Predictive maintenance inspections not always completed on-time (8/1/22)
Inventory Audit	3/12/22	Needs Attention	Completed	2	1	1	-	2	-	2	-	<ul style="list-style-type: none"> - Security needs to be enhanced to deter potential theft of inventory (6/30/22)
Total Significant & Moderate Findings:				36	26	9	1	5	1	4	-	

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	6/30	High Risk	Completed	10	-	10	-	6	-	6	-
Oracle Disaster Recovery	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
3rd Party IT Risk Management	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
Total Significant & Moderate Findings:				10	-	10	-	6	-	6	-

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
Password Management Audit	12/30/21	High Risk	Completed	3	2	1	-	-	-	-	-
				- Password configuration settings on critical systems are not compliant with Policy (7/31/22)							
Enterprise Pen-Test Findings Remediation Review	04/15/22	High Risk	Completed	5	-	5	-	5	-	5	-
TCS & SCADA – Cybersecurity	3/09/20	High Risk	Completed	6	4	2	-	2	2	-	-
				- User access management controls were not designed or implemented effectively. (7/31/22) - 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:				19	10	9	-	11	5	5	1

Contracts Audit Group

Audits Completed Period April 1 – June 30 of 2022	
Audit Opinions	Audits Issued
Low Risk	19
Needs Attention	3
High Risk	1
Total Audits Issued	23
Identified Potential Cost Savings in Cost/Price and Change Order Reviews	\$43K
Audits In Progress	
Audit Types	
Interim / Close Out	-
Rate Reviews	9
Cost / Price Analysis	4
Change Orders	7
Total Contract Audits in Progress	<u>20</u>

Fraud, Waste, & Abuse (“FWA”) Summary

Previously Reported Investigations

- A caller alleged that a Director had paid for services that had not been received and has knowingly circumvented the direct pay process. (Investigation on hold)
- A supervisor is alleged to have allowed employees to violate the company policy by working in a restricted area without the required certification. Allegation substantiated. (IA Investigation closed – report issued)
- A caller alleged that an employee may be accepting payments from a vendor. The allegation was referred to MARTA Police for further investigation. (Investigation closed by MARTA police. No substance found)
- A caller alleged that 3 employees were on medical leave but were allowed by their supervisor to charge their time as if they had worked. Allegation was substantiated for 2 of the 3 employees (IA Investigation closed – report issued)

Newly Reported Allegations

- Two Rail Operations employees are alleged to have falsified time records (Investigation in planning phase. Ref. 22-05-I-9).
- One Custodial employee is alleged to have falsified time records (Investigation is planning phase Ref. 22-06-I-9)



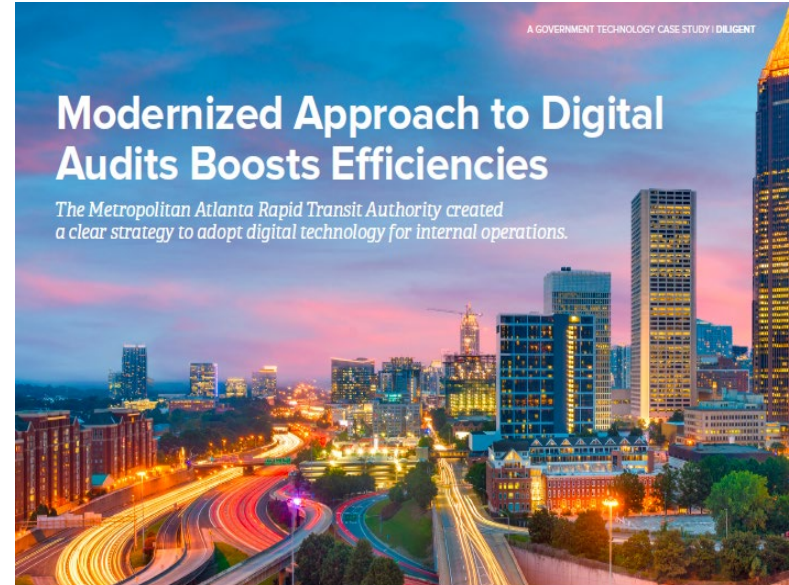
FY22 Internal Audit Summary

Audits Completed in FY22

Audit Branch / Type	Audits Issued
Contract Audits	101
<i>Identified Cost Avoidance</i>	\$253K
<i>Identified Unsupported Cost</i>	\$5.5M
Performance (Ops & IT) Audit Engagements	17
Advisory Audit Engagements	1
Investigations	8

FY22 Internal Audit Highlights

- Implemented a new robust Fraud Hotline technology and process using industry leading cloud provider “Lighthouse Services”
- MARTA Internal Audit Department featured in Government Technology Magazine as a successful case study of digital transformation
- Three of four vacancies filled during the year
- External Audit Firm selected and hired for the next five years.



A GOVERNMENT TECHNOLOGY CASE STUDY | DILIGENT

Modernized Approach to Digital Audits Boosts Efficiencies

The Metropolitan Atlanta Rapid Transit Authority created a clear strategy to adopt digital technology for internal operations.

The work of an internal audit department requires an intense focus on information and a keen eye for detail. Too often, it also involves inefficient manual processes and paper documents. As governments accelerate their digital transformation plans — especially to support hybrid work environments — the internal audit function is a prime area for technology modernization efforts.

The story of how the Metropolitan Atlanta Regional Transit Authority (MARTA) moved to a digital audit platform shows the value of modernization — before and during the pandemic — and for continued improvements in the future.

Held back by manual processes and paper documents

Prior to 2018, the work of MARTA’s internal audit department was done through manual processes and paper documents created with Microsoft Word and Excel. Audit reports were issued

on paper and filed in a cabinet. Follow-up on the remediation status of audit findings was done through email.

The limitations of this approach became clear as the department handled a growing workload of audit engagements. Emil Tzanov, MARTA chief audit executive, also wanted better tools to manage the department’s work.

“I need the ability to see where we are in the life cycle of each audit engagement, but previously it was difficult to figure out where we were at any point in time,” says Tzanov. “I also need to see how many audit findings are active, the due dates for remediation, how many actions are past due and for how long and who owns those issues.”

As Tzanov and his team considered new options, they knew they wanted a cloud-based solution with security protections and the ability to upload unlimited data. After an extensive review of potential solutions and vendors, MARTA chose the HighBond platform from Diligent.

HighBond is a software-as-a-service (SaaS) solution deployed in the cloud that helps local governments securely manage digital workflows, automate and streamline audit processes and track project status and findings. The platform also helps audit teams collaborate effectively and maintain compliance with Yellow Book standards from the U.S. Government Accountability Office (GAO).

Starting fresh in a new fiscal year

The recurring, annual nature of audit work made one strategy clear: Implement the new digital system at the start of a new fiscal year, then use it to manage all audits from that point on. Although some required information from the previous year was loaded into the system in advance, most past audits were archived in paper form. This strategy meant MARTA audit staff could focus on gradually learning the HighBond system as they worked on the new year’s audits.

