

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

July 17, 2020

Board of Directors Audit Committee meeting was called to order at 10:00 a.m. on July 17, 2020, via WebEx, Atlanta, Georgia

The Board Members Present

Freda Hardage
Jim Durrett
Jerry Griffin
Roderick Frierson
Bill Floyd
John Pond **(Chair)**
Rita Scott

Staff Members Present

Jeffrey Parker
Kevin Hurley
Elizabeth O'Neill
Emil Tzanov
Dean Mallis
David Petrisky
Charles Middlebrook

Other staff members in attendance: Tiffney Jackson, Jaquata Jordan and Tonya Gantt

Minutes of the May 1, 2020, Audit Committee Meeting

On a motion by Mrs. Hardage, seconded by Mr. Griffin, the minutes were unanimously approved by a vote of 7 to 0, with 7 members present.

Briefing - Internal Audit Activity

The Board received an update on the following:

- Operational Audit Group – Q4FY20 Audit Engagement – briefing from Mr. Middlebrook
 - Five (5) audits were completed and rated low apart from vertical transportation contract management rated as high risk.
 - Rail car maintenance
 - Employee times reporting controls
 - Vertical Transportation contract management
 - Soc 1 Review
 - Police property & evidence
- Vertical Transportation contract management audit focus on operational and maintenance control between January 2019 to January 2020
 - Six (6) finding was carried out and four (4) of those six (6) were significant
 - Failure to perform periodic testing for Elevator/Escalator (Schindler)

- Only thirteen (13) of the one hundred and forty-eight (148) received annual period exam
 - No periodic exam was performed on Ninety (91) elevators throughout MARTA system
 - Untimely preventative maintenance for Elevator/Escalator (Schindler)
 - Contractor did not perform timely monthly preventative maintenance
 - Of the one thousand nine hundred and twenty-four 1924 monthly maintenance that should carry out, only 1011 was on time Failure to clean units for Elevator/Escalator (Schindler)
 - Contractor should perform cleaning bi-annually on all units
 - Annual corrosion control deep cleaning of steps and risers on escalators
 - One hundred and forty-eight (148) escalators did not received cleaning during 2019
 - One hundred (100%) of elevators did not receive bi-annual cleaning
 - Inadequate workforce (Schindler)
 - Per contact, the minimum required maintenance personnel to the MARTA system should be seventeen (17) individuals
 - The audit showed that in 2019 the number of maintenance personnel assigned to the MARTA system did not exceed twelve (12) individuals
 - Drug and Alcohol Policy Enforcement
 - Enhance zone bus supervisor focus/coverage on bus routes which do not enter a station with on assigned bus supervisor
 - Nineteen significant and moderate finding are being monitored
- Information Technology Audit Group – Q4 FY20 Audit – briefing from Mr. Petrisky
 - Two significant audits were completed
 - Audiovisual information system (AVIS) controller software
 - Project Management controls were not adequately implemented, which increases the risk of not meeting implementation target dates.
 - Issue management and jeopardy reporting processes were ineffective, which delayed the realization of project benefits.
 - Controls to detect software security vulnerabilities were not adequately implemented, which increases the risk of malicious disruption.
 - The project was lacking appropriate personnel in critical key roles, which diminished the effectiveness of oversight.
 - Mobile ticketing system
 - Project management controls were not adequately implemented, which increases the risk of not meeting implementation target dates.

- Software defects identified during testing were not resolved timely, which has delayed the realization of project benefits.
 - Cybersecurity Review – Personnel computers, email and internet access
 - Not all end-user devices on the MARTA network were centrally managed, which increases the risk of software vulnerabilities being exploited
 - Devices were running unsupported software, which increases the risk of vulnerabilities being exploited
 - Total of seventeen significant and moderate finding are being monitored
- Contracts Audit Group completed twenty-one (21) Audits progress – briefing from Ms. Jackson
 - The contract audit branch assists MARTA to ensure compliance with the MARTA Act, Federal Acquisition Regulations (“FAR”), and MARTA’s Procurement Policies by conducting the following types of contract audits:
 - Rate Reviews - to review labor rates and overhead rates.
 - Cost/Price Analysis - identified a cost savings of \$670k
 - Forward Pricing
 - Change Order - identified cost savings of \$670k
 - Closeout - ensures the contract was executed in accordance with MARTA’s policies and procedures
 - Incurred Cost/True-Up - ensure the funds were used in accordance with MARTA procedures
 - Buy America - ensure that when procuring rolling stock, which includes train control, communication, traction power equipment, and rolling stock prototypes, with Federal funds, the cost of the components and subcomponents produced in the U.S. meet the Federal requirements
 - Ad Hoc advisory services
- Fraud Waste and Abuse investigations – briefing from Mr. Tzanov
 - Two (2) investigations closed
 - Four (4) calls received on the hotline from April 1, 2020 to June 30, 2020.
 - Two (2) calls (50%) resulted in fraud, waste, and abuse investigations to be opened
 - One (1) call (25%) was referred to Customer Service
 - One (1) call (25%) was referred to Diversity & Inclusion

Adjournment

The Audit Committee meeting adjourned at 11:07 a.m.