



BOARD OF DIRECTORS

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

AUDIT COMMITTEE

THURSDAY, MAY 16, 2024

ATLANTA, GEORGIA

MEETING SUMMARY

1. CALL TO ORDER AND ROLL CALL

Committee Chair Roderick Frierson called the meeting to order at 10:00 A.M.

Board Members

Present:

William Floyd
James Durrett
Roderick Frierson
Freda Hardage
Al Pond
Sagirah Jones

Board Members

Absent:

Stacy Blakley
Russell McMurry
Kathryn Powers
Rita Scott
Thomas Worthy
Rod Mullice
Valencia Williamson
Jennifer Ide
Jacob Tzegaegbe
Jannine Miller

Staff Members Present:

Collie Greenwood
Peter Andrews
Carrie Rocha
Rhonda Allen
Ralph McKinney
Michael Kreher
George Wright

Also in Attendance: Justice Leah Ward Sears
Brad Schelle, Crowe LLP
Emil Tzanov
Paula Nash
Jacqueline Holland
Tyrene Huff
Kenya Hammond
Phyllis Bryant
Gloria Londono

2. APPROVAL OF THE MINUTES

Approval of the March 21, 2024 Audit Committee Meeting Minutes

Approval of the March 21, 2024, Audit Committee meeting minutes. On a motion by Board Member Pond, seconded by Board Member Hardage, the motion passed by a vote of 6 to 0 with 6 members present.

3. BRIEFING

MARTA FY24 EXTERNAL AUDIT ENGAGEMENT

Brad Schelle from Crowe LLP presented the FY24 External Audit Engagement.

Internal Audit Briefing Q3/FY24

Emil Tzanov, AGM Internal Audit, briefed the Board on the Q3/FY24 audit activity.

4. OTHER MATTERS

None

5. ADJOURNMENT

The Audit Committee meeting adjourned at 10:54 A.M.

YouTube link: <https://www.youtube.com/live/RZYUItMLotQ?feature=shared>

MARTA FY24 EXTERNAL AUDIT ENGAGEMENT BY CROWE LLP

Briefing Report

Meeting: Audit - May 16 2024
Subject: MARTA FY24 EXTERNAL AUDIT ENGAGEMENT BY CROWE LLP
Voting N/A
Requirements:

BUSINESS PURPOSE:

Update the Audit Committee on the Fiscal Year 2024 Financial Audit.

ATTACHMENTS:



MARTA FY24 EXTERNAL AUDIT ENGAGEMENT BY CROWE LLP

Report Approved by

Emil Tzanov, AGM INTERNAL AUDIT
Collie Greenwood, General Manager/CEO

Status:

Approved - May 10 2024
Approved - May 13 2024



FY24 Audit Planning Meeting

Metropolitan Atlanta Rapid Transit
Authority

May 16, 2024

Smart decisions. Lasting value.™

Agenda

1

Introductions

2

Audit Deliverables

3

Audit Approach

4

Timeline

5

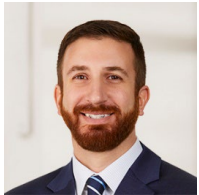
Audit Committee
Planning Inquiries

6

Emerging Issues

Introductions – Key Engagement Team Members

Crowe LLP



Brad Schelle – Partner



Katherine Brothers – Senior Manager



Stacy Curnow – Manager

Benford Brown & Associates



Tim Watson - Partner

Audit Deliverables

Financial Statement Audits

- Independent Auditor's Report
- Management Letter (Communication of internal control deficiencies under SAS 115)
- SAS 114 Letter (Required communications with Those Charged With Governance)

Federal Compliance Audit

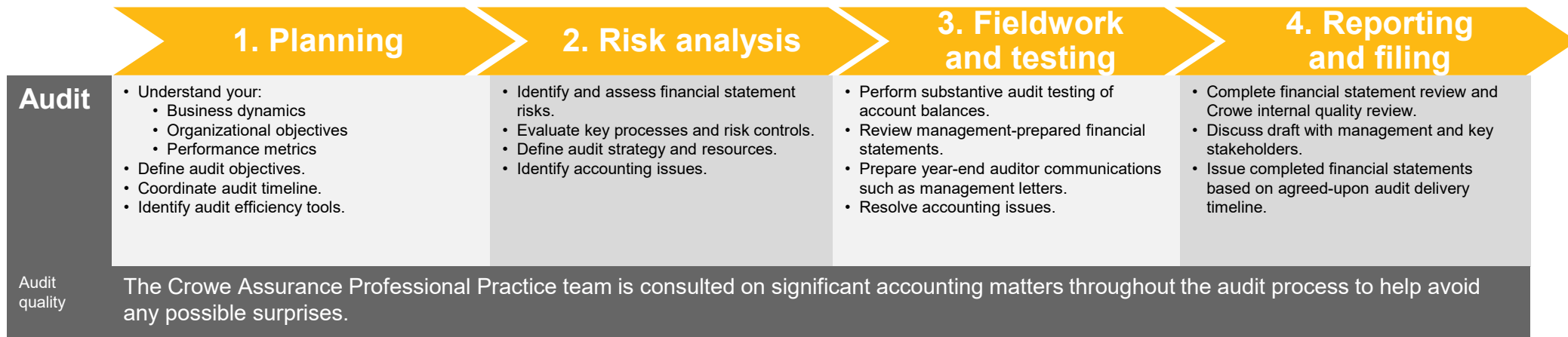
- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance
- "In relation to" opinion on the Schedule of Expenditures of Federal Awards
- Electronic certification of the Data Collection Form through Federal Clearinghouse

- Agreed Upon Procedures report on National Transit Database Federal Funding Allocation Statistics Form

Audit Approach

Audit Methodology and Approach

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



Audit Approach

- Internal Controls
- Implementation of New Standards
 - GASB 99, Omnibus 2022
 - GASB 100, Accounting Changes and Error Corrections
- Federal grant funding
- Traditional Risk Areas (cash, capital assets, debt, pension, revenue, etc.)

Timeline

Date	Event
April 22	Interim fieldwork to begin
August 19	Year-end fieldwork to begin
October 11	MARTA to provide FS draft
October 18	Crowe to provide initial FS comments
October 22	Crowe to receive NTD report
October 25	Crowe to provide final FS review comments
October 31	Deliver final NTD report
November 1	Deliver final draft FS reports (to be finalized after the Audit Committee meeting)
November 22	MARTA Audit Committee meeting
December 6	MARTA to provide draft Annual Comprehensive Financial Report
December 11	Crowe to provide Annual Comprehensive Financial Report comments

Audit Committee Planning Inquiries

- Fraud inquiries required by SAS 99
 - Management understands that it is their responsibility to prevent and detect fraud.
 - Management's views on the risks of material misstatement due to fraud, including the following:
 - Does management have knowledge of any fraud or suspected fraud affecting the entity?
 - Is management aware of any allegations of fraud or suspected fraud affecting the entity?
 - What is management's understanding about the risk of fraud in the entity, including any specific fraud risks the entity has identified or account balances or classes of transactions for which a risk of fraud may be likely to exist?
 - What programs or controls are established to reduce specific fraud risks that have been identified and how are these monitored?
 - How does management communicate to employees its view on business practices and ethical behavior?
 - Has management reported to the Committee (or others with the equivalent authority and responsibility) how the entity's internal control serve to prevent, deter, or detect material misstatement due to fraud?

Audit Committee Planning Inquiries

In an effort to assist the Audit Committee in its oversight role, the following fraud risks have been identified for discussion:

1. Misappropriation of assets
 2. Undisclosed related party relationships
 3. Unauthorized or improperly applied employee compensation and benefits
 4. Loss of funds due to improper/unauthorized access to financial assets (i.e. hacking or phishing)
 5. Loss of personal or sensitive information due to data breach
 6. Misapplication or misuse of restricted funds
- Committee feedback and planning input
 - Communication and status updates

Emerging Issues

- Implementation 6/30/2025
 - GASB 101, Compensated Absences
 - GASB 102, Certain Risk Disclosures
- Implementation 6/30/2026
 - GASB 103, Financial Reporting Model
- Future Operating Funding Sources





Thank you

Brad Schelle, CPA

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Internal Audit Brief Q3 / FY24 for Audit Committee May16, 2024

Briefing Report

Meeting: Audit - May 16 2024
Subject: Internal Audit Brief Q3 / FY24 for Audit Committee May16, 2024
Voting N/A
Requirements:

BUSINESS PURPOSE:

Present the MARTA Internal Audit Activity of Q3 / FY24, Jan. 1 - Mar. 31, 2024

ATTACHMENTS:



Internal Audit Brief Q3 / FY24 for Audit Committee May16, 2024

Report Approved by

Emil Tzanov, AGM INTERNAL AUDIT
Collie Greenwood, General Manager/CEO

Status:

Approved - May 10 2024
Approved - May 10 2024



Internal Audit Activity Briefing

Q3 / FY24 ~ Jan. 1 – Mar. 31, 2024

Operational Group Audits

Q3 / FY24

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
MARTA Employee Club	2/6/24	Advisory/Not Rated	Completed	-	-	-	-	-	-	-	-
Wayside Access & Safety	3/19/24	Needs Attention	Completed	-	-	1	-	-	-	2	-
<i>Some police personnel certifications had expired before the annual recertification training (04/30/2024).</i>											
Track Maintenance	3/27/24	Needs Attention	Completed	-	-	-	-	-	-	3	-
Police Train Patrol Pay	TBD	Advisory / Not Rated	Fieldwork	-	-	-	-	-	-	-	-
Mobility (Paratransit) Service	TBD	TBD	Fieldwork								
Total Significant & Moderate Findings:						1	-	-	-	5	-

Prior Operational Audits with Open Findings

Audit Title	Audit 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	Needs Attention	Completed	28	21	7	-	-	-	-	-
Capital Projects – Soft Cost	9/30/22	Needs Attention	Completed	-	-	-	-	2	-	2	-
On-Line Invoice System 'OLIS'	9/30/22	Needs Attention	Completed	-	-	-	-	2	2	-	-
Review of Transit Oriented Development	5/15/23	Needs Attention	Completed	3	2	1	-	1	-	1	-
				<ul style="list-style-type: none"> - Ground Lease Payments timeliness and late fees (Completed). - Verification of Ground Lease Payments was not properly done (Completed). - The Office of Real Estate does not have a document management System (12/31/2024). 							
Attracting & Retaining Employees	6/28/23	High Risk	Completed	4	3	1	-	4	4	-	-
				<ul style="list-style-type: none"> - No broad-based retention strategy. (Completed) - Career development & advancement opportunities need to be expanded (Completed). - Employee Handbook needs to be developed (6/30/2024) - No formal or defined succession planning process (Completed) 							
Total Significant & Moderate Findings:				35	26	9	-	9	6	3	-

IT Group Audits

Q3 / FY24

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
Elements of IT Operations	04/12/24	High Risk	Completed	5	-	5	-	2	-	2	-
IT Software Asset Management	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
Total Significant & Moderate Findings:				5	-	5	-	2	-	2	-

Prior IT Audits with Open Findings

Audit Title	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
Cybersecurity – PCs, Email and Internet	06/24/19	High Risk	Completed	5	4	-	1	4	4	-	-
Identity and Access Management Audit	5/4/23	High Risk	Completed	3	1	-	2	1	-	-	1
IT Hardware Asset Management Audit	9/29/23	High Risk	Completed	1	1	-	-	4	4	-	-
IT Support of Critical Enterprise Applications and Systems	11/08/23	High Risk	Completed	1	-	1	-	3	-	3	-
Total Significant & Moderate Findings:				10	6	1	3	12	8	3	1

Contract Group Audits

Q3 / FY24

Contract Audits Completed

Audit Ratings	No. of Audits Issued
Low Risk	34
Needs Attention	5
High Risk	0
Total Audits Issued	39

Contract Audits In Progress

Audit Types	
Interim / Close Out	0
Rate Reviews	3
Forward Pricing	2
Buy America / Special Request	0
Cost / Price Analysis	4
Change Orders	2

- ✓ Identified Unallowable Cost in Overhead Rate Reviews as per Federal Acquisition Regulation (FAR) **\$113,610.23**
- ✓ Identified Unsupported Costs in Cost/Price and Change Order Reviews **\$921,994.63**

Fraud, Waste & Abuse Summary



Newly Reported Allegations

- Report of Equipment Failure at the Laredo Garage – Referred to Operations.
- Allegation of a Station Agent using marijuana during work hours – Referred to HR and Labor Relations.
- Allegation of a senior employee providing inaccurate information to the GM to influence decision. Allegation referred to Legal.

Other Internal Audit Updates

- Added an advisory review of the Police Train Patrol Pay to the FY24 Internal Audit Plan.
- Victor Alade will serve as the Acting Director of Operations Audit & Fraud Investigations until the position is filled.



FY25 AUDIT PLAN DEVELOPMENT

The FY25 audit plan was developed to guide Internal Audit's (IA) activities regarding the testing of internal controls, safeguarding of assets, and process, cost and revenue improvements. The purpose of this plan is to:

- Communicate the priorities and general approach of IA's activities and reporting
- Ensure that key risks and controls related to the achievement of MARTA's organizational objectives are reviewed
- Provide a record of the internal audit plan

This plan is not intended to be a comprehensive, detailed audit work program; specific audit work programs will be developed for each audit project.

The Internal Audit plan is not static. Changes in risk profile, organizational conditions, or special requests may require updates to the plan. Any significant changes to the plan will be communicated to the Audit Committee and the CEO.

The plan was developed based on evaluation of strategic, operational, financial, and compliance risks, as well as a fraud risk assessment.

PROPOSED FY25 INTERNAL AUDIT PROJECTS SUMMARY

AUDIT AREA	Number of Audits
Operational Audits	12
Information Technology Audits	5
Contracts	Ongoing pipeline
Fraud Investigations	As needed

OPERATIONS AUDIT PLAN *

Audit Name	Description
Employee Timekeeping	Assess the technologies, processes and controls used by employees and departments to record and approve time for payroll
Rail Stations Management	Assess the existence and strength of various station management standard operating procedures and programs and their impact on customer service
Bus Operations – CDL & Medical Cards Management	Evaluate the controls designed to ensure continuous CDL and Medical Cards compliance
New Rail Car Delivery Readiness	Assess the degree of readiness for the acceptance of the Stadler rail cars within MARTA
2026 World Cup Preparedness	Review the plans for the 2026 World Cup service delivery
Capital Program – follow up audit on prior audit findings	Follow up on prior audit findings in the capital program

* The audits are not listed in chronological order

OPERATIONAL AUDIT PLAN (cont.)

Audit Name	Description
Capital Program – Oracle Primavera P6 and Unifier	Evaluate the use of Unifier and P6 in the capital program
Capital Program – Consultants Quality Control Records	Assess the existence, availability and completeness of quality control records
Capital Program – Summerhill BRT	Review the delivery and budget progress of the Summerhill BRT against the project plan
Police Property & Evidence	Evaluate the controls over high-risk property & evidence items in the MARTA Police evidence storage facility.
2024 MARTOC Management Audit – support / project management	Project manage and support the execution of the MARTOC Audit
Previous / Open Findings Remediation	Evaluate the remediation of various audit findings.

INFORMATION TECHNOLOGY AUDIT PLAN *

Audit Name	Description
Train Control & SCADA Access Management	Evaluate the access controls to the Train Control and SCADA IT assets and networks.
Windows 10 Retirement Strategy	Review the plans and strategies to execute an orderly migration from Windows 10 before its sunset by Microsoft.
End user security	Assess the existence and effectiveness of end-user security controls.
Patch Management	Evaluate the processes and controls for the implementation of security patches within the MARTA enterprise network.
Previous / Open Findings Remediation	Review the remediation status of open audit findings.

* The audits are not listed in chronological order

