

**MINUTES**  
**MEETING OF THE BOARD OF DIRECTORS**  
**AUDIT COMMITTEE**  
**METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY**  
**January 31, 2020**

Board of Directors Audit Committee held a meeting on January 31, 2020 at 10:04 a.m. in the Board Lounge on the 6<sup>th</sup> Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

**Board Members Present**

Jim Durrett  
William "Bill" Floyd  
Roderick A. Frierson  
Freda B. Hardage  
John "Al" Pond

MARTA officials in attendance were General Manager Jeffrey A. Parker; C-Suite Team Members Chief Financial Officer Kevin Hurley (Interim), Chief Counsel Elizabeth O'Neill and Chief Rail Operations David Springstead; AGMs Dean Mallis, Kirk Talbott and Emil Tzanov; Directors Charles Middlebrooks and David Petrisky; Manager Tiffney Jackson; Executive Manager to the Board Rebbie Ellisor-Taylor; Senior Executive Administrator Tonya Gantt.

**Approval of the November 22, 2019 Audit Committee Meeting**

On motion by Mr. Durrett seconded by Mr. Floyd, the minutes were unanimously approved by a vote of 5 to 0, with 5 members present.

**Discussion MARTOC 2020 Management Audit Update**

Mr. Tzanov provided a briefing on various Internal Audit Activities. These areas followed state loss and regulations, budget compliance, risk management, customer service, information security policies and procedures, emergency preparedness plan, and classifications of accidents and incidents. Being that some of these areas overlapped with the 2016 audit, the assessment must be repeated.

Mr. Durrett asked if Crowe has local presence.

Mr. Tzanov stated that Crowe does has local presence. However, their practice is based out of Indianapolis, Indiana.

Mr. Parker discussed the details of Crowe's scope of work.

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Mr. Tzanov stated that staff is in the process of creating the risk control matrix for each business unit to assist in managing their risk. The other findings dealt with logging the security incidents and accidents.

Mrs. Gena Major indicated that there was a system called Origami that can assist with this effort.

Mr. Parker stated that this is also a GDOT finding.

### **Internal Audit Activity Briefing**

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Mr. Tzanov provided an overview of the Contract Audit Group.

The Department of Internal Audit have three (3) Audit Branches

- Contracts Audit Branch
- Information Technology Audit Branch
- Operations for Audit Investigation Branch

Currently there are a total of twenty-two (22) audits that have been completed in 2020. Eighteen (18) of these audits were considered low risk in which four (4) needed attention. The identified potential cost savings was approximately \$264K. Most of these savings were from overhead reviews which could fluctuate from time to time.

Mr. Pond asked are there systems in place to research the details of majority projects for future large construction programs.

Mr. Parker said yes, staff would continue to track and audit majority contracts to prevent future audit findings. These audits are done at a firm level and not at a contract level.

Mrs. Jackson said MARTA also audit the sub-contractors.

Mr. Tzanov stated that the Contracts Audit Group is currently working on a total of 23 audits.

Mr. Pond said some of the audit findings appear to take a while to complete. He asked what was causing the delay.

Mr. Tzanov said some of the complexities were related to reconfiguration of technology programs which could prolong the audit. Some areas could be re-audited and categorized as high risk to speed up the completion time.

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Mr. Parker said although some audits are still open, it is not an indication that nothing has been done. Some audits would be updated as time progresses.

Mr. Tzanov proceeded to discuss completed audits which included cash handling process, vendor electronic invoicing, I-Supplier and direct pay. The vendor electronic invoicing dealt with approvers not properly reviewing invoices prior to validation.

Mr. Parker said electronic vendor invoicing is an area that staff should focus on operationally. GDOT has a system that works well. The Authority is looking to mirror their system to alleviate future issues with electronic vendor invoicing.

Mr. Frierson asked are vendor electronic invoices red flagged if they do not meet the payment requirement for the purchase order or requisition.

Mr. Tzanov said that is correct. If the line items do not match the requisition, the audit software would red flag the invoice.

Mr. Parker said a contract with a consultant would not require a purchase order.

Mr. Durrett asked if approvers were not approving invoices due to lack of understanding the process and procedures.

Mr. Parker said audit findings are more related to lack of understanding the process than approvers not reviewing the work.

Mr. Tzanov discussed the I-Supplier system and the areas which rated the Operational Audit high risk. These areas included:

- I-Supplier Portal does not notify either the supplier or the C&P manager of changes made to a supplier's account
- I-Supplier Administrator approves changes in the system that cannot be verified
- Document control and approval authority were not consistently followed
- MARTA's procurement process was circumvented using direct payments
- Management's Action Plans from prior audits have not been implemented

Audits that are still in progress include: Vertical transportation contract management/vendor compliance, track maintenance, physical security of bus/rail facilities and bus/rail on-time performance audit.

*Fraud Waste and Abuse*

The Cybersecurity Review Audit has been completed. However, the Train Control System, Supervisory Control and Data Acquisition are currently in progress.

The Fraud Waste and Abuse summary indicates there were eleven (11) calls received on the hotline from November 30, 2019 to December 21, 2019.

- 5 calls (46%) resulted in fraud, waste and abuse investigations to be opened
- 1 call (9%) requested a follow up call. Internal Audit called and left a voicemail; caller has not returned the call
- 1 call (9%) was referred to Bus Operations
- 4 calls (36%) were forwarded to Customer Service for resolution due to the call not being related to fraud, waste or abuse

Additionally, there were some cases related to time and P-card issues in the second quarter. The Internal Audit Department will look for opportunities to collaborate with the Operational Business Unit executives seeking to investigate data regarding P-Card issues. There is a repeat pattern in this area.

Mrs. Hardage asked if MARTA's Purchasing Card (P-Card) is a credit card.

Mr. Tzanov said yes, the P-Card is a credit card.

Mr. Pond asked could credit card investigations be routed to respective supervisors opposed to internal audits.

Mr. Parker said a phone number and email has been provided for employees to report potential fraud and waste.

Mrs. Hardage said it is important to announce that emails and calls are confidential.

Mrs. Hardage asked how many MARTA credit cards are issued to employees.

Mrs. O'Neill said more than one-hundred P-cards have been issued to MARTA employees. P-Cards are set by government rules and spending abilities, based on the holder of the card.

Mr. Parker said MARTA distributes two (2) types of credit cards. Company credit cards have been issued to the General Manager/CEO, Chief of Staff and the Assistant Secretary to the MARTA Board of Directors.

Mr. Floyd asked who approves travel arrangements.

Mr. Parker said travel arrangements are approved at the Chief level. Directors that report to the General Manager/CEO approve their staffs travel arrangements and the General Manager/CEO approves travel arrangements for the Directors.

Mr. Floyd asked who approves travel arrangement for the MARTA Board.

Mrs. Hardage said the MARTA Board Travel Policy was revised to indicated that MARTA Board members should receive approval from the Board Chair. There is not a lot of travel expenses. However, there are last minute travel decisions which causes the Authority a lot of money and this should not happen. It is important to make travel arrangement three (3) or more weeks prior to the event.

Mr. Floyd asked are cyber-attacks discussed during the MARTA Board Executive Session.

Mrs. O'Neill said cyber-attacks are discussed during Executive Session if the issue is related to security.

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## **Adjournment**

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The Audit Committee meeting adjourned at 10:49 a.m.

Respectfully submitted,

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Jaquata Jordan  
Department Administrator, Audit

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## **Adjournment**

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The Audit Committee meeting adjourned at 10:51am.