

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

May 20, 2016

The Board of Directors Audit Committee held a meeting on May 20, 2016 at 10:03 a.m. in the Board Lounge on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Robert F. Dallas
Jim Durrett
Jerry Griffin
Freda B. Hardage

MARTA officials in attendance were GM/CEO Keith T. Parker, AICP; C-Suite Team Members - Chief of Staff Rukiya Thomas, Chief Administrative Officer LaShanda Dawkins (Interim), Chief Legal Counsel Elizabeth O'Neill; AGMs Ming Hsi and Terry Thompson; Senior Director Joseph Erves; Directors Onyinye Akujuo, Lisa DeGrace, Lyle Harris and William Taylor; Managers Tiffney Jackson and Charles Middlebrooks; Executive Manager to the Board of Directors Rebbie Ellisor-Taylor; Senior Executive Administrator to the Board of Directors Kellee McDaniel. Others in attendance Cynthia Anderson, Richard Boullain, Meninso Dutch and Ndidi Osemene.

Minutes of the February 18, 2016 Audit Committee Meeting

On motion by Mr. Griffin seconded by Mr. Durrett, the minutes were unanimously approved by a vote of 3 to 0, with 3 members present.

In Memoriam

Mr. Thompson asked for a moment of silence in remembrance of Board member Harold Buckley, Sr. Mr. Buckley was appointed to the MARTA Board in 1985. During this time, Mr. Buckley held many positions on the Board and serve as Chairman of Audit for many years. Mr. Buckley passed on February 23, 2016.

Mr. Thompson thanked Mrs. Hardage for her willingness to serve as the new Audit Committee Chair.

Audit Activities

Operational Audit Group Findings:

There were 3 audit reports issued as of March 31, 2016 with no findings. Mr. Thompson commended the Finance group for a job well done.

Information Technology Group Findings:

There were two follow-ups with NTT Data and the APTA Peer review. Mrs. Hsi spoke on the assessment that was done and the design and engineering of a new data center. IT Management is working with the Office of Engineering regarding a new back-up generator to support IT operations at the Headquarters building.

Mr. Griffin asked if there was a UPS system currently in place.

Mrs. Hsi explained that there is a system in place but it only supports about 45 minutes of power. It's not enough for extended outage.

Mr. Griffin said without connection to the grid, the probability of problems would be reduced.

Mrs. Hsi agreed, but also said there was a need for a generator just in case of extended outages.

Mr. Dallas asked what elements of data the data center would handle relative to the overall operation.

Mrs. Hsi explained that the data center would handle most of the data.

Mr. Dallas asked if users of the system would experience any interruption.

Mrs. Hsi said there would be some interruption.

Mr. Parker asked Mr. Dallas who he was defining as the user.

Mr. Dallas said anybody using MARTA.

Mr. Parker said that the customers would not be affected.

Mrs. Hardage asked if it would affect the Breeze cards.

Mr. Parker said it would not.

Mr. Dallas asked what the dollar amount was for this process.

Mrs. Hsi stated the amount would be \$3-\$6million in two years.

Mr. Parker said that staff would continue the analysis and come back to the Board with any other updates.

Mr. Thompson discussed the audits in progress of which only two are in the reporting phase at this time. The audits include:

- Review of Asset Management Process
- Review of Information Security Incident Response Process
- Review of Enterprise Backup Process
- User Access Review
- Administrator Account Review

Contract Audit Group Findings:

There were a total of twenty-nine (29) audits issued with only one of the audits having significant findings. That audit dealt with Gude Management Group LLC. The primary concern with this vendor was they proposed a home office rate of 156.51%. MARTA recommended a home rate overhead rate of 146.62%.

Fraud, Waste and Abuse:

Audit received 10 calls/requests for investigations. All calls were forwarded to Customer Service, Breeze Card Services, Accounting or Parking Services because they were not related to fraud, waste, or abuse. The AT&T fraud, waste and abuse hotline recording service was down from March 15th through April 3rd as a result of a system upgrade. The hotline recording was reset on April 4th.

Mr. Dallas asked when there are no substantiated findings, if the accuser is then told why nothing was found.

Mr. Thompson explained that it depends on the situation and in most cases MARTA does not know who the accuser is due to it being an anonymous caller. There are currently six investigations in progress and one pending.

Mr. Thompson spoke on the allegation regarding conflict of interest and abuse in regards to a contractor in the Technology department choosing an internal candidate for the CIO role. The findings for this investigation have been substantiated and completed and will be in the next Audit packet.

Mr. Middlebrooks spoke on the status of the projects that are in progress; four of which are in the field working stage, one is in the writing stage and one has been completed. One project was submitted and is in the planning stage awaiting a full scale review.

Mr. Thompson said the goal is to be fully caught up by June 30th.

Mr. Dallas asked if the FTA comes in to do overall audits of the agency.

Mr. Parker said FTA does a Triennial Review every three years, which is a very comprehensive review of MARTA's activities. The next review is scheduled for August of this year.

Mr. Middlebrooks spoke on the status of the Operational audit plan. Five audits have been completed. Eight are in progress and five have not started. He noted the Information Technology group has completed two audits, five are in progress and one has not started.

Other Matters

The Information Technology Top-Down audit recommendations total thirty-two (32), of which thirty-one (31) have been completed and one is outstanding.

Mr. Griffin asked for clarification on the APTA and NTT audits.

Mr. Parker explained what each audit covers.

Mr. Thompson spoke on the personnel changes that have taken place in the Department of Audit. There are currently no vacancies for Contract and Operational Audit and three vacancies for Information Technology Audit.

Outstanding Issues

Mr. Thompson spoke on the concerns of the Committee during the previous meeting in regards to the status of the various significant rated audit reports. He asked that management give an update on the status of these audits.

Mr. Taylor spoke on the first audit which dealt with Cintas Fire Protection.

Mr. Erves asked Mr. Boullain, who was the Project Director for the Atlanta Streetcar to speak on the status of costs that could not be substantiated.

Mrs. Hardage asked what MARTA pays versus what City of Atlanta pays.

Mr. Parker explained that our risk is relatively limited.

Mr. Durrett said that he was concerned about the November Referendum and Streetcar performance – will the public want to spend more money on something that is problematic?

Mr. Parker stated that at next month's meeting we can talk through the issues concerning the Streetcar and how we will be moving forward.

Mrs. DeGrace spoke on the status of reports related to the contracts with GHZ Communications, Inc., Gude Management Group L.L.C, and LB Transportation Consulting, Inc.

Mrs. Akujuo briefed the Board on a repeat finding identified by Cherry Baekart in regards to the Year End Financial audit and what corrective action has been taken.

Adjournment

The Audit Committee meeting adjourned at 10:56 a.m.