



**BOARD OF DIRECTORS**

**METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY**

**AUDIT COMMITTEE**

**THURSDAY, MARCH 21, 2024**

**ATLANTA, GEORGIA**

**MEETING MINUTES**

**1. CALL TO ORDER AND ROLL CALL**

Chair Roderick Frierson called the meeting to order at 10:05 A.M.

**Board Members**

**Present:**

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

**Board Members**

**Absent:**

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

**Staff Members Present:**

Collie Greenwood  
Kevin Hurley  
Peter Andrews  
Carrie Rocha  
Rhonda Allen  
George Wright

**Also in Attendance:** Emil Tzanov  
Lawrence Williams  
Paula Nash  
Jacqueline Holland  
Tyrene Huff  
Kenya Hammond  
Phyllis Bryant  
Gloria Londono

**2. APPROVAL OF THE MINUTES**

**Approval of the July 20, 2023, and the November 17, 2023, Meeting Minutes**

On a motion by Board Member Hardage, seconded by Board Member Durrett, the motion passed by a vote of 5 to 0 with 5 members present.

**3. RESOLUTIONS**

**Resolution Authorizing a Modification in Contractual Authorization for Professional Services for an Internal Audit GRC Automation Tool, LOA L46790**

On a motion by Board Member Pond, seconded by Board Member Hardage, the resolution passed by a vote of 6 to 0 with 6 members present.

**4. BRIEFING**

**Internal Audit Activity Q2/FY24**

Emil Tzanov, AGM Internal Audit, briefed the Committee re Audit Activity – Q2/FY24

**Cybersecurity Brief Q2/FY24**

Lawrence Williams, AGM/Chief Information Officer, briefed the Committee re Cybersecurity Q2/FY24

**5. OTHER MATTERS**

None

**6. ADJOURNMENT**

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

Respectfully submitted,



Tyrene L. Huff  
Assistant Secretary to the Board

YouTube link: [https://www.youtube.com/live/C3TCiYbE\\_h8?feature=shared](https://www.youtube.com/live/C3TCiYbE_h8?feature=shared)

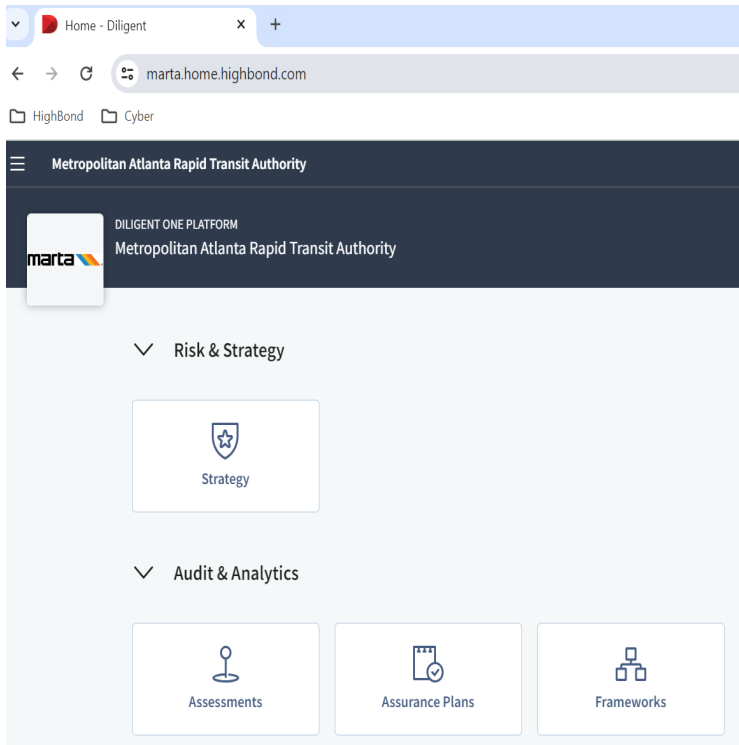


Resolution Authorizing the  
Modification In Contractual  
Authorization for **Internal  
Audit Governance, Risk  
and Compliance Software**  
**L46790**

March 21, 2024

Audit Committee  
**Emil Tzanov**

# Technology Overview



- Software platform used by the Department Of Internal Audit to:
  - Manage all audit engagements
  - Report audit findings
  - Create executive reports for the Audit Committee and the EMT
  - Manage IA departmental operations
- Critical element of IA's Business Continuity Plan
  - Access anytime / anywhere
  - Independent of MARTA's network
- Software-as-a-Service ("SAAS") Cloud Package
  - Sold, hosted & supported entirely by Diligent Corporation through its Diligent Canada subsidiary
  - Does not require or consume any MARTA IT resources, e.g., servers, support or personnel

## Financial Overview



- Existing Total Award Amount: \$310,915
- Cumulative Amount Paid over the life the contract: \$272,966
- Contract Expiration Date: 4/23/2024
- Requesting authorization for contract modification to extend contract **L46790** for one year and add \$64,275 to the total contract amount.
- The requested amount is included in the Department of Internal Audit run rate annual operating budget.

**RESOLUTION AUTHORIZING THE MODIFICATION IN CONTRACT ACTUAL  
AUTHORIZATION FOR PROFESSIONAL SERVICES FOR AN INTERNAL AUDIT  
GRC AUTOMATION TOOL CONTRACT NUMBER LOA L46790**

**WHEREAS**, on April 1, 2020 the General Manager entered into a Contract with ACL Services, Ltd. for Professional Services for an Internal Audit GRC Automation Tool, Letter of Agreement L46790; and

**WHEREAS**, on April 8, 2021, the Board of Directors of the Metropolitan Atlanta Rapid Transit Authority authorized the General Manager/CEO or his delegate to extend the contract term and increase the contractual authorization to add additional funds Professional Services for an Internal Audit GRC Automation Tool, L46790 in the amount of \$233,916.00.; and

**WHEREAS**, on May 4, 2023 a contract modification was executed to change the Contractor's name from ACL Services, Ltd. To Diligent Canada, Inc.; and

**WHEREAS**, MARTA staff has determined that it is in the best interest of the Authority to extend the contract term and increase the contract value to provide for known changes and additions to the contract; and

**WHEREAS**, all contractual changes and additions for this modification will follow the Authority's procurement policies and guidelines; and

**RESOLVED THEREFORE**, by the Board of Directors of the Metropolitan Atlanta Rapid Transit Authority that the General Manager/CEO or his delegate be, and hereby is, authorized to extend the contract term and increase the authorization for Contract No. L46790 Professional Services for an Internal Audit GRC Automation Tool from \$310,916.00 to \$375,192.00

**Approved as to Legal Form:**

DocuSigned by:

*Peter J. Andrews*

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**Chief Counsel,  
Metropolitan Atlanta Rapid Transit Authority**







# Internal Audit Activity Briefing

Q2 / FY24 ~ Oct. 1 – Dec. 31, 2023

# Operational Group Audits

Q2 / 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 Charity Club	10/25/23	High Risk	Completed	4	4	-	-	-	-	-	-
MARTA Employee Club	TBD	Advisory/Not Rated	Report Writing	-	-	-	-	-	-	-	-
Wayside Access & Safety	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
Track Maintenance	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
Mobility (Paratransit) Service	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
<b>Total Significant &amp; Moderate Findings:</b>				<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Prior Operational Audits with Open Findings

A

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
<b>Capital Improvement Program Follow-up</b>	1/15/21	Needs Attention	Completed	28	21	7	-	-	-	-	-
<b>Capital Projects – Soft Cost</b>	9/30/22	Needs Attention	Completed	-	-	-	-	2	-	2	-
<b>On-Line Invoice System 'OLIS'</b>	9/30/22	Needs Attention	Completed	-	-	-	-	2	1	1	-
<b>DOT Physical and Drug Testing Process Audit</b>	9/30/23	Needs Attention	Completed	-	-	-	-	1	1	-	-

# Prior Operational Audits with Open Findings

**B**

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
Review of Transit Oriented Development	5/15/23	Needs Attention	Completed	3	2	1	-	1	-	1	-
				<ul style="list-style-type: none"> <li>- Ground Lease Payments timeliness and late fees (Completed).</li> <li>- Verification of Ground Lease Payments was not properly done (Completed).</li> <li>- The Office of Real Estate does not have a document management System (12/31/2024).</li> </ul>							
Attracting & Retaining Employees	6/28/23	High Risk	Completed	4	3	1	-	4	4	-	-
				<ul style="list-style-type: none"> <li>- No broad-based retention strategy. (Completed)</li> <li>- Career development &amp; advancement opportunities need to be expanded (Completed).</li> <li>- Employee Handbook needs to be developed (6/30/2024)</li> <li>- No formal or defined succession planning process (Completed)</li> </ul>							
CIP – Indian Creek Station (interim audit)	6/29/23	High Risk	Completed	3	3	0	-	-	-	-	-
				<ul style="list-style-type: none"> <li>- Absence of governance mechanisms (Completed).</li> <li>- Insufficient project change documentation / change management governance (Completed).</li> <li>- Contractor oversight needs to be enhanced (Completed)</li> </ul>							
<b>Total Significant &amp; Moderate Findings:</b>				<b>38</b>	<b>29</b>	<b>9</b>	<b>-</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>-</b>

# IT Group Audits

## Q2 / 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
<b>IT Support of Critical Enterprise Applications and Systems</b>	11/08/23	High Risk	Completed	1	-	1	-	3	-	3	-
<b>IT Software Asset Management</b>	TBD	TBD	Planning	-	-	-	-	-	-	-	-
<b>Enterprise Backup and Disaster Recovery</b>	TBD	TBD	Fieldwork	-	-	-	-	-	-	-	-
<b>Total Significant &amp; Moderate Findings:</b>				<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>

# Prior IT Audits with Open Findings

**A**

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	-	-
Enterprise Pen-Test Findings Remediation	04/15/22	High Risk	Completed	5	5	-	-	5	5	-	-
Oracle Disaster Recovery	09/29/22	High Risk	Completed	3	3	-	-	2	1	-	1
3 <sup>rd</sup> Party IT Risk Management	12/06/22	High Risk	Completed	4	3	-	1	3	3	-	-

# Prior IT Audits with Open Findings

**B**

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
Identity and Access Management Audit	5/4/23	High Risk	Completed	3	1	-	2	1	-	-	1
MARTA Enterprise Penetration Test Findings Remediation Review	6/20/23	High Risk	Completed	3	3	-	-	3	3	-	-
IT Hardware Asset Management Audit	9/29/23	High Risk	Completed	1	-	1	-	4	-	4	-
<b>Total Significant &amp; Moderate Findings:</b>				<b>24</b>	<b>19</b>	<b>1</b>	<b>4</b>	<b>22</b>	<b>16</b>	<b>4</b>	<b>2</b>

# Contract Group Audits

Q2 / FY24

## Contract Audits Completed

Audit Ratings	No. of Audits Issued
Low Risk	37
Needs Attention	1
High Risk	0
<b>Total Audits Issued</b>	<b>38</b>

## Contract Audits In Progress

Audit Types	
Interim / Close Out	1
Rate Reviews	12
Forward Pricing	1
Buy America / Special Request	0
Cost / Price Analysis	3
Change Orders	2

- ✓ Identified Unallowable Cost in Overhead Rate Reviews as per Federal Acquisition Regulation (FAR) **\$141,315**
- ✓ Identified Unsupported Costs in Cost/Price and Change Order Reviews **\$374,433**



## Fraud, Waste & Abuse Summary



### Newly Reported Allegations

No new allegations reported during the period.

### Previously Reported Allegations

#### **Investigation23-02-I-9**

Allegation related to the MARTA Employee Charity Club. Report issued. Investigation closed.

# Other Internal Audit Updates

## Internal Audit Organizational Update

- Added an advisory review of the MARTA Employee Club to the FY24 Internal Audit Plan
- Requested two additional auditor positions (Auditor II) in the FY25 Operating Budget submittal due to:
  - significant increase the number of audit projects to support MARTA's Capital Program
  - contribute to the faster project delivery.
- The IA Department is relocating to the Uptown office space

## External Financial Audit – FY24

- Crowe LLP will present their risk assessment and audit plan for the external financial audit during the May Audit Committee meeting







Information Security Update  
March 2024



*The **Department of Information Security** is responsible for the protection of the Authority's computing and network systems, assets and data. Protection of these information systems from attacks and improper use that may disrupt the availability, integrity and confidentiality and in effect endanger public safety and the mission of serving the public by means of public transportation.*

Core functions include:

- Developing, maintaining, and overseeing policies, processes, and control techniques to ensure all applicable information security regulatory, compliance and cyber insurance requirements are met for the Authority.
- Overseeing and managing the information and cyber security risk management program while evaluating and testing all information systems, data processes and communication systems for security risks.
- Monitoring, detecting, containing, mitigating, and reporting cyber security incidents that threaten the confidentiality, integrity and availability of the Authority's data and network infrastructure.
- Overseeing the Authority's Vulnerability Management Program to ensure that all information systems, SCADA/ICS systems are properly secured, maintained, and patched.
- Ensures compliance with all federal, state, and local governmental regulatory and other compliance requirements.
- Ensures all protective requirements are in place to remain qualified for MARTA Cyber Insurance requirements.



# Cybersecurity Transit Regulations



Federal Transit Administration



# Cybersecurity Threats to the Transit Industry

## **Johnson Controls Ransomware Attack**

In late September, Johnson Controls, received a \$51 million ransomware demand from the Dark Angles hacking crew to provide a decryptor and to delete stolen data. The digital hijackers claim to have pilfered some 27 terabytes of data and encrypted the company's ESXi servers in the attack. Of particular concern was that the hack might have included sensitive Department of Homeland Security (DHS) data revealing security information on third-party contracts along with physical floor plans of certain agency facilities.

## **Australian Port Operations Crippled**

Cyberattacks on critical infrastructure peaked when DP World Australia's operations were crippled in November, forcing the port operator to close four major terminals. The attack, impacting ports in Sydney, Melbourne, Brisbane and Fremantle, brought movement of some 30,000 shipping containers to a standstill, as stockpiling eventually surpassed available storage space. The attack came on the heels of a cyber assault on China's Industrial and Commercial Bank of China.

## Cybersecurity Threats to the Transit Industry

- The threat of cyber disruption to critical infrastructure is at an all time high.
- Increasing attacks demonstrate the ability of unauthorized users to access sensitive information and impact critical infrastructure systems.





# Cybersecurity Update

## Activities:

- Initiatives
  - PCI (payment card industry)
  - NAC
  - IAM
  - Cloud Security
- Procurements
  - Enterprise Network Systems
  - Governance Risk and Compliance
  - OT, ICS and SCADA Systems





**THANK YOU**

***Moving Cybersecurity Throughout the Authority***