Annual Risk Refresh and Proposed FY 2023 Audit Workplan

Governance & Audit Report No. 2022-8

Report Issued January 6, 2023

Executive Summary

Background

The Governance & Audit function was formalized at IndyGo in 2019. Governance & Audit (G&A) aims to be a collaborative, strategically focused and cross-functional solution for process improvement and risk mitigation.

Our goal is to both help improve processes across the agency as well as identifying and supporting staff efforts to remediate internal control weaknesses.

The FY 2022 Internal Audit Work Plan approved by the Governance and Audit Committee included a refresh of the current risk assessment. The results of the risk assessment refresh allow us to design a forward-looking work program that is both proactive and reactive, and which considers the full spectrum of risks illustrated below.

Types of Risk

Objective and Scope

Our risk assessment process included:

- Interviews with management and Board of Director members
- Assessment of trends and observations from our prior reports
- Consideration of national transit issues and related risks

Input was received from every functional department across the agency, including operations, finance, technology, capital projects, legal, and HR/benefits. We sought perspectives on agency-wide risks, external risks, and threats to IndyGo's mission and objectives.

Our goal in compiling the following Heat Map was to provide the holistic risk universe relevant to IndyGo. Accordingly, certain risk areas may be more easily auditable, while others less so.

To rank the specific risk areas, we leveraged three primary filters:

- Our understanding of IndyGo and its operating environment
- Our subject matter expertise in the public transit space
- Our experience in internal audit and enterprise risk

Overall Summary

The Heat Map and resulting Work Plan presented on the following pages represent the result of this risk assessment refresh. Appropriate attention toward managing these risks in the near term will be critical to the continued success of the agency.

We would like to thank IndyGo staff and all those involved in assisting us in connection with this risk assessment refresh. Questions should be addressed to the IndyGo Department of Governance and Audit at batkinson@indygo.net.

IndyGo

IndyGo Audits, By Year and Department

Legend: Operations, Organization Wide, Finance, HR/Benefits, Technology, Infrastructure, Public Affairs, General Counsel
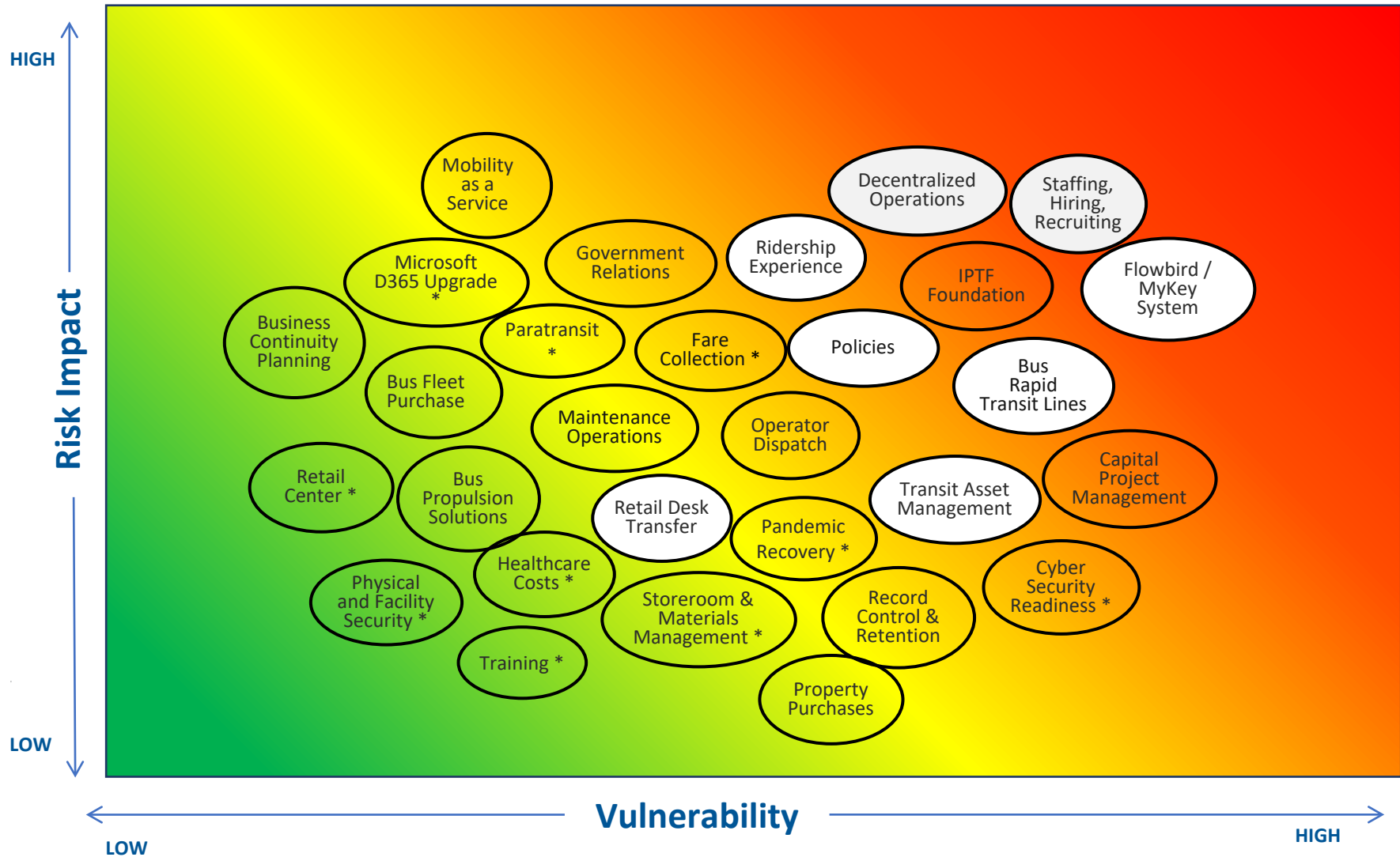
- Coverage across all major Departments. Mix of types of audits. See list of completed audits on slide 10.

Prioritized Risks from 2021 Survey (Used to inform FY 2022 and FY 2023 Audit Plans)
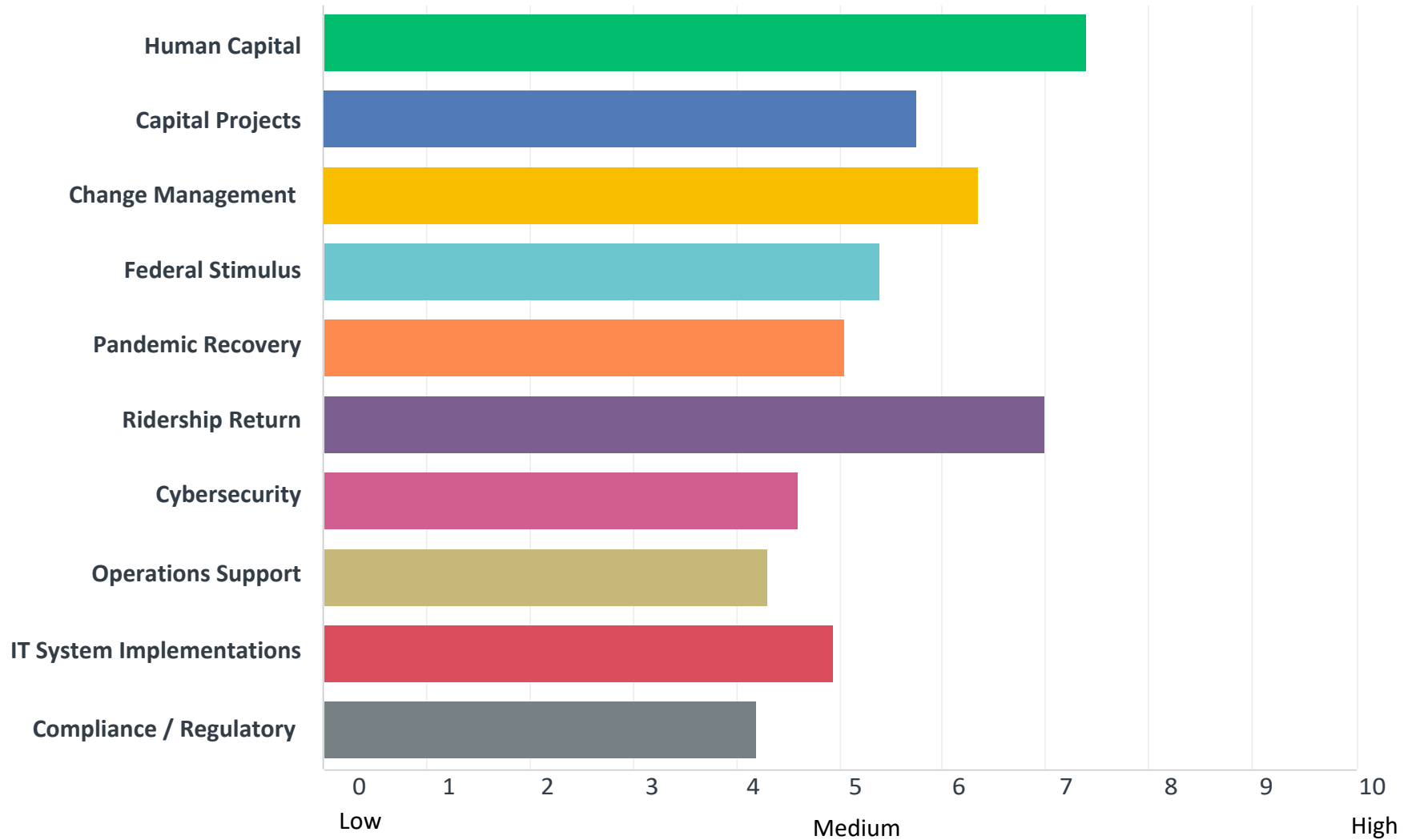
- Thank you to all participants.

Heat Map and FY 2023 Proposed Audits

- FY 2023 proposed Internal Audit project are shaded in white
- FY 2022 completed audit projects are denoted by *

FY 2023 Proposed Internal Audit Workplan

Area	Description
1. Staffing, Hiring, and Recruiting *(Approved in FY 2022)*	Examine the programs, processes and policies related to employee hiring, retention, and succession planning. Considerations may include: • Employee retention, appreciation, recognition and trades apprenticeship programs • Operator absences and shortages. Impact on service and bus pull-out rates • Operator scheduling process and shift times • Succession planning and talent identification. Management development programs. • FMLA (Family and Medical Leave Act), regular leave time, sick list and long-term usage policies • Vacancy rate and position control processed and reports • Compensation and class reviews. IndyGo pay competitiveness.
2. Decentralized Operations *(Approved in FY 2022)*	Assess IndyGo's planning and preparation around the upcoming expansion and operation of up to six different physical locations (including East Campus, 1501 W. Washington, Carson Transit Center, West Michigan Street mobility services, and two bus charging facilities). Considerations may include: • Ability to operate multiple facilities simultaneously. • Impacts upon staffing • Consistency of agency SOPs across facilities • Change management processes in-place and planned to ensure smooth continuity of operations • Budgeted operating costs for collective facilities • Security considerations (including the vacant properties with no buildings)
3. Ridership Experience	Examine the programs, processes and policies related to IndyGo transit rider experience and satisfaction. Considerations may include: • Swiftly system usage and timeliness of updates to riders • Adoption and usage of the MyKey • On time performance and impact of schedule management (skipping of stops, bus dwell time, etc.) • Surveys or feedback tools and follow-up • Enforcement of polices (such as riders exiting at end of line) • Camera monitoring

FY 2023 Proposed Internal Audit Workplan (continued)

Area	Description
4. Bus Rapid Transit (BRT) Lines	Examine the processes and controls related to IndyGo's BRT lines. Considerations may include: • On board announcements at stops • Video at stations and on-board bus • Bus location and mobile app updates • Integrity of data published at stations
5. Flowbird System and MyKey app	Examine the processes and controls for the Flowbird system and MyKey app. Considerations may include: • Product expectations vs. delivery • Point of sale results and reconciliations • Partner portal usage • Technology – vendor support and access controls
6. Policies Review	Examine the processes and controls in place related to IndyGo policies. Considerations may include: • Management, update, publication, expiration and approval processes • Oversight, monitoring and enforcement practices • Housing, storage and filing practices • Board-level vs. management-level polices
7. Transit Asset Management (TAM)	Examine the policies, procedures, and controls in place for the Transit Asset Management (TAM) Plan. Considerations may include: • Asset replacement cost data, condition assessments, performance measures and risk evaluations • State of Good Repair (SGR) estimates • Compliance with regulatory requirements (FTA Circular 5300, etc.) • Enterprise Asset Management (EAM) system or tools • Reconciliation of cost and classifications to D365 general

FY 2023 Proposed Internal Audit Workplan (continued)

Area	Description
8. **Retail Desk Transfer to Finance**	Examine the processes and controls for the planned transfer of the Retail Desk function. Considerations may include: • Support of transition process • Training and usage effectiveness • Follow-up to the prior Retail Desk Audit
9. **Process or Transactional Area (TBD)**	Examine the processes and controls supporting a process or transaction flow. • Specific area to be selected by G&A Department and/or proposed by management • Operational or financial areas • Accounts such as payroll or accounts payable • Procedures may include interviews, process walkthroughs and mapping, substantive transaction testing, and analytical review
10. **Annual Risk Refresh and Internal Audit Workplan**	Update the IndyGo risk universe by performing the annual risk assessment refresh and proposing the future Internal Audit workplan. Steps include: • Interview members of IndyGo management and the Board, to obtain feedback on risks • Prioritize the risk universe and prepare an updated Heat Map • Propose the Internal Audit work plan, with specific audits

Potential Future Audits

Area	Description
Operator Scheduling	Examine the processes and controls supporting Operator scheduling. Considerations may include: • Service standards guidelines and performance • Pull-out and vehicle down-time performance statistics • Trip building and run cutting process during pandemic • Operator bidding. Extra board usage and operator availability • Work rules re: part-time, temp, seniority • System effectiveness, support, and upgrades
Indianapolis Public Transportation Foundation (IPTF)	Examine the Foundation's goals, policies, and strategies. Considerations may include: • Legislative requirements and strategies • Fundraising goals and programs • Foundation support services from IndyGo • Board governance and Foundation non-profit bylaws
Records Retention	Examine the policies, procedures and controls related to records retention. Considerations may include: • Storage of paper documents and management of document aging and destruction • Compliance with federal, state and City guidelines • Opportunities for electronic scanning
IT System Implementations and/or Application Reviews	Review the processes, methodologies and controls for IT management, applications, or implementations. Considerations may include: • Project management (timelines, progress reporting, third-party vendor oversight, etc.) • IT general controls (e.g., user security administration/logical access over applications and data, system development life cycle controls, system and data backup and recovery, etc.) • Applications implementations or upgrades (HASTUS, E-Builder, Avail, Fare Card Retail Network, Learning Management System (LMS), SharePoint, etc.) • Network and data security, cloud migration or change management

Completed Prior Audits

Fiscal Year	Report ID	Description	Date
2022	2022-1	Training	4/21/2022
	2022-2	Microsoft D365 Implementation	7/21/2022
	2022-3	Physical and Facility Security	7/21/2022
	2022-4	Cyber Security Readiness	7/21/2022
	2022-5	Covid and Pandemic Recovery	10/20/2022
	2022-6	Employee Share of Health Insurance Premium	10/20/2022
	2022-7	Retail Center Audit	10/20/2022
	2022-8	Paratransit Operations and Program	1/19/2023
	2022-9	Storeroom	1/19/2023
	2022-10	Annual Risk Refresh and Proposed Audit Plan	1/19/2023
2021	2021-1	Fare Collection Audit	6/16/2021
	2021-2	Storeroom and Materials Management Audit	9/16/2021
	2021-3	Capital Project Management	9/16/2021
	2021-4	Memorandums of Understanding Review	1/20/2022
	2021-5	Annual Risk Refresh & Proposed Audit Plan	1/20/2022
	2021-6	Healthcare Costs Review	1/20/2022
2020	2020-1	Employee Terminations Timely Update in ADP	2/27/2020
	2020-2	Transdev Fuel Purchase Reporting	6/16/2020
	2020-3	Lost and Found Policy Addressing Found Cash	6/16/2020
	2020-4	Lost Revenue - Online Credit Card Error	6/16/2020
	2020-5	Payments Against Expired Agreement-Non-Order Invoices	6/16/2020
	2020-6	BCP Progress Assessment	9/17/2020
	2020-7	Red Line Lessons Learned	9/17/2020
	2020-8	Annual Risk Refresh & Proposed Audit Plan	1/21/2021
	2020-9	Procurement Process Review	1/21/2021
	2020-10	Strategic & Capital Planning/Grant Management Review	1/21/2021
	2020-11	Compliance Mapping Exercise	1/21/2021
	2020-12	Comprehensive IT Risk Assessment	3/18/2021