



Annual Risk Refresh & Proposed Audit Workplan

Governance & Audit Report No. 2020-8

Report Issued December 21, 2020

EXECUTIVE SUMMARY

Background

The Governance & Audit function was formalized within IndyGo in early 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 2020 Internal Audit Work Plan approved by the Governance and Audit Committee included a refresh of the risk assessment originally performed in early 2019. The results of the risk assessment refresh allow us to design a forward-looking work program that is both proactive and reactive, and which addresses the full spectrum of risks illustrated below.



Objective and Scope

During November 2020 we met with a total of 14 members of IndyGo management, representing every functional department across the agency (finance, operations, compliance, legal, HR, etc.). Additionally, we met with four members of IndyGo's Board of Directors and spoke with BKD LLP's external audit partner.

With each individual we discussed risks specific to their area(s) of responsibility, as well as their perspective on risks agencywide, external risks, and threats to IndyGo's mission and objectives.

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

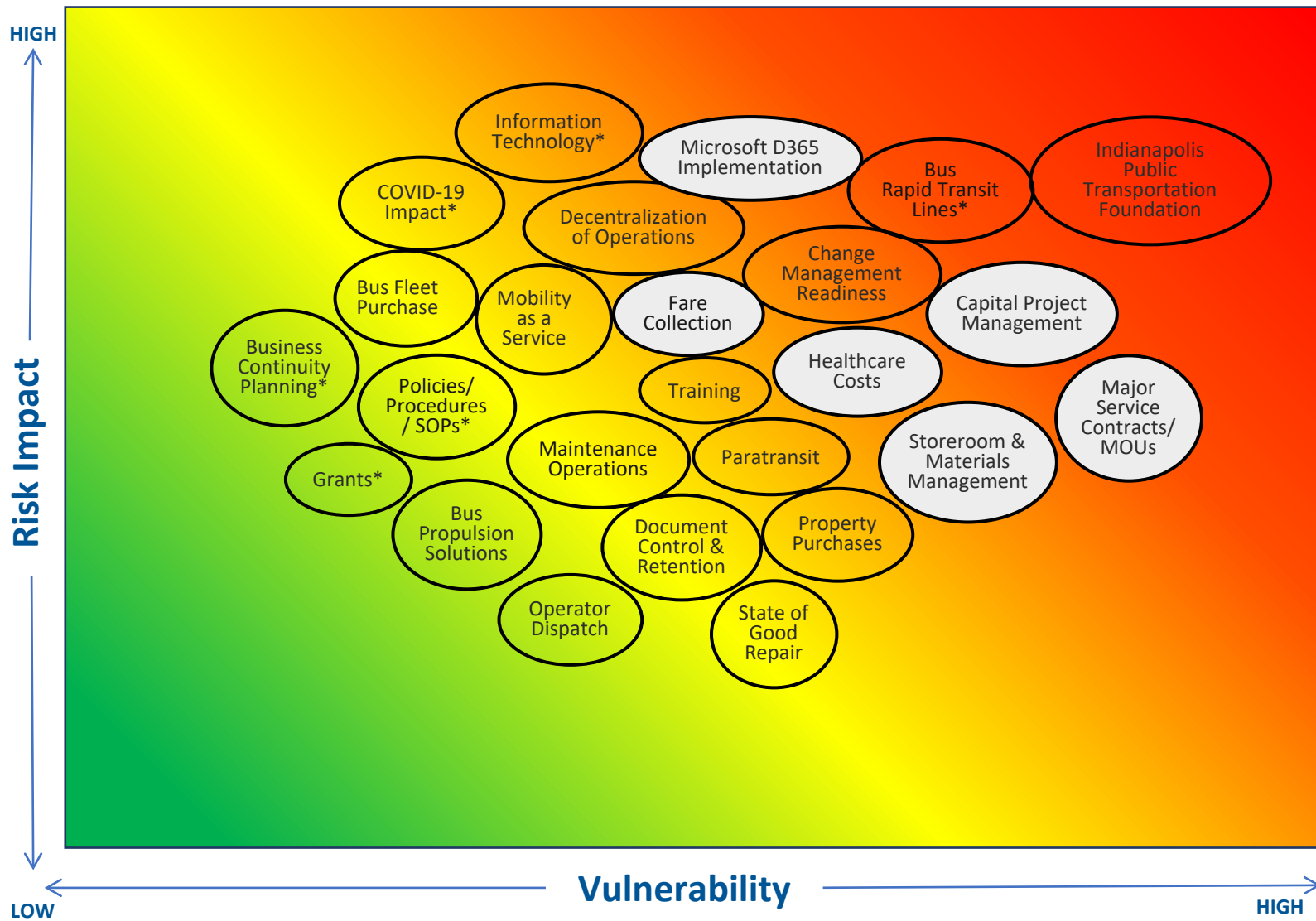
In identifying and ranking the specific risk areas, we leveraged three primary filters:

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

Overall Summary and Review Highlights

The Heat Map and resulting Work Plan presented on the following pages represent the result of this risk assessment refresh. The risks identified are, in general, what we would expect within a transit agency at the point on its growth curve where IndyGo is as we approach 2021. 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.



**Risk Area was in scope within a FY20 G&A project
Shaded Areas included in Proposed FY21 G&A workplan*

Proposed 2021 Audit Workplan

Project Area	Description
IT System Implementations	<p>Examine the planning and other supporting processes and controls in place to support the various system implementations in the queue. Focus on Microsoft D365, with potential future focus on other systems, such as HASTUS, eBuilder, Avail, Fare Card Retail Network, LMS (Learning Management System) and the Intranet. Considerations may include:</p> <ul style="list-style-type: none"> • Methodologies followed in the management and execution of system implementation • Processes and controls in place around timelines, deadlines, progress reporting, plan adjustments, third-party vendor management, etc. • Adequacy of planning and project management staffing • Addressing of end user considerations and subsequent training and reskilling
Fare Collection	<p>Examine the processes and controls in place to help ensure secure collection, custody and reporting of fares across IndyGo's System. Considerations may include:</p> <ul style="list-style-type: none"> • Processes and controls currently in place around farebox counting, including evaluation of adaptability of procedures to forthcoming new facilities • Technologies in place enabling fare collection across IndyGo's System, both TVM and vehicle-based
Capital Project Management	<p>Examine the processes and controls in place to support successful management over IndyGo's capital projects, including Bus Rapid Transit (BRT) lines and forthcoming facility improvements. Considerations may include:</p> <ul style="list-style-type: none"> • Methodologies followed in the management of construction projects • Processes and controls in place around timelines, deadlines, change orders, progress reporting, plan adjustments, etc. • Adequacy of planning and project management staffing relative to each project/functional area • Outreach and external communications related to significant capital projects, including contractor evangelism and public outreach

Proposed 2021 Audit Workplan (<i>continued</i>)	
Project Area	Description
Healthcare Costs	<p>Examine trends and drivers surrounding recent increases in healthcare costs. Considerations may include:</p> <ul style="list-style-type: none"> • Third-party administrator's role, including contract terms and compliance • IndyGo employee healthcare benefit utilization • On-site clinic contract and services, including ROI and impact upon overarching healthcare costs • Wellness programs vs. reactive services • Premium costs and use of high-deductible HSAs • Cost-sharing options, e.g., community partnerships, philanthropy options
Storeroom & Materials Management	<p>Examine the processes in place to support successful management over IndyGo's construction projects, including Bus Rapid Transit (BRT) lines. Considerations may include:</p> <ul style="list-style-type: none"> • Systems and processes in place to support timely replenishment of parts and supplies, including complete and accurate reporting of cost detail • Processes and controls in place to ensure proper segregation of duties • Post-implementation evaluation of the Dynaway Enterprise Asset Management system
Major Service Contracts/ Memorandums of Understanding	<p>Understand the population of significant service contracts within IndyGo, with a focus on the MOU with the city of Indianapolis. Considerations may include:</p> <ul style="list-style-type: none"> • Reviewing counterparty compliance with terms and conditions • Confirming mutual fulfillment of obligations throughout the lives of agreements • Consideration of economic protections in place around IndyGo and its interests
Annual Risk Assessment Refresh and Internal Audit Workplan Design	<p>Update the existing IndyGo risk universe by performing the annual risk assessment refresh. Steps include:</p> <ul style="list-style-type: none"> • interview members of IndyGo management and the Board • Prioritize the risk universe an updated heat map • Leveraging the assessment results, design the recommended 2022 internal audit workplan

Potential Future Audit Areas	
Project Area	Description
Training	<p>Examine the processes and controls in place to help ensure the adequate training of IndyGo employees and Board members. Considerations may include:</p> <ul style="list-style-type: none"> • Driver training • Mobile-enabled training options • Ongoing training and career development • Functional cross-training • Board member orientation and education • Annual Ethics training and re-certification
IT System Implementations	<p>We may recommend continuation of IT system implementation reviews or monitoring procedures, selecting additional systems not reviewed in 2021. Considerations may include:</p> <ul style="list-style-type: none"> • HASTUS • eBuilder • Avail • Fare Card Retail Network • Learning Management System (LMS) • Intranet
IT – Other Areas (TBD)	<p>Based upon the results of the current year’s Comprehensive IT Risk Assessment, we would propose in future years to include additional IT-related areas within scope. Considerations may include:</p> <ul style="list-style-type: none"> • 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.) • IT network and data security • IT cloud migration • IT change management

Potential Future Audit Areas (*continued*)

Project Area	Description
Transactional Areas	<p>Examine the processes and controls supporting the successful flow of transactions in routine financial areas. Considerations may include:</p> <ul style="list-style-type: none"> • Accounts Payable • Payroll • Fixed Assets, etc. <p>Procedures may include a combination of interviews and observation, process walkthroughs, process mapping, substantive transaction testing, and analytical review.</p>

2020 G&A Projects Completed	
Project Area	Reported to G&A
Comprehensive IT Risk Assessment	Planned for March 18, 2021
Risk Assessment Refresh & 2021 Internal Audit Work Plan	January 21, 2021
Compliance Environment Assessment	January 21, 2021
Procurement Review	January 21, 2021
Grants Process Review	January 21, 2021
Red Line Lessons Learned	September 17, 2020
Business Continuity Planning Progress Assessment/Pandemic Readiness	September 17, 2020
Initial Risk Assessment & 2020 Internal Audit Work Plan	June 16, 2020
Individual Ad Hoc Audit Items	
Non-Order Invoice/Expired Agreements	June 16, 2020
Online Credit Card Error	June 16, 2020
Lost & Found Policy Change	June 16, 2020
Transdev Fuel Purchase Reporting	June 16, 2020
Employee Termination Timeliness	February 27, 2020