



Employee Termination Process Review Report

Governance & Audit Report No. 2025-05

Issued on April 2, 2025

EXECUTIVE SUMMARY

Background

The Internal Audit Work Plan approved by the Governance and Audit Committee for fiscal year 2025 included an Employee Termination Process Review.

Our audits are performed in accordance with the professional practice standards of the Institute of Internal Auditors. This report was prepared for use by IndyGo’s Board of Directors, Governance and Audit Committee, and management.

Objective and Scope

Examine the policies, procedures, and controls in place for the employee termination process. Considerations included:

- Is there a termination checklist?
- ADP auto notification for initiation of a termination: Who receives compared to who should receive?
- Fleet notification of terminations for fuel dispensing system.
- Terminated trainees removed from Payroll sheets.
- Exit interviews, who is offered an interview?

Overall Report Rating & Observations

(See Appendix A for definitions)

	Report Rating	Number of Observations by Rating		
		High	Medium	Low
Employee Termination Process Review	Medium	0	2	0

Overall Summary and Review Highlights

IndyGo’s employee termination process was reviewed in accordance with the 2025 Governance and Audit Work Plan.

Governance and Audit noted the following observations as they relate to the employee termination process:

- SOP Adherence, Communication and Updates
- ADP Notification Timeliness and Format

The observations and management’s responses are presented in our accompanying report.

Our overall report rating for this Employee Termination Process Review is a “Medium” risk.

We would like to thank IndyGo staff and all those involved in assisting us in connection with the review.

Questions should be addressed to the IndyGo Department of Governance and Audit at batkinson@indygo.net.

1. SOP Adherence, Communication and Updates		
<p>Observation:</p> <p>It was noted that the Standard Operating Procedure (SOP) dated May 2022 is not being followed, contains outdated information and was never fully communicated to the staff responsible for performing the duties therein.</p>	<p>Recommendation:</p> <p>It is recommended that the SOP be updated, communicated to staff and adhered to by all responsible staff.</p>	
Observation Rating: Medium		
<p>It was noted that the Procedure for Employee Discharge SOP is almost three years old and was created in May 2022. This document should be reviewed and reissued. It contains typos and incorrect information of the termination process. Also, there has been a change of the department title of Human Resources to the Department of People & Culture that needs to be updated throughout the entirety of the document.</p> <p>The SOP was noted to contain one incorrect Building Access System name. Security shared that one system listed did not reflect the correct name currently used for badge access at multiple locations.</p> <p>Section 2 of the SOP contains an incorrect email for notification purposes. This should also be updated.</p> <p>Through discussion with the Department of People & Culture leadership team, it was noted that there is a new process for final approval and notification by the Department of People & Culture. They are to be notified upon every termination voluntary or involuntary. No one is to proceed with finalizing a termination until they have been adequately notified.</p>	<p>It is recommended that the SOP for the Procedure for Employee Discharge be reviewed and updated.</p> <p>Some updates needed include:</p> <ul style="list-style-type: none"> Remove badge access system vendor name and change it to "Access Control". If a vendor is changed or the system name is changed, the SOP does not have to be updated. Update department names and review for typos. IT shared that the Help HR email address is not being used and the SOP should be updated to include the IndyGo help desk system that includes an HR section. Add the Fleetwatch system administrator to the termination notification process so that the fuel dispensing system can be updated. This could be done through the current Fleet Services group email address. Reissue the updated SOP to all employees who manage staff. 	<p>Management Action Plans:</p> <p>Security will respond that we will work with Legal and the Department of People & Culture to review the current document and update it. This will include getting the names and other suggestions listed in the recommendation.</p> <p>The Department of People & Culture recently received some feedback from Legal recommending we add a few steps to the process, and we are working on developing a new termination process that we will roll out later this year after everyone (Legal, HR, and Operations) agrees on the SOP. We want to ensure we do our due diligence thoroughly before we complete the SOP.</p> <p>In the Department of People & Culture budget for 2026, it is requested that we select a third-party company to conduct exit surveys. If budget approval is received, it must go through the procurement process and select a vendor. Management wouldn't anticipate this happening until 2026.</p>

In addition, the SOP contains signatures of approval from 2 of 4 employees who are no longer with IndyGo. This SOP should be updated with the current process owners and appropriate approvals to show review has been performed.

Fleet Services need to be removing the fleet watch access in the system. This needs to be an added item to the SOP with the specifics of how access will be terminated so that a terminated employee cannot access fuel pumps. The terminated employee should not be able to obtain fuel after they have left IndyGo. Currently, Fleet Services only knows of their own department’s terminations.

Once updates have all been made to the Employee Termination SOP, the SOP should be distributed to all departments. Training for all departments on Section 2 should be performed to ensure the steps are being followed. In addition, Section 3 needs to be followed by the Department of People & Culture. Everyone should adhere to their respective section.

The SOP for Employee Terminations appears to be an effective document if revisions are made, communicated out to IndyGo staff and followed by IndyGo Management.

Responsible Parties:

Department of People & Culture
Security and Life Safety

Due Dates:

December 31, 2025

2. ADP Notification Timeliness and Format		
<p><u>Observation:</u></p> <p>ADP Notifications are currently not being sent to the IndyGo Security and Life Safety department.</p>	<p><u>Recommendation:</u></p> <p>It is recommended that IndyGo Security and Life Safety is added to all ADP Notifications when a supervisor initiates an employee termination.</p>	
Observation Rating: Medium		
<p>The Security email address needs to be added to the ADP Automated Email Notification when a supervisor begins the initiation of a termination. Security needs to be getting timely notifications as Security is the one department most aware of incidents where a terminated employee could pose a threat to IndyGo staff.</p> <p>It was noted that there is a different format of notifications that are being received by Security as well as other departments. The format, if all notifications are being initiated correctly should be communicated in the same format to all receiving them.</p>	<p>Security and Life Safety should be set up to receive all ADP Automated Email Notifications when an employee termination is initiated.</p> <p>The notification process needs to be streamlined, and all communication should be received in the same format across IndyGo as a whole.</p>	<p><u>Management Action Plans:</u></p> <p>In addition, we are exploring options for automating the process in ADP. This will allow us to utilize the system to document, track, and run reports.</p> <p><u>Responsible Parties:</u></p> <p>Department of People & Culture</p> <p><u>Due Dates:</u></p> <p>December 31, 2025</p>

APPENDIX A – RATINGS DEFINITIONS

Observation Rating Definitions		Report Rating Definitions	
Rating	Definition	Rating	Explanation
Low	Process improvements exist but are not an immediate priority for IndyGo. Taking advantage of these opportunities would be considered best practice for IndyGo.	Low	Adequate internal controls are in place and operating effectively. Few, if any, improvements in the internal control structure are required. Observation should be limited to only low risk observations identified or moderate observations which are not pervasive in nature.
Medium	Process improvement opportunities exist to help IndyGo meet or improve its goals, meet, or improve its internal control structure, and further protect its brand or public perception. This opportunity should be considered in the near term.	Medium	Certain internal controls are either: <ul style="list-style-type: none"> Not in place or are not operating effectively, which in the aggregate, represent a significant lack of control in one or more of the areas within the scope of the review. Several moderate control weaknesses in one process, or a combination of high and moderate weaknesses which collectively are not pervasive.
High	Significant process improvement opportunities exist to help IndyGo meet or improve its goals, meet, or improve its internal control structure, and further protect its brand or public perception presents. This opportunity should be addressed immediately.	High	Fundamental internal controls are not in place or operating effectively for substantial areas within the scope of the review. Systemic business risks exist which have the potential to create situations that could significantly impact the control environment. <ul style="list-style-type: none"> Significant/several control weaknesses (breakdown) in the overall control environment in part of the business or the process being reviewed. Significant non-compliance with laws and regulations. Observations which are pervasive in nature.
Not Rated	Observation identified is not considered a control or process improvement opportunity but should be considered by management or the Board, as appropriate.	Not Rated	Adequate internal controls are in place and operating effectively. No reportable observations were identified during the review.