



Transit Asset Management Review Report

Governance & Audit Report No. 2023-5

Issued on June 14, 2023

EXECUTIVE SUMMARY

Background

The Internal Audit Work Plan approved by the Governance and Audit Committee for fiscal year 2023 included a Transit Asset Management Review.

Every agency must develop a transit asset management (TAM) plan if it owns, operates or manages capital assets used to provide public transportation and received federal assistance as a recipient or subrecipient. Each transit provider must designate an Accountable Executive to ensure appropriate resources for implementing the agency’s TAM plan.

Agencies must complete an updated plan every four years beginning in October 2022.

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 federally mandated program Transit Asset Management (TAM) Plan. Considerations included:

- 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

Overall Report Rating & Observations

(See Appendix A for definitions)

	Report Rating	Number of Observations by Rating		
		High	Medium	Low
Transit Asset Management Review	Medium	0	2	0

Overall Summary and Review Highlights

IndyGo issued a Transit Asset Management Plan on September 26, 2022, for the period of 2022-2026. This report was very detailed and met all the requirements of TAM plan as outlined by the Federal Transit Administration (FTA).

It is noted that producing this report was a difficult to manage task as IndyGo currently does not have a database or software solution to maintain the information or publish a TAM plan report as required by the FTA. Information was collected on spreadsheets and then a manual report was developed by the Manager of Special Projects and Regional Mobility Integration at IndyGo.

Our review identified observations which may enhance the overall Transit Asset Management (TAM) Plan, improve functionality of systems and applications, and assist in increasing fare revenue. Our two observations related to the following areas:

- Software Solution
- Transit Asset Management Coordinator

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

Our overall report rating for this Transit Asset Management (TAM) Plan is “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. Software Solutions

<p><u>Observation:</u> The current TAM plan development is very manual with no automated process or software solution to assist in the requirements.</p>	<p><u>Recommendation:</u> Complete a detailed review of the current D365 Asset Management Module and compare to standalone Asset Management Software systems to determine the best solution for the TAM plan requirements and value to the agency.</p>	
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Observation Rating: Medium

<p>Accessibility – IndyGo’s TAM inventory is accessible via a OneDrive link and currently does not have a software program or location that is accessible to everyone who would be a part of the TAM plan. Currently the Fixed Asset Inventory and the TAM inventory are separate. The Fixed Asset Inventory is maintained in Microsoft D365 but is not kept at the detail required by the TAM plan. All the inventory detail for the TAM plan is maintained on separate spreadsheets.</p> <p>Microsoft D365 – IndyGo currently used Microsoft D365 for Fixed Asset Accounting through the D365 Fixed Asset Module. It is noted that D365 also has an Asset Management Module available that is currently not used by IndyGo. In reviewing the Asset Management Module, it was determined that the two modules can be linked. It is possible to identify and include the asset in the Asset Management Module from the Fixed Asset Module if it is determined to meet the requirements to manage for TAM. The current Asset Management Module is not formatted or designed for the requirements of the TAM plan.</p> <p>Standalone Asset Management Software – Upon review it is determined that there are various standalone transit asset management software solutions. The agency should consider the total cost of the ownership to ensure an affordable approach that can be maintained and represents a good business choice.</p>	<p>It is recommended that IndyGo contact the consultant used for the development and install of D365 as currently used. Management should request a demonstration of the Asset Management Module and what formats can be changed or customized to meet the TAM plan requirements. The D365 solution is a web-based program with levels of authority for designated users. If this module would be configurable to meet the TAM plan solution, it would address the accessibility issue as well as be the most cost effective for the agency.</p> <p>In the event the only solution would be a separate standalone asset management software IndyGo should consider:</p> <ul style="list-style-type: none"> Analysis - assessment of potential software solutions should include a fit-gap analysis. Configurable – configuration should result in functionality that is forward-compatible with future releases. Customizable – customization raises the risk of being costly to maintain over time and is likely to require reworking to ensure forward-compatibility. Reporting – ensure that any solution contains reporting tools that suits the needs of the TAM plan reporting requirements. 	<p><u>Management Action Plans:</u> Management is currently working on the solution in 2023 with hopefully a better idea of the resolution in 2024. The software solutions memo developed by Cambridge Systematics will be reviewed by management in the immediate future. They will need to meet with staff, then conduct meetings with Dynaway to figure out implementation timeline. Most of this process should take place at the end of 2023 and into 2024, depending on the demand of staff resources.</p> <p><u>Responsible Parties:</u> Manager of Special Projects and Regional Mobility Integration</p> <p><u>Due Dates:</u> EOY 2024</p>
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2. Transit Asset Management Coordinator

<p><u>Observation:</u> The 2022 TAM plan produced by IndyGo was completed by the Manager of Special Projects and Regional Mobility Integration. It was necessary to seek assistance of a consultant as there is not an internal position designated to maintain and report the TAM plan.</p>	<p><u>Recommendation:</u> It is recommended that a staff member be added to provide development, support and management oversight to the TAM plan.</p>	
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Observation Rating: Medium

<p>In the completion of the TAM Plan for IndyGo, additional resources had to be sought out. The Manager of Special Projects and Regional Mobility Integration from the IndyGo Strategic Planning Group had to be assigned the task of developing the TAM plan. In addition, a consultant firm was hired to assist in the development of the plan.</p> <p>Part of the TAM Plan requirements include:</p> <ul style="list-style-type: none"> Update the Asset Inventory Collect Asset Condition and Performance Data Update Asset Management Plans <p>IndyGo does not have a staff member whose main responsibility is managing the TAM plan.</p>	<p>The FTA requirement is to maintain and report a TAM Plan every four years. As this is an ongoing requirement, it would be beneficial for IndyGo to have a dedicated member of staff to manage and oversee the plan. The data for the plan could be kept up to date on an ongoing basis and could eliminate the need for a consultant to help pull the TAM Plan report together.</p> <p>It is recommended that IndyGo add a Transit Asset Management Coordinator to the Strategic Planning Group to be assigned the management of the TAM Plan. This could be a full-time job or in addition to other strategic planning initiatives assessed by management.</p>	<p><u>Management Action Plans:</u> There has been a position created in Strategic Planning that is specific to capital assets and the TAM; it is a Strategic Planner level. This TAM Coordinator will oversee the day-to-day with support from the Manager of Special Projects and Regional Mobility Integration. This position will also assist with the regular activities, such as inventory management and fleet forecasting. The position may have the capacity to take on other projects, such as capital projects.</p> <p><u>Responsible Parties:</u> Manager of Special Projects and Regional Mobility Integration</p> <p><u>Due Dates:</u> EOY 2023</p>
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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.