



Annual Risk Refresh and Proposed FY 2024 Audit Workplan

Governance & Audit Report No. 2023-9

Report Issued January 09, 2024

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 2023 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.



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:

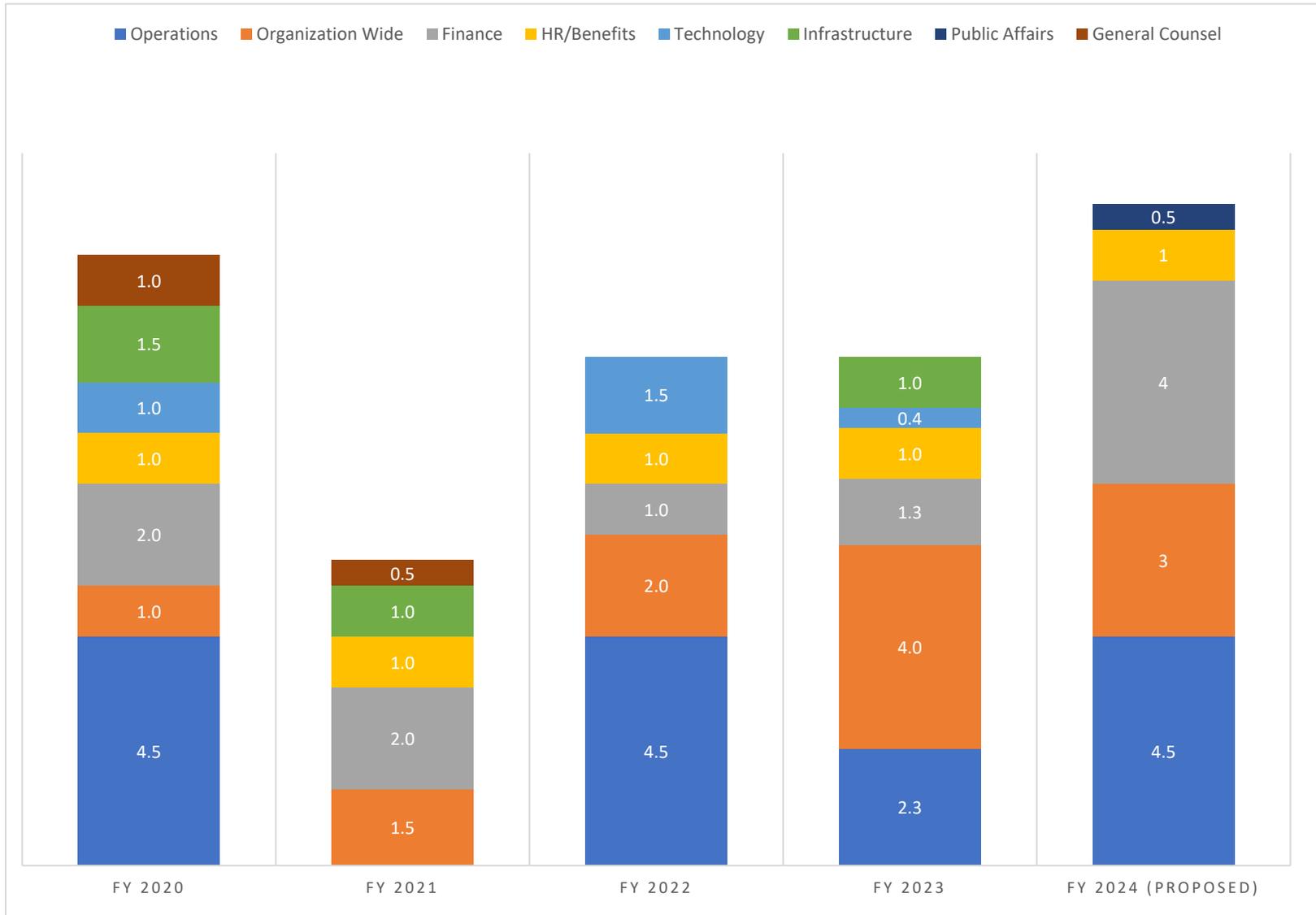
- Our understanding of IndyGo and its operating environment
- Our subject matter expertise in the public transit space
- Our experience in internal audit and enterprise risk

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 Audits, By Year and Department



Area	Description
<p>1. Retail Desk Transfer to Finance</p> <p><i>(Approved in FY 2023)</i></p>	<p>Examine the processes and controls for the planned transfer of the Retail Desk function. Considerations may include:</p> <ul style="list-style-type: none"> • Support of transition process • Training and usage effectiveness • Follow-up to the prior Retail Desk Audit.
<p>2. Decentralized Operations</p> <p><i>(Approved in FY 2023- Updates to be Provided In 2024)</i></p>	<p>Original review was to 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). Updates provided as transition continues to occur and will include:</p> <ul style="list-style-type: none"> • 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)
<p>3. Fluid Inventory Review</p>	<p>Examine the processes related to IndyGo fuel distribution, dispensing and system record. Considerations may include:</p> <ul style="list-style-type: none"> • System recording accurate fluid dispensing and receiving transactions in financial system. • Fluid maintenance – timing of product receiving, adjustments and frequency of true-ups. • Fuel administration entitlements and security. • Fuel dispensing process. • Stock code reporting • Inventory consumption by vehicle (match to inventory system). • Measurement of actual fluid inventory in tanks vs. fluid quantities reported in inventory system.

FY 2024 Proposed Internal Audit Workplan (continued)

Area	Description
4. Quarterly Customer Complaints Review	Examine the processes and controls related to Customer Complaints. Provide update to Transportation quarterly with year-end report to Governance & Audit Committee. Considerations may include: <ul style="list-style-type: none"> • Customer service data disposition, reporting and resolution. • Complaint routing process • Timeliness of complaint resolution • Type of complaints, validity of complaints and frequency of type.
5. Collision Review	Perform a review of collisions that have occurred over a designated timeframe. Considerations may include: <ul style="list-style-type: none"> • Determine reasons for collisions (new drivers, route changes/detours, etc.) • On-time performance contributing factor • Preparedness for new drivers (training requirements for new drivers, time behind simulator, etc.)
6. Policies Review <i>(Approved in FY 2023)</i>	Review the processes and controls in place related to IndyGo policies as being implemented by the new Policies and Procedures management position. Considerations to include those from the prior review conducted by Governance and Audit: <ul style="list-style-type: none"> • Management, update, publication, expiration and approval processes • Oversight, monitoring and enforcement practices • Housing, storage and filing practices Board-level vs. management-level polices
7. Fare Pass Inventory Review	Review the processes and controls in place related security, pass inventory, pass value and activation, and the entire pass inventory management process. Considerations to include: <ul style="list-style-type: none"> • Recording • Reconciling • Ordering • Inventory Levels and Distribution

FY 2024 Proposed Internal Audit Workplan (continued)

Area	Description
8. Succession Planning Review	<p>Examine the preparation taken to date and/or future forecasting for succession planning, Business Continuity Plans and Standard Operating Procedures (SOP). Determine processes and controls for successors and next in command for all departments of IndyGo. Considerations may include:</p> <ul style="list-style-type: none"> • Clear and solid plan for succession of key positions within the organization • Support of transition process to successor • Training and grooming for next in command • Completion of written SOPs
9. Compensation Review	<p>Examine the processes and controls supporting compensation activities. Considerations may include:</p> <ul style="list-style-type: none"> • Salary range definitions and implementation • Annual salary increases based on performance reviews • Payroll approval process for salary and pay modifications • Market review of pay scales and determination if comparable with like positions • Compensation policies
10. Security/Life Safety Review	<p>Examine the processes and controls for employee and passenger safety. Considerations may include:</p> <ul style="list-style-type: none"> • Year to Year comparison of passenger and coach operator assaults • Review of number complaints relating to security and safety of passengers • Review of Safety Committee and evaluate if plans are working • Frequency of security breaches at facilities • Adequate security levels being maintained
11. Maintenance Review	<p>Examine the processes and controls supporting the contracted and in-house maintenance of fleet. Considerations may include:</p> <ul style="list-style-type: none"> • Review fleet and status • Determine percentage of buses not in operation by type • Identify consistent issues affecting getting buses returned to service

FY 2024 Proposed Internal Audit Workplan (continued)

Area	Description
12. Procurement and Storeroom Follow-up Review	<p>Perform a follow-up review for the processes and controls surrounding Procurement and Storeroom activities. Updates to included review of the following:</p> <ul style="list-style-type: none"> • Storeroom inventory levels (min/max) compared to purchasing by Procurement staff • Timing of ordering parts and receipt into inventory • Part distribution timeliness by work order • Procurement ordering and approval process
13. Paratransit Fare Collection Review	<p>Review the processes and controls in place related to Paratransit Fare Collection. Considerations may include:</p> <ul style="list-style-type: none"> • Assess internal controls of fare collection • Determine types of fare media used by Paratransit riders • Cash fare collection procedures • Analysis of pass sales, volume, and revenue • Fares adequately collected from all paratransit passengers • Fares accurately recorded and forwarded to IndyGo Finance
14. Annual Risk Refresh and Internal Audit Workplan	<p>Update the IndyGo risk universe by performing the annual risk assessment refresh and proposing the future Internal Audit workplan. Steps include:</p> <ul style="list-style-type: none"> • 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
Communications	Examine the processes and controls in place to communicate with all IndyGo staff (coach operators, maintenance, laborers, and administration). Considerations may include: <ul style="list-style-type: none"> • Policy regarding use of group texting system • Access entitlements to all company-wide notifications • Email account management
Cybersecurity	Examine the processes surrounding cybersecurity TSA requirements. Considerations may include: <ul style="list-style-type: none"> • Designated cybersecurity coordinator • Reporting cybersecurity incidents within 24 hours • Implementation of cybersecurity response plan • Completion of cybersecurity vulnerability assessment
Drug & Alcohol Compliance	Examine the policies, procedures and controls related to drug and alcohol compliance. Considerations may include: <ul style="list-style-type: none"> • Compliance by: <ul style="list-style-type: none"> ▪ IndyGo ▪ Outside Contractors • Compliance for urbanized area grant which includes: <ul style="list-style-type: none"> ▪ Subrecipients (donut counties surrounding Indianapolis) ▪ Program reporting to IndyGo as grant recipient per federal requirement
Training	Examine the processes and controls in place to ensure an adequate skill set of instructors. Considerations may include: <ul style="list-style-type: none"> • Soft skill training <ul style="list-style-type: none"> ▪ Communication ▪ Problem solving ▪ Organizational skills/time management ▪ Leadership development • Certification process for instructors

Potential Future Audits (continued)

Area	Description
Bus Fleet Purchase	Examine the processes in place related to bus fleet purchases. Considerations may include: <ul style="list-style-type: none">• Supply Chain issues due to manufacturing slowdown• Limited vendor/manufacturer options• State Quantity Purchase Agreement (QPA) availability



Completed Prior Audits

Fiscal Year	Report ID	Description	Date
2023	2023-1	Policy Review	4/27/2023
	2023-2	Bus Rapid Transit (BRT) Review	7/20/2023
	2023-3	Ridership Experience Review	7/20/2023
	2023-4	Transit Asset Management (TAM) Review	7/20/2023
	2023-5	Flowbird/MyKey Review	7/20/2023
	2023-6	Decentralized Operations Review Report	10/19/2023
	2023-7	Operator Scheduling Review	10/19/2023
	2023-8	Staffing, Hiring and Recruiting Review	1/18/2024
	2023-9	Annual Risk Refresh & Proposed Audit Plan 2024	1/18/2024
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

Completed Prior Audits (continued)



Fiscal Year	Report ID	Description	Date
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