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# **Microsoft Dynamics 365 Upgrade: Independent Project Oversight Status Assessment**

## **Governance & Audit Report 2022-2**

Period from April 1, 2022 through June 30, 2022

Issued on July 7, 2022

## EXECUTIVE SUMMARY

### Background

The FY 2022 Internal Audit Work Plan approved by the Governance and Audit Committee included an Independent Project Oversight (IPO) review of the Microsoft Dynamics 365 (D365) implementation.

D365 will upgrade and replace the current Microsoft AX system, and provide general ledger, budgeting, procurement, cash management, and other integrated modules and functionality across IndyGo.

Our assessments 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

Our Independent Project Oversight will assess whether the D365 technology project is on track to be completed within the estimated schedule and cost, and provide the required functionality for the business owner. Our IPO procedures will continue until the D365 upgrade is complete.

Our IPO review procedures focused on critical scope areas relating to the D365 project’s progress and project management practices, including:

- Assessment of the project controls in place
- Comparison to project management best practices
- Monitoring of project schedule, budget, scope and overall delivery
- Evaluation of project risk management, including the identification, monitoring and resolution of project risks
- Identification of opportunities to enhance project management performance

### Overall Report Rating and Observations

(See Appendix A for definitions)

D365 Upgrade Project	Project Rating	Risk Rating of PMBOK Areas		
		High	Medium	Low
August 31, 2021	Low	0	3	5
December 31, 2021	Low	0	3	7
March 31, 2022	Low	0	3	7
June 30, 2022	Low	0	0	10

### Overall Summary and Review Highlights

The D365 project kickoff was in May 2021. The system go-live occurred as scheduled in May 2022. The project duration was 12 months, excluding certain close out activities and post go-live support.

This report covers final project activity for the period from April 1 through June 30, 2022.

The project was substantially complete by June 30, 2022. See Appendix C for the implementation vendor’s summary project timeline.

We have participated in the implementation vendor’s weekly project status calls and IndyGo internal project team calls, reviewed project artifacts, and met with IndyGo project management.

The D365 project status risk rating is “Low”. This aggregate rating is based upon our assessment of the ten Project Management Body of Knowledge (PMBOK) process management areas, as they relate to this D365 upgrade project. See Appendix B for the PMBOK area descriptions.

The D365 project did not experience any significant delays from the original scheduled dates. There are certain tasks, including project closeout, that remain open. The observations and recommendations on the following pages are designed to help wrap up the project.

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](mailto:batkinson@indygo.net).

## OBSERVATIONS SUMMARY

PMBOK Area	Risk Rating				Observation	Recommendation	Management Action Plan
	8-31-21	12-31-21	3-31-22	6-30-22			
1. Integration Management	L	L	L	L	<p>A. The Project Schedule contained processes that were aligned with work tasks and key milestones. The implementation vendor’s Statement of Work (SOW) and contract contained 26 Deliverable Expectation Document (DED) milestones upon which payment was based.</p> <p>B. The D365 upgrade solution was based on Microsoft’s configurable package solution. Some customizations were specified.</p>	<p>A. None</p> <p>B. None.</p>	N/A
2. Scope Management	M	M	L	L	<p>A. The Project Schedule was aligned with the project requirements and SOW. A Work Breakdown Schedule (WBS), with detailed steps and critical dependencies, was provided by the implementation vendor. The WBS did not include vendor staffing levels, because IndyGo executed a fixed fee contract.</p> <p>B. IndyGo had Project Co-Managers from the business owner and technology groups who engaged with the vendor and monitored scope.</p> <p>C. IndyGo is using an Action Item summary to track required Microsoft or implementation vendor updates and bug fixes. Action items have also been entered into Azure DevOps by the implementation team or the vendor during the conference room pilot (CRP) and prototyping and configuration phases.</p>	<p>A. None.</p> <p>B. None.</p> <p>C. Continue the follow-up with the implementation vendor to develop work-arounds and permanent solutions for the nine open action items.</p>	<p>C. The nine open defect tickets are being tracked. Six are escalated with the Microsoft vendor for functionality support and three are being addressed by our implementation vendor. The implementation vendor has initiated preparation of workarounds. IndyGo is monitoring these through the weekly status updates delivered to IndyGo staff.</p>

PMBOK Area	Risk Rating				Observation	Recommendation	Management Action Plan
	8-31-21	12-31-21	3-31-22	3-31-22			
3. Time and Schedule Management	L	L	M	L	<p>A. IndyGo deferred the usage of the D365 Budget module to FY 2023. This will allow for the normal budget process to continue. Training for this module will occur in the fourth quarter of 2022. The cost impact was nominal. IndyGo and the implementation vendor have executed an SOW amendment.</p> <p>B. The Project Schedule shows no delays, compared to the planned completion date.</p>	<p>A. Complete the Budget module training, and prepare for usage.</p> <p>B. None.</p>	<p>A. The Budget Planning module is configured, validated, tested and ready to be used. We plan to launch the budget planning process for Budget Year 2024 through the training session to end users. Dedicated training sessions will be facilitated by the implementation vendor in Q4 of 2022. We have also set aside some hours as part of the go-live post support towards budget planning.</p>
4. Cost Management	M	M	M	L	<p>A. IndyGo issued five change orders to the original SOW for enhancements or re-allocated hours. All were discussed with the implementation vendor on the weekly project management calls. The net total cost was \$27,770.</p> <p>B. The budget was updated during the project. It included the implementation vendor’s contractual cost, Microsoft licenses, Dynaway interface costs and contingencies. It also tracked actual paid invoice costs.</p> <p>C. The implementation vendor’s SOW included assumptions relating to several key areas, such as interfaces, data mapping, and other modules or functionality. IndyGo monitored these for potential cost or schedule impact.</p> <p>D. The vendor contract included a pool of 660 hours that could be allocated to agreed-upon tasks. Any excess hours were to be billed at the contract rates. IndyGo expects the few remaining hours to be fully utilized. The implementation vendor provided a summary of hours in these specified areas, and discussed them on the weekly project management calls.</p>	<p>A. IndyGo project management should continue to follow-up on the two remaining DEDs, for post go-live support and budget module support.</p> <p>B. IndyGo should schedule the budget and project close-out after the final tasks and DED payments have been completed.</p> <p>C. None.</p> <p>D. None.</p>	<p>A. IndyGo has accepted five change orders, for system enhancements or hour transitions within the project allotment. We are tracking the two remaining Deliverable Expectation Documents (DEDs) associated with the project’s post go-live support allotment.</p> <p>B. A project budget close-out will be initiated once the two DEDs have been submitted and approved.</p>

PMBOK Area	Risk Rating				Observation	Recommendation	Management Action Plan
	8-31-21	12-31-21	3-31-22	6-30-22			
5. Human Resources Management	L	L	L	L	<p>A. The implementation vendor provided resumes for the key project personnel, which identified public sector and transit-related D365 upgrade or implementation expertise, as well as technical qualifications. The resumes did not identify a PMP (Project Management Professional) certification for the Client Principal or Project Manager.</p> <p>B. The implementation vendor’s contract stated that they shall not make any substitutions or substantial changes to the Client Principal and Project Manager without the prior written approval of IndyGo. No key changes were made.</p> <p>C. IndyGo chose to not capture or capitalize its internal level of effort and time charges.</p> <p>D. IndyGo Finance identified three primary business owners or functional leads for the system. IT recently on-boarded a technical liaison to support the users and facilitate ongoing issue resolution.</p>	<p>A. None.</p> <p>B. None.</p> <p>C. None.</p> <p>D. None.</p>	N/A
6. Communications Management	N/A	L	L	L	<p>A. IndyGo established a D365 Migration folder on its internal Teams site. The Migration folder contained the project charter, artifacts, meeting minutes, contract documents, and issues lists. It was available to all project members.</p> <p>B. The implementation vendor provided weekly status reports, hosted weekly project management calls, and participated in monthly Executive calls. The vendor project manager communicated regularly with the IndyGo project manager, including during the current post-go live support period.</p>	<p>A. IndyGo should complete its plan to seek feedback from its implementation team, through a Lessons Learned summary or survey.</p> <p>B. None.</p>	<p>A. IndyGo’s PMO Team will create a “Lessons Learned” project document that will appear in the project’s Teams page, entailing area that were tracked throughout the D365 project. This will allow for project team feedback on project items and will be reviewed for future project structure within the IndyGo organization.</p>

PMBOK Area	Risk Rating				Observation	Recommendation	Management Action Plan
	8-31-21	12-31-21	3-31-22	6-30-22			
7. Quality Management	N/A	L	L	L	<p>A. Conference Room Pilot (CRP) sessions were held. Users assessed the functionality of the D365 product and features, and discussed potential defects and bugs.</p> <p>B. Project issues, their resolution, and the assignment of staff responsibility for issue resolution and deadlines, were formally tracked. IndyGo signed off on DEDs (Deliverable Expectation Documents) to indicate their acceptance of the work and related deliverables.</p>	<p>A. None.</p> <p>B. None.</p>	N/A
8. Risk Management	M	M	M	L	<p>A. The implementation vendor's weekly status reports included a section for Issues/Concerns and Risks. The vendor's Project Manager raised topics such as scope, external dependencies and IndyGo staff availability.</p> <p>B. The implementation vendor added a Risk section to their weekly status reports. Topics are discussed on the weekly Project Management calls.</p>	<p>A. None.</p> <p>B. None.</p>	N/A
9. Procurement Management	L	L	L	L	<p>A. The five SOW amendments and changes orders received were documented, reviewed and approved by IndyGo in accordance with the original contact terms.</p> <p>B. A competitively-bid contract was in place, and included provisions and billing rates for additional services.</p>	<p>A. None.</p> <p>B. None.</p>	N/A
10. Stakeholder Management	L	L	L	L	<p>A. The Project Manager for the implementation vendor led weekly D365 upgrade status meetings. The weekly status reports included project summary schedule, deliverable milestones, accomplishments, and issues.</p> <p>B. An Executive Steering Committee for the D365 project periodically reviewed risks to cost or schedule, and corrective actions.</p>	<p>A. None.</p> <p>B. None.</p>	N/A

## APPENDIX A — RATINGS AND DEFINITIONS

Observation Risk Rating Definitions	
Rating	Definition
Low	<ul style="list-style-type: none"> <li>Risk to achieving stated objective, or PMBOK area best practice, is low.</li> <li>Meeting these areas represents best practice for IndyGo.</li> </ul>
Medium	<ul style="list-style-type: none"> <li>Risk to achieving stated objective, or PMBOK area best practice, is moderate.</li> <li>Opportunity exists for improvement.</li> <li>Risk should be addressed in the near term.</li> </ul>
High	<ul style="list-style-type: none"> <li>Risk to achieving stated objective, or PMBOK area best practice, is high.</li> <li>Improvements are needed to help IndyGo meet its goals, improve its processes or internal control structure, and further protect its brand.</li> <li>Risk should be addressed immediately.</li> </ul>

Report Rating Definitions	
Rating	Explanation
Low	<ul style="list-style-type: none"> <li>The D365 Project status is adequate.</li> <li>Controls are in place and operating effectively.</li> <li>Minimal improvements are required.</li> <li>Observations are limited to low risk areas or are not pervasive in nature.</li> </ul>
Medium	<ul style="list-style-type: none"> <li>The D365 Project status is potentially off-track.</li> <li>Certain controls are either not in place or are not operating effectively.</li> <li>Improvements are required.</li> <li>Observations were noted in several areas or are pervasive to one PMBOK area.</li> </ul>
High	<ul style="list-style-type: none"> <li>The D365 Project is off-track (as of this reporting date).</li> <li>Several controls were not in place or were not operating effectively for substantial areas.</li> <li>Significant improvements are required.</li> <li>Observations were noted in multiple areas and/or were pervasive.</li> </ul>

## APPENDIX B — PMBOK AREAS AND DEFINITIONS

Project Management Book of Knowledge (PMBOK) Areas (Sixth Edition)	
Area	Definition
<b>1. Integration</b>	Requires each project and product process to be appropriately aligned and connected with other processes to facilitate their coordination.
<b>2. Scope</b>	The processes required to ensure that the project includes all the work required, and only the work required, to complete the project successfully.
<b>3. Time (and Schedule)</b>	The processes required to accomplish timely completion of the project.
<b>4. Cost</b>	The processes involved in planning, estimating, budgeting and controlling costs so that the project can be completed within the approved budget.
<b>5. Human Resources</b>	The processes that organize and manage the project team.
<b>6. Communications</b>	The processes required to ensure timely and appropriate generation, collection, distribution, storage, retrieval and ultimate disposition of project information.
<b>7. Quality</b>	The activities of the performing organization that determine quality policies, objectives, and responsibilities so that the project will satisfy the needs for which it was undertaken.
<b>8. Risk</b>	The processes involved with conducting risk management planning, identification analysis, responses and monitoring and control on a project.
<b>9. Procurement</b>	The processes to purchase or acquire the products and services needed from outside the project team to perform the work.
<b>10. Stakeholder</b>	The process of developing appropriate strategies to effectively engage stakeholders throughout the project life cycle, based on the analysis of their needs, interests and potential impact on the project success.

## APPENDIX C — IMPLEMENTATION VENDOR’S PROJECT STATUS CHART (Unaudited)

