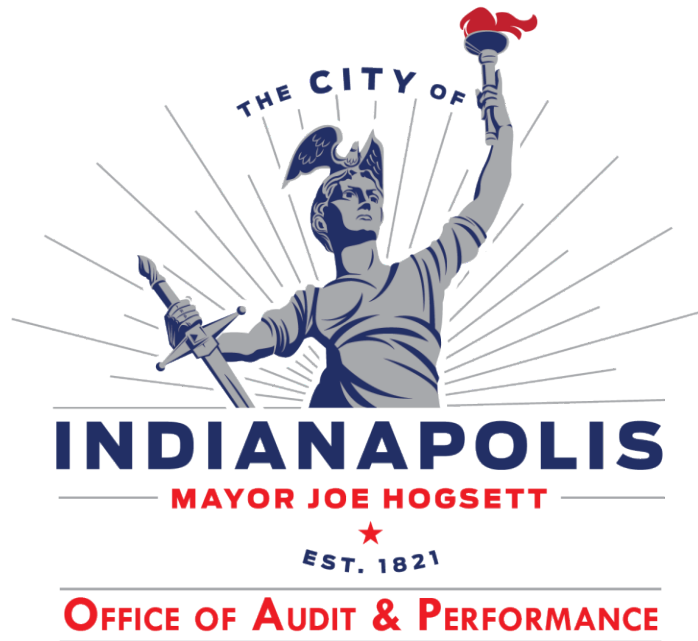


2023 Annual Report



Indianapolis - Marion County Audit Committee and Office of Audit and Performance

Introduction

The Indianapolis-Marion County Audit Committee (“Committee”) and the Office of Audit and Performance (OAP) are pleased to present the 2023 combined annual report. Together, the Committee and OAP work to promote and verify adequate internal controls, procedures, transparency, and financial reporting within the City-County enterprise.

In addition to overseeing the affairs of OAP, the Committee selects and meets with the independent external auditors to discuss the annual scope for both the city and county financial audits. The Committee is comprised of seven (7) voting members and five (5) non-voting, ex-officio members. Voting members include two members of the City-County Council, a council appointee, and four mayoral appointees. Three (3) Committee meetings were held in 2023 each one was televised (TV16) and archived.

In its role, the Committee oversaw the issuance of the City and County Annual Comprehensive Financial Report (ACFR) aka (“Annual Reports”). Both ACFRs were submitted to the Government Finance Officers Association for consideration of a Certificate of Excellence in Financial Reporting.

The Committee conducts an annual self-assessment designed to identify areas of enhancement, as well as a management post-external audit survey in accordance with the best practices of audit committees, and as recommended by the external auditor. OAP administers and analyzes the results of both documents.

To ensure Committee members remain current regarding audit-related matters in association with their duties and responsibilities, OAP hosts an annual Orientation and Refresher Session. The 2023 orientation and refresher session was held on February 17, 2023. The session included a roundtable discussion concerning matters related to improving City-County employee’s understanding of OAP and its function.

OAP was established for auditing and enhancing the performance of City-County operations. Additionally, this office supports the Committee, manages the external auditor contract, administers a confidential fraud tip hotline, and conducts internal audits, special assessments, and performance and innovation projects. OAP also tracks external/internal audit findings and provides status updates to the Committee for review and discussion. To ensure timely resolutions, the Committee requires management to appear before the Committee to address outstanding audit findings; extensions may be granted.

We commend all for the important work that has been done and look forward to continuing and extending these efforts over the coming year.

Respectfully Submitted,

David Reynolds



Chairman, City-County Audit Committee

Wesley Jones



Director, Office of Audit and Performance

Indianapolis-Marion County Audit Committee: Overview and Annual Activities

Audit Committee Purpose and Authority

The Indiana Revised Code (Article III, Section 202-307), states that the Committee’s primary purpose is to provide oversight of the City of Indianapolis and Marion County financial reporting and accounting practices, which includes a review of the adequacy of internal controls governing accounting and the City-County internal control system with a specific focus on risk, compliance with laws and regulations, and ethics.

A synopsis of each Committee meeting's pertinent talking points is as follows:

2023 Audit Committee Meeting Summary	
ORIENTATION February 17, 2023	<p>All Committee members except one attended the annual Audit Committee Orientation/Refresher Session. The session aimed not only to enhance members' understanding regarding their duties and responsibilities it also provided insight into City-County operations. Presenters included:</p> <ul style="list-style-type: none">• FORVIS, LLP (“FORVIS”) – Committee members were provided an overview of the components of the Single Audit and the Consolidated Annual Performance and Evaluation Report (CAPER) for the City and County. The prior external audit findings and internal control weaknesses were also shared and discussed.• The Office of Finance and Management (OFM) – Committee members were provided an overview of OFM’s fiscal responsibilities for the Consolidated City of Indianapolis and Marion County. In addition, OFM manages budgeting, financial reporting (including Annual Reports), purchasing, grants, revenue collection, fixed assets, risk management, and human resources.• The Office of Audit and Performance – OAP provided members with a meeting snapshot for 2023 and closed with a summary of items discussed.
PUBLIC MEETING April 28, 2023	<p>FORVIS, the external audit firm, presented to the Committee members an outline of the 2023 external audit engagement team, the scope and timing of the external audit, and other audit and accounting matters.</p> <p>In April of 2023, OAP underwent a Peer Review. A Peer Review is an assessment of OAP’s internal controls in accordance with Generally Accepted Government Auditing Standards (GAGAS). A Peer Review is required every three years. OAP passed its peer review. OAP discussed the results of the Annual Risk Assessment, which is used to determine the entities selected for audit in its 2023 annual plan. Based on research and analysis of prior City-County audit findings, OAP provided</p>

	<p>Committee members with a list of risks identified across various business units and the root cause. A list of Emerging risks was also provided. OAP concluded with an overview of its 2023 Annual Plan.</p> <p><i>Note: To assist the audit team in preparing for future Peer Reviews, two members of the audit team attended the 2023 Association of Local Government Auditors (ALGA) conference.</i></p>
PUBLIC MEETING July 28, 2023	<p>FORVIS provided the Committee with copies of the City and County 2023 ACFR and Single Audits and presented on the contents of each report. The external audit covered the period January 1, 2022, through December 31, 2022. The Committee was informed of delays in receiving critical information from one of the two-component units that are outside of FORVIS controls. Plans were discussed to address this issue going forward.</p> <p>The meeting concluded with a presentation by OAP. The presentation included developing a framework to welcome and support new staff. In July of 2023, four vacancies existed. It was also noted that OAP was researching new audit software, and a means to conduct more substantive reviews in less time. The presentation concluded with a status update on Indy Performs highlighting the number of participants.</p>
PUBLIC MEETING October 27, 2023	<p>The Committee received status updates on audit findings from City-County agency representatives from the Indianapolis Housing Agency (“IHA”), this was their second appearance in two years. An IHA representative explained the reason for the delays and their plans to address staffing and all remaining issues. Representatives from the Auditor’s Office provided an update on the Vendor Master File Action Plan and why it should be closed. A representative from the Indianapolis Metropolitan Police Department was unable to present on its open action plan. However, OAP will follow up as needed to ensure its completion.</p> <p>Information Services Agency provided an update on past accomplishments and its 2023 and 2024 strategic plans.</p> <p>OAP provided an update on the Citywide internal control training that was provided by FORVIS in September of 2023. Over 80 participants with financial oversight roles participated. Regarding IndyPerforms, approximately 350 hours of training were provided to various City-County business units.</p>

2023 Office of Audit and Performance Activities

Outstanding Audit Findings

OAP continues to track all outstanding audit findings and coordinate status updates from the appropriate agencies. The timeframe for implementing a corrective action plan (including recommendations) depends on the complexity of the finding and its resolution and can extend beyond one year. All agencies with outstanding findings beyond the proposed implementation date are asked to appear before the Audit Committee and provide a status update on their action plan. If warranted, the Committee may be asked to extend the due date of the action plan.

The Audit Findings Tracker listed two (2) un-remediated findings as of December 31, 2023.

Audit	Findings		>6 mo. O/S	Why O/S
	O/S	Description		
2017 IMPD	1	Overtime was not calculated in accordance with the union contract	Y	IMPD missed its initial Kronos HCM system 12/31/22 closure date due to technological and COVID-related delays. A 07/2024 completion is projected.
2018 Vendor Master File	1	Clean the vendor master file - Purge dormant or blocked vendors and former employee records. Implement periodic reviews and maintenance to address timely updates affecting the integrity and accuracy of VMF data.	Y	The Auditor's Office action plan was closed due to the limited functionality of the PeopleSoft application This item is: closed as of 10/27/2023.
2022 City AFR/ Single Audit	1	The internal control environment over financial reporting did not detect certain adjustments made to capital assets that were needed to prevent the financial statements from being materially misstated.	N	This item is closed
2023 County AFR/ Single Audit	2	The Sheriff Commissary special revenue fund, the Clerk of The Circuit Court agency fund and the Sheriff agency fund are not maintained within the County's general ledger. Account adjustments are manually posted.	N	This item is technically not considered outstanding. The required entries are manually posted to the general ledger as stated in the description, However, it routinely appears in the external audit report.

Community Justice Campus (CJC) Construction Audit:

In 2021, OAP contracted with an external consulting firm to perform an audit on the construction of the CJC. The audit scope was limited to activities that occurred during the period of December 1, 2016, through June 30, 2022, or completion of the CJC project. The audit primarily focused on such things as contract compliance; budget establishment; construction laws and regulations; bond expenditures; change orders; close-out; invoicing; and payment procedures. The construction audit was broken down into two phases ("Period of Performance"). Phase I included limited preconstruction activities and construction activities. Phase II covered any remaining construction activities as well as post-construction activities. The report issuance is pending and is expected to be released in Q1 of 2024.

Human Resources Internal Audit

In 2021, OAP performed an internal audit of the Human Resources (HR) department. HR is a division within the Office of Finance and Management (OFM). The HR Division is responsible for all employee-related functions for the City and County. The key objectives of the audit were to evaluate the effectiveness of operations in the following areas:

- Regulatory Reporting
- Family Medical Leave Act (FMLA) compliance
- Talent Management (Hiring, onboarding, and offboarding)
- Employee's complaint and grievance resolution
- Required Training
- Data privacy and access security
- Third-Party Vendor due diligence

The report issuance is pending and is expected to be released in Q1 of 2024.

Limited Cash Count Reviews:

To evaluate the effectiveness of cash handling, OAP conducts unannounced cash counts and limited cash control reviews of agencies and departments of the City of Indianapolis and Marion County that collect receipts in the form of cash and checks. Criteria include the respective department or agency-established policies, procedures, and guidelines provided by the State Board of Accounts (SBoA).

After each cash count review, a report is issued to the respective business unit. A copy of the report is also distributed to the Controller, Marion County Auditor, and Marion County Treasurer. A final report summarizing the results of all cash counts reviewed during the year is shared verbally with the Audit Committee, and a copy is provided to the Mayor's Office and Clerk of the Council. The Limited Cash Count Review report is not posted on OAP's website.

The results of all limited cash count reviews conducted in 2023 are summarized below. OAP reviewed cash count activity for four (three were carryovers from 2022) business units and noted control issues in the following areas:

- Segregation of duties
- Insufficient supporting documentation
- Timely deposits of cash over \$500.00

Business units are required to remediate all findings within 30 days of notification and provide evidence of

changes made. When completing cash count reviews, OAP assesses the business unit's compliance with the Consolidated City of Indianapolis and Marion County, Internal Controls Policy Pursuant to Ind. Code § 5-11-1-27.

Note: In 2023, to expedite the onsite limited cash count reviews, an online questionnaire was created requiring the departments and agencies handling cash to respond to specific internal control questions before an onsite visit. However, some questions are designed for in-person responses. The questionnaire will be implemented in early 2024.

City-County Risk Analysis

In April of 2023, OAP presented to the Committee a list of Emerging Risks and a list of risks identified during an assessment of audit findings identified in various audits (internal and external), and consulting engagements and the root cause. As time permits, OAP will continue to work with OFM to determine the most effective and efficient approach to mitigate the same findings being repeated across the city and county.

Internal Control Awareness Training:

OAP collaborated with FORVIS to perform a Citywide internal controls awareness training on Thursday, September 28, 2023; over 80 City-County participants were in attendance. The training provided attendees with an overview of internal controls using the Committee of Sponsoring Organizations (COSO) framework. The training also fulfilled requirements established by the SBoA and reiterated the importance of aligning internal controls and self-risk assessment. Typically, the internal controls training is performed biannually. However, training was not provided in Q1 of 2023. Training attendees included City and County elected officials, CFOs, department directors, deputy directors, and staff with roles directly related to financial operations.

External Audit Assistance Provided:

Over the course of 2023, the Office of Finance and Management, the Marion County Treasurer's Office, the Marion County Auditor's Office, and the OAP Audit Team, worked with external auditor FORVIS to ensure the timely completion of City and County "Annual Reports". OAP contributed 365 hours of testing in support of the external audit engagement.

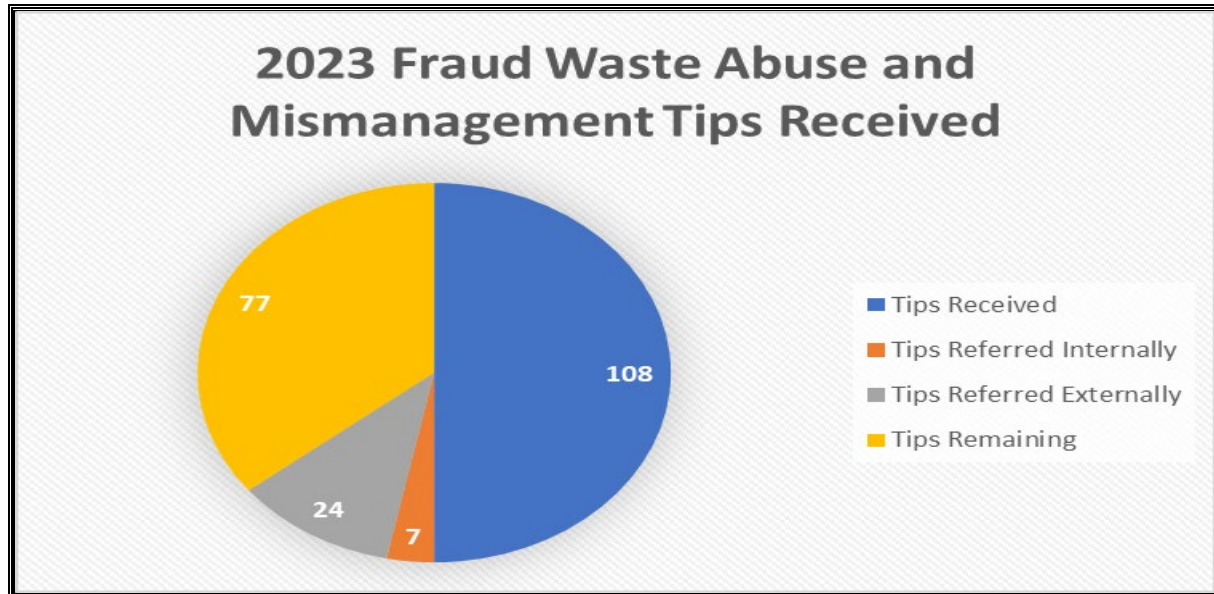
Fraud, Waste, Abuse, and Mismanagement (FWAM)

In 2023, OAP maintained a Fraud Hotline to monitor and investigate tips relating to fraud, waste, abuse, and mismanagement ("FWAM") within City-County. The Fraud Hotline includes options for both phone and electronic submissions. In prior years, most of the tips received were unrelated to City-County or did not fall under OAP's purview. As a result, in 2023, OAP partnered with the Mayor's Action Center (MAC) to handle specific types of tips.

Each new City-County employee is introduced to the concept of FWAM and made aware of OAP's Fraud Hotline and Website during their new employee orientation. Additionally, all employees receive information on fraud detection best practices during International Fraud Awareness Week in November.

In 2023, OAP received 108 FWAM tips. Seven tips were referred internally and resolved. Twenty-four tips were submitted to external sources, such as the Indiana Attorney General, Indiana Department of Revenue, and Indiana State Board of Accounts for resolution. The remaining seventy-seven tips received

could not be assessed; they were unrelated to City-County, not under OAP's purview, or did not contain sufficient information, as illustrated in the chart below:



Assessment Request

To enhance City-County operations and add value, OAP provided advisory/consulting services in 2023. The assessment results are pending.

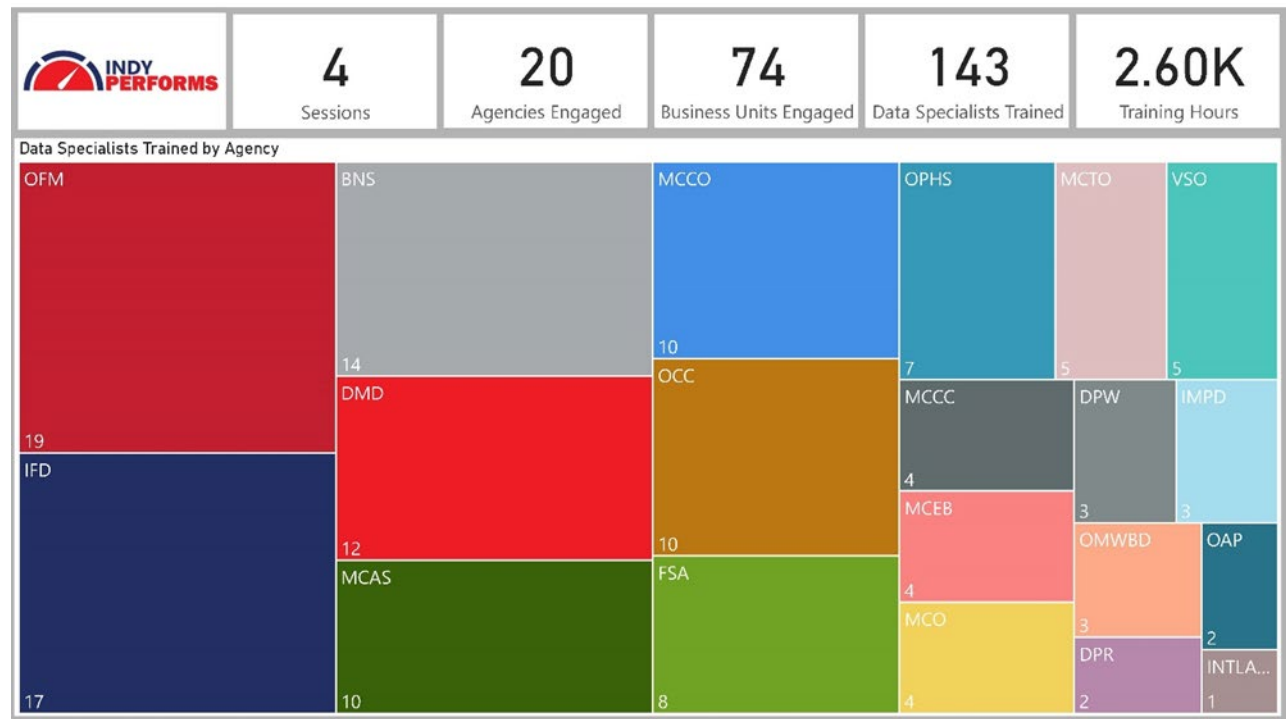
Ongoing Audit Projects

The following audits were started in 2021 and completed in 2023, issuance is pending:

1. Community Justice Campus (CJC) Construction Audit (performed by FORVIS)
2. Human Resources Division

Performance and Innovation Team - Indy Performs

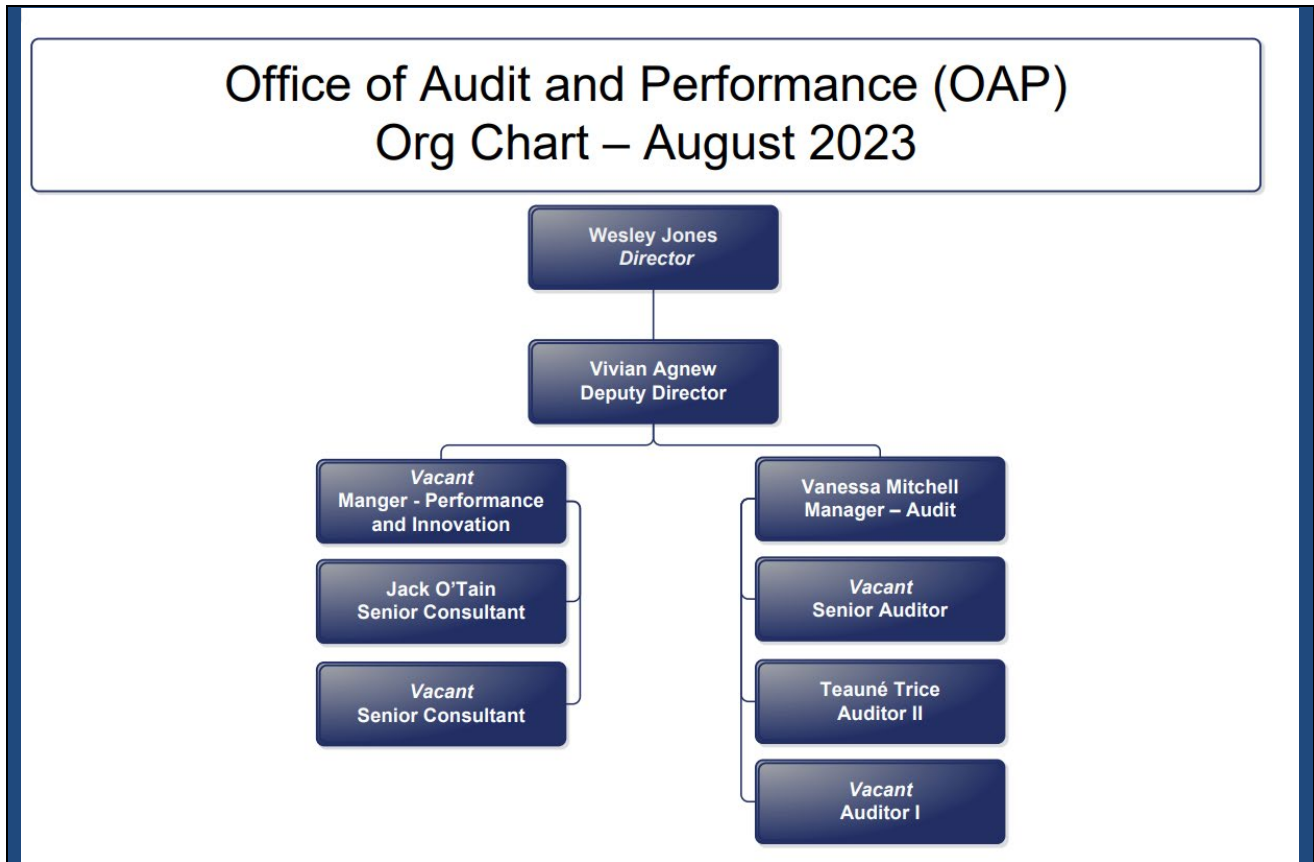
In 2022, the Performance and Innovation Team presented a reimagined Indy Performs to the Enterprise. The program seeks to improve the City-County's understanding and use of data to monitor and track performance and enable data-driven decisions. In 2023, Performance Staff reviewed the prior year curriculum, and revised elements of the program to address feedback provided by participants. OAP offered two training sessions using this revised curriculum, resulting in a combined 380 hours of training for the City-County Enterprise.



Appendix A – City-County Audit Committee Roster

Audit Committee Members	
Voting Members	
David Reynolds, Chair	Senior Vice President, Policy Analytics LLC.
Crystal Allen	CEO & VP Tax and Accounting Services, A Total Solution
Michael Claytor	Retired Financial Services Executive
Dan Boots	Councilor (District 3), City-County Council
Michael-Paul Hart	Councilor (District 18), City-County Council
Tanya Ndiaye	Accountant, Tanya Ndiaye dba "The Organizer"
Emily Stump	Project Manager, Office of the Mayor
Non-Voting Ex-Officio Members	
Sarah S. Riordan	City Controller, Office of Finance and Management
Susan W. Gordon, CPA, JD, CFE	Director of Audit Services for Cities and Towns, State Board of Accounts
Greg Stowers	Chief Administrator Office/Policy Director, City-County Council
Wesley J. Jones, Secretary	Director, Office of Audit and Performance
Myla Eldridge	Marion County Auditor, Marion County Auditor's Office

Appendix B - OAP Organizational Chart



Contact Us

Office of Audit and Performance

200 East Washington Street | Suite 1741 | Indianapolis, Indiana 46204
(317) 327-4591 | OAP@indy.gov | Indy.gov/OAP