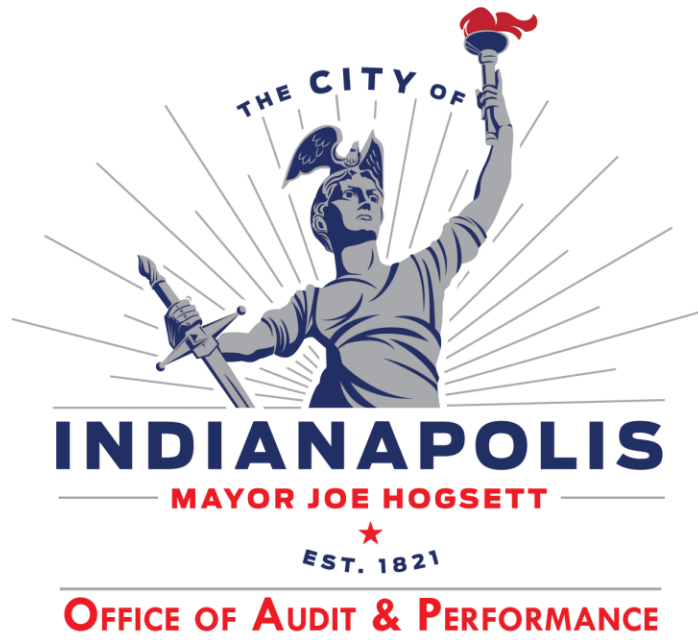


2022 Annual Report



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

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 Indianapolis-Marion County Audit Committee's ("Committee") 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. The Committee selects the external audit firm that prepares the audited financial reports for the City of Indianapolis and Marion County and is charged with overseeing the Office of Audit and Performance (OAP) affairs, ensuring independence and objectivity.

To ensure members remain current regarding their duties and responsibilities, OAP hosts an annual Orientation and Refresher Session. The 2022 orientation and refresher session was held on February 18 – see summary below for more details. The session was followed by four Committee meetings throughout 2022. There were no Committee member vacancies throughout 2022. A summary of each meeting is listed below:

2022 Audit Committee Meeting Summary	
ORIENTATION February 18, 2022	All Committee members attended the Annual Orientation/Refresher Session. The session aimed not only to educate members about their responsibilities and duties, but it also provided insight into the duties and responsibilities of various City-County business units, departments and agencies, including OAP and the City-County external auditor FORVIS, LLP ("FORVIS") formerly known as BKD. FORVIS performed the external audit for the period ending 12/31/2021. Presenters included representatives from the Indiana State Board of Accounts, Office of the Corporation Counsel ("OCC") and FORVIS.
PUBLIC MEETING February 25, 2022	OAP made significant enhancements to the Annual Risk Assessment, which is used to determine the entities selected for audit in its annual plan. The revisions more accurately reflect the risk, likelihood of occurrence and its impact to City-County.
PUBLIC MEETING April 22, 2022	The Committee approved the 2021 Annual Report. The result of the Audit Committee Self-Assessment was presented to the Committee and discussed. FORVIS provided an overview of the 2022 External Audit Planning Document and discussed areas of risk, related timelines, and status for the City and County Annual Comprehensive Financial Reports and Single Audits. The Marion County Treasurer's Office presented on the Public Fund investment objectives, including legal requirements, safety measures, liquidity, and yields.

**PUBLIC MEETING
July 22, 2022**

FORVIS provided the Committee with copies of the City and County Annual Comprehensive Financial Reports and Single Audits and presented on the contents of each report.

**PUBLIC MEETING
October 28, 2022**

In performing its oversight role, the Committee may require a business unit, department, or agency having challenges meeting the external audit deadlines or with outstanding action plans from a prior year (beyond the proposed completion date) to provide progress updates. The Audit Committee received status updates from City-County agency representatives from the Indianapolis Housing Agency (“IHA”) and the Office of Finance and Management (“OFM”).

It was reported that the City’s 2022 (for the period ended 12/31/2021) Single audit and its Annual Comprehensive Financial Report did not contain findings.

OAP completed one advisory service engagement during the year: Business and Neighborhood Services (BNS).

2022 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.

The Audit Findings Tracker listed two (2) un-remediated findings as of December 31, 2022.

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 12/31/22 completion date due to technological and COVID-related delays of the Kronos HCM system. The item remains outstanding.
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	Auditor's Office completed its updates in accordance with the functionality of the application. However, portions of the action plan remain outstanding.
2020 City AFR/ Single Audit	1	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	Item # 2020-001 - To be removed in 2023.
2020 County AFR/ Single Audit	2	The Sheriff Commissary special revenue fund, the Clerk of Circuit Court agency fund, and the Sheriff agency fund are not maintained within the County's general ledger, resulting in adjustment to be posted for these accounts.	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.

Marion County Election Board Audit (MCEB)

OAP examined the MCEB operations to evaluate the sufficiency of internal controls and adherence to their standard operating procedures, laws, and regulations. Two areas of nonconformance were observed relating to document destruction and expense reimbursement; recommendations were provided.

2022 Cash Counts Summary

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. At the conclusion of 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 and prior to 2022 was posted to OAP's website.

Effective 2022, a summary of all cash counts conducted each year will be reflected in the Annual Report starting with the 2022 summary of cash count reviews. OAP will no longer post an all-inclusive stand-alone cash count summary report on its website.

OAP reviewed cash count activity for four 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 is assessing the business unit's compliance with the Consolidated City of Indianapolis and Marion County, Indiana: Internal Controls Policy Pursuant to Ind. Code § 5-11-1-27.

City-County Risk Analysis

In 2021 and 2022, while conducting various City-County audits, and reviewing consulting engagement reports, OAP noticed that specific findings/risk types appeared repeatedly. Using data from prior audits, the risk and its root cause were identified. The results of the City-County risk analysis was finalized in 2022 and will be presented to the Audit Committee in early 2023. OAP will work with OFM to address each risk noted.

Internal Control Awareness Training

OAP collaborated with FORVIS and organized a biannual citywide internal controls awareness training. In 2022, the training occurred on Friday, March 25, 2022; over 250 City-County participants were in attendance. The second session occurred on Thursday, December 1, 2022. Attendance was not confirmed but was projected to be about the same as the first session. 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 State Board of Accounts and reiterated the importance of aligning internal controls and self-risk assessment. In attendance were City and County elected officials, CFOs, department directors, deputy directors, and staff with roles directly related to financial operations.

External Audit

Over the course of 2022, 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 Comprehensive Financial Reports ("Annual Reports"). The Annual Reports are submitted to the Government Finance Officers Association for consideration for a Certificate of Excellence in Financial Reporting. OAP contributed 400 hours of testing in support of the external audit engagement.

Fraud, Waste, Abuse, and Mismanagement (FWAM)

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

In 2022, OAP received 187 FWAM tips. Forty-four tips were referred internally and resolved. Fifty tips were submitted to external sources, such as the Federal Bureau of Investigation, for resolution. However, the remaining ninety-three 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:



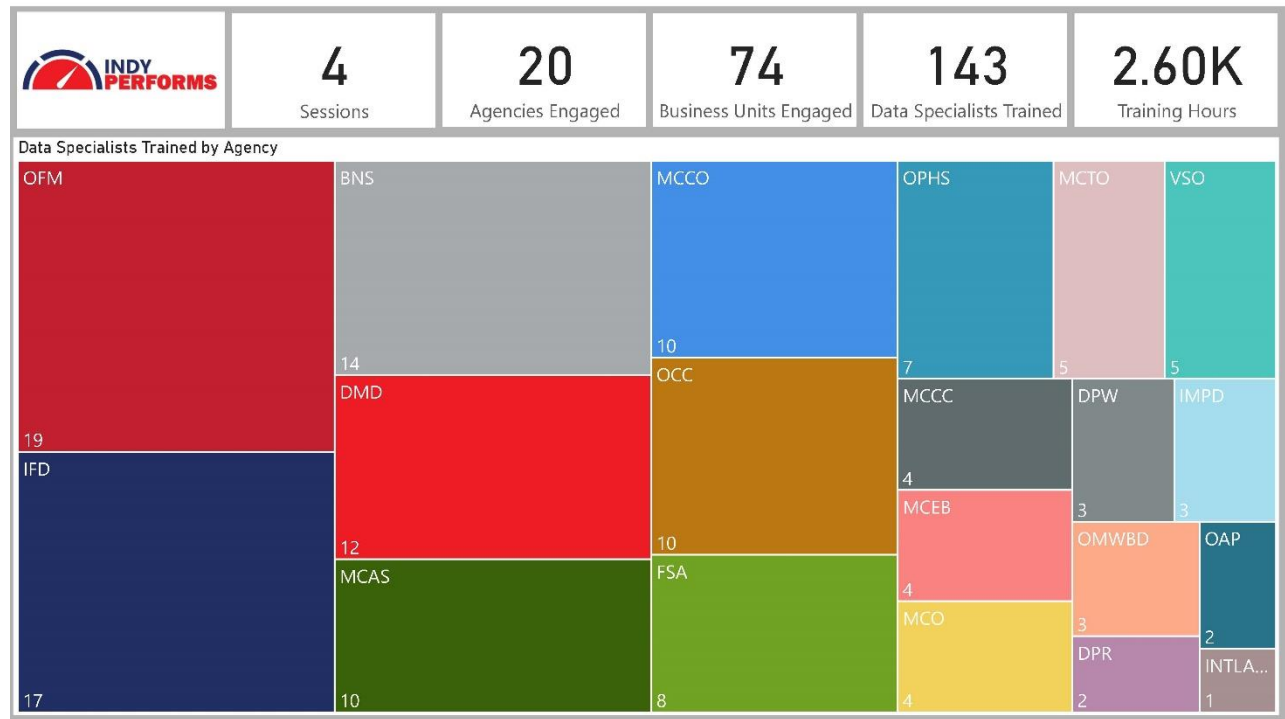
Ongoing Audit Projects

OAP started the following audits in 2021 with expected completion in 2023:

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

Performance and Innovation Team: Indy Performs

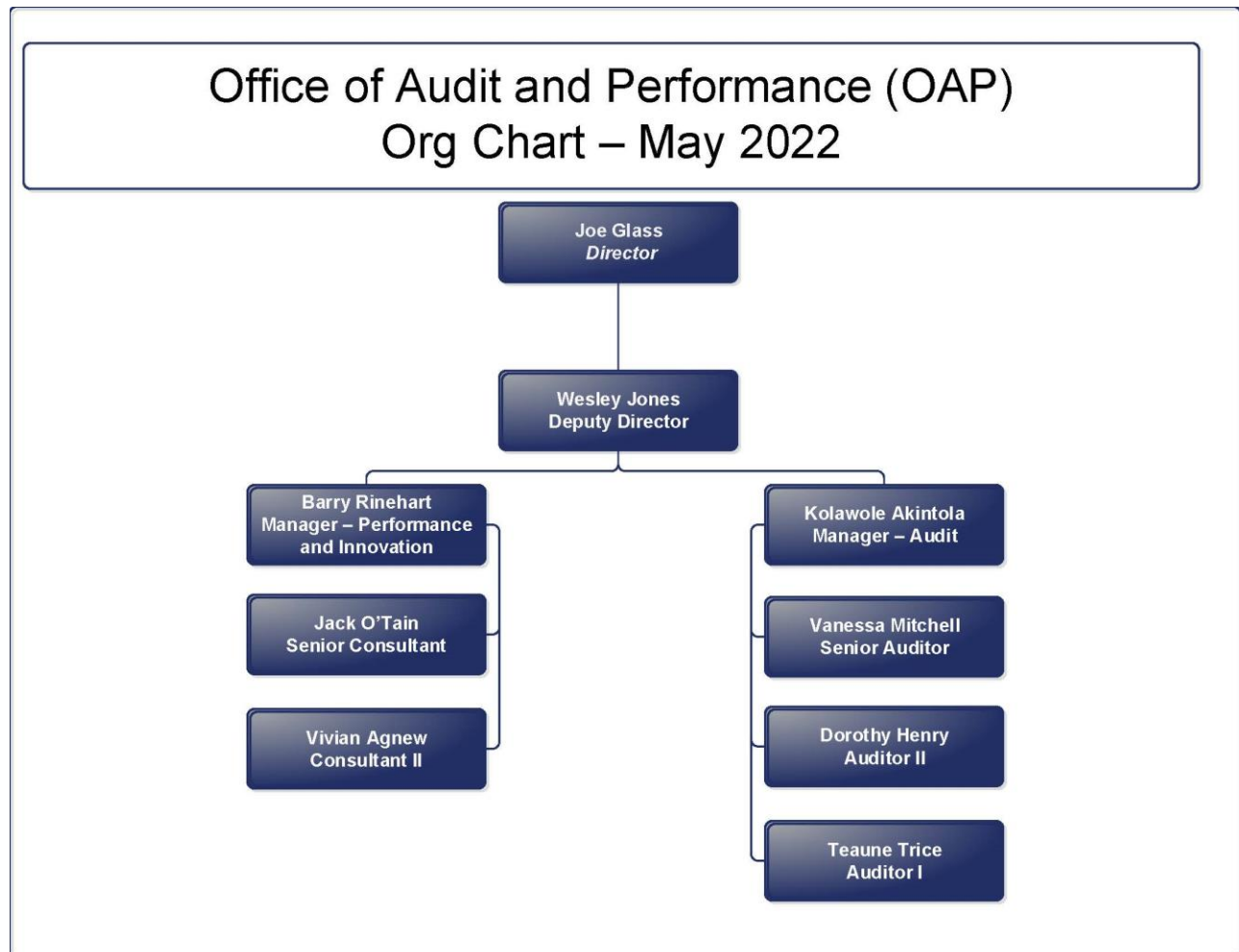
In 2022, the Performance and Innovation Team presented a reimagined Indy Performs to the Enterprise. The program seeks to improve the City-County's use of data to monitor and track performance and enable data-driven decisions. In the past year, OAP trained 20 agencies on data literacy and Power BI, representing 74 business units and 143 City-County employees. Over the course of the program, staff delivered 2,600 hours of training using a combination of in-person coursework and online training via Lessonly.



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"
Ryan Mann	Special Counsel to the Mayor of Indianapolis, Office of the Mayor
Non-Voting Ex-Officio Members	
Ken Clark	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
Brandon Herget	Chief Financial Officer and Policy Director, City-County Council
Joe Glass, Secretary	Director, Office of Audit and Performance
Julie Voorhies	Marion County Auditor, Marion County Auditor's Office

Appendix B - OAP Organizational Chart



Contact Us

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