Standing Committee Report

REPORT NUMBER	123-2026-Corporate Services-Internal Audit	
DATE PREPARED	March 13, 2026	***FILE***
STANDING COMMITTEE MEETING DATE	April 14, 2026	

SUBJECT Internal Audit Charter and 2026 Internal Audit Work Plan

PURPOSE The purpose of this report is to present the Internal Audit Charter and the 2026 Internal Audit Work Plan for Standing Committee endorsement, and to seek approval for these documents to be forwarded to City Council for final ratification.

WITH RESPECT to Report 123-2026-Corporate Services-Internal Audit, we request endorsement of the Standing Committee to forward the following recommendations to City Council:

WE RECOMMEND THAT the Internal Audit Charter be approved as presented;

AND THAT the 2026 Internal Audit Work Plan be approved as presented;

AND THAT any necessary by-laws be presented to City Council for ratification.

EXECUTIVE SUMMARY

Internal Audit provides independent assurance that City programs, finances, and operations are functioning as intended.

The Internal Audit Division has updated the Internal Audit Charter to reflect current public sector internal auditing standards, the City's organizational structure, and expectations for independence, accountability, and reporting. The Charter defines the mandate, authority, and responsibilities of the Internal Audit function.

The 2026 Internal Audit Work Plan was developed through a formal risk assessment process that evaluated potential audit areas using criteria such as financial materiality, inherent risk, operational complexity, potential for savings or revenue improvement, and time since last review. The plan prioritizes high-risk and strategically significant areas that support effective governance, accountability, and continuous improvement.

Together, the Charter and Work Plan form the foundational governance framework for internal auditing at the City and provide Council and Administration with clear expectations for audit delivery in 2026. These documents collectively ensure the City's internal audit function remains independent, transparent, and aligned with municipal best practices.

This report also supports the Standing Committee's oversight role by ensuring that the Internal Audit Charter and annual Work Plan are formally reviewed and approved each year.

KEY CONSIDERATIONS

The Internal Audit Charter and 2026 Work Plan establish the core governance and accountability framework for the Internal Audit Division. The Charter confirms Internal Audit's authority, independence, and unrestricted access to information, while aligning with the Institute of Internal Auditors (IIA) Standards. It clarifies Internal Audit's mandate to provide independent assurance, advisory services, investigations, and follow-up work.

The 2026 Work Plan was developed using a structured, risk-based methodology that considered financial materiality, inherent risk, operational complexity, value-added potential, and the time since last audit. The plan includes a balanced mix of mandatory audits, high-risk operational reviews, continuous auditing activities, and follow-up on prior recommendations. Audit priorities focus on areas such as credit card compliance, Payment Card Industry Data Security Standard (PCI DSS) requirements, inventory management, cash handling, fuel controls, vendor payment monitoring, revenue assurance, and vending machine and ATM operations. These projects support effective governance, financial stewardship, and strong internal controls across the organization.

FINANCIAL IMPLICATION

There are no direct financial impacts arising from approval of the Internal Audit Charter or the 2026 Work Plan. Indirect financial impacts may arise through audit recommendations that identify operational efficiencies, cost avoidance, revenue improvements, or strengthened internal controls.

BACKGROUND

Under the previous governance structure, the Audit Committee was responsible for reviewing and approving both the Internal Audit Charter and the annual Internal Audit Work Plan. With the transition of oversight responsibilities to the Standing Committee, the review, endorsement, and monitoring of the Charter and Work Plan now formally rest with the Finance and Administration Standing Committee. This transition aligns the City's governance model with municipal best practices and strengthens Council's oversight of the Internal Audit function, ensuring continued independence, accountability, and compliance with professional standards.

The Internal Audit Charter and the 2026 Internal Audit Work Plan have been prepared to modernize and strengthen the City's internal audit function. The updated Charter clarifies Internal Audit's mandate, independence, and authority, ensuring continued alignment with the Institute of Internal Auditors (IIA) Standards and municipal governance best practices. These refinements reinforce Internal Audit's unrestricted access to information, independence from management, and its role in providing objective, risk-based oversight across all City departments.

The 2026 Work Plan was developed using a structured risk-based assessment methodology that applied standardized criteria—including financial materiality, inherent risk, operational complexity, value-added potential, and time since last audit—to identify and prioritize high-risk and high-impact areas. Mandatory audits were incorporated based on policy, legislative requirements, and industry compliance obligations, including Credit Card Compliance, Eye on the Street quarterly reviews, and PCI DSS device inspections. Additional risk-based audits were selected using the results of the corporate risk assessment, management input, and emerging operational trends.

Together, these elements create a balanced mix of mandatory, risk-based, and continuous auditing activities, while reserving capacity to respond to emerging risks and investigations. This approach ensures Internal Audit remains responsive and focused on the areas most critical to safeguarding municipal assets, supporting financial stewardship, and enhancing operational effectiveness.

REFERENCE MATERIAL ATTACHED

Internal Audit Charter

2026 Internal Audit Work Plan

REPORT PREPARED BY

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REPORT SIGNED AND VERIFIED BY

Keri Greaves, Commissioner & City Treasurer – Corporate Services Department

Date (MM/DD/YEAR)