

Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, February 3, 2026
Subject	Internal Audit Work Plan 2026-2028

Recommendation

1. That the Internal Audit Work Plan 2026-2028, as outlined in the report titled "Internal Audit Work Plan 2026 – 2028" dated Tuesday February 3, 2026, be approved.
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Executive Summary

Purpose of Report

To provide the Committee of the Whole details regarding the 2026 Internal Audit Work Plan (the "work plan"), as well as a status update of the 2025 Internal Audit Work Plan.

Key Findings

- Consistent with prior years, the 2026 work plan was developed considering factors including a risk assessment completed by Internal Audit, feedback from management and members of Council, consideration of emerging trends affecting municipalities, previous audit results, and informed by the Enterprise Risk Management (ERM) risk register.
- The Plan's objective is to assist management and Council in achieving the City's strategic and operational goals and objectives in an efficient, effective and economic way.
- It complies with the City of Guelph's internal audit charter and supports the City's Strategic Plan.
- The work plan may be modified during the year as required.
- All internal audit activity is performed in an independent and objective manner.
- All the approved audit projects were either completed or in progress as of year end 2025. All recommendations made during audit execution were agreed upon by management who provided action plans to address the recommendations.
- The organization's first ERM risk register was developed and presented to Council in June 2025. Work continues to incorporate structured risk management practices utilizing the ERM policy and framework throughout the organization and is an ongoing initiative.

Strategic Plan Alignment

The 2026 Internal Audit Work Plan supports the Foundations theme and corresponding Lead with Accountability objective. Through projects identified, Internal Audit will utilize a systematic and disciplined approach to evaluate and

improve the effectiveness, efficiency, and economy of the city's governance, risk management and internal controls.

Future Guelph Theme

Foundations

Future Guelph Objectives

Foundations: Lead with accountability

Financial Implications

Implementation of audit recommendations could have financial implications, leading to more effective governance, risk management and internal control environment.

Report

The work plan was developed using a risk-based methodology approach. It complies with the City of Guelph's internal audit charter mandate and supports the City's Strategic Plan.

The 2026 work plan (Attachment-1) sets out the priorities of the Internal Audit department. These priorities are reflective of the City of Guelph's objectives, the Strategic Plan priorities, and are integrated and coordinated with the risk assessment performed by Internal Audit, as well as being developed with the ERM risk register results. The specific scope of each project will be determined during the project's planning phase.

Summarized below are several factors considered in developing the work plan:

- Internal Audit risk assessment results including the enterprise risk register
- Last time an area/process was audited
- Results of previous audits
- Consideration requests from management and members of Council
- Strength of internal control environment; and
- Emerging trends.

The annual work plan may be adjusted throughout the year as other issues or concerns are identified.

The work plan (Attachment-1) is based on the availability of two full-time auditors for the full year. The plan will need to be adjusted if adequate resources are not available throughout the year.

The proposed 2027 and beyond work plan (Attachment-2) has been updated based on the same factors described above in developing the current year's work plan.

Internal audit activities will be conducted in compliance with the [International Standards for the Professional Practice of Internal Auditing](#).

An internal audit charter is required as part of the International Standards for the Professional Practice of Internal Auditing. The head of the Internal Audit department is responsible for drafting and updating the Charter. The Charter should be reviewed and updated periodically, at least every four years to ensure that it remains relevant to the needs of the city. Our charter was approved by Council last year and remains in effect until the current term of Council ends.

2025 Activity Summary

The 2025 work plan included four scheduled audits, and three consulting projects. As of December 31, 2025, two of the audits were completed with the other two in progress and expected to be completed by Q2 2026. In addition, work on the multi-year ERM framework was advanced with the completion of the first risk register report submitted to Council in June 2025. Internal Audit also completed a project that reviewed the department's alignment with the 2024 Institute of Internal Auditors (IIA) internal audit standards framework update. The department is mostly in line with standards and action plans to achieve full compliance that have been developed.

All audit recommendations made in the completed audit reports have been accepted by management. The status of all outstanding recommendations made through the completed audits was reported two times during 2025 with favourable results in management's continued efforts to implement recommendations to improve the overall control environment. In addition to the projects identified in the 2025 work plan, two consulting requests were completed during the year. The projects included assisting a department with an audit program for a review of a collaboration agreement, and creation of an audit checklist template for future community benefit agreements.

As part of Internal Audit's goal of continuous improvement, Internal Audit utilizes a client survey at the end of each completed audit project to receive feedback. The feedback received is used to identify opportunities to enhance the internal audit process. In 2025, two surveys were completed by auditees. The client satisfaction rate, based on the feedback, was 81 per cent versus a target of 75 per cent.

Financial Implications

Implementation of audit recommendations could have financial implications, leading to more effective governance, risk management, and internal control environment. Budgeting for such financial implications is the obligation of departments and is ultimately at the discretion of the Mayor and Council through the City's annual budgeting processes

Consultations and Engagement

The Executive Team was consulted and supports the proposed work plan.

Attachments

Attachment-1 Internal Audit Work Plan

Attachment-2 Possible Audit Projects 2027 and beyond

Attachment-3 Internal Audit Work Plan 2025 Status Update

Departmental Approval

None.

Report Author

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This report was approved and recommended by:

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