

# Audit Plan FY2026-27



INTERNAL AUDIT OFFICE





# Audit Plan FY2026-27

## About This Plan

### Introduction

The City of Goodyear (City) Internal Audit Office works to strengthen the City's ability to create, protect, and sustain its value chain by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight. Internal Audit supports the City's strategic priorities by applying a systematic, disciplined approach to evaluating—and improving—the City's governance, risk management, and control processes.

This Audit Plan communicates Internal Audit's planned work, including the audits and other engagements we expect to complete, how that work aligns to City priorities and risk themes, and how we will report progress. While this plan reflects the best information available at the time it was developed, it is designed to remain flexible. As risks, priorities, or conditions change, Internal Audit may adjust the plan and will communicate material changes to the Audit Committee. The Citywide risk assessment that informed this plan is presented separately.

## Purpose and Scope

### Purpose

The purpose of this Audit Plan is to communicate Internal Audit's planned work and the audit coverage we intend to provide based on City priorities and identified risk themes. It describes how Internal Audit resources are expected to be allocated across planned engagements and other support activities, and it provides transparency into what Internal Audit will focus on and why. This plan also serves as the basis for Audit Committee review and approval of Internal Audit's planned work and priorities.

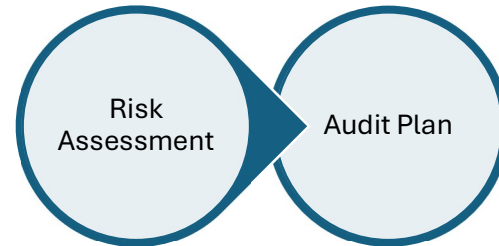
### Scope

The scope of this Audit Plan covers the remainder of FY25-26 and FY26–27. Planned work includes a mix of assurance engagements, advisory projects, technology reviews, and compliance audits, as well as follow-up work to assess progress on prior recommendations. In addition, the plan includes efforts to further develop the City's continuous audit processes to improve timely risk visibility and support a more responsive audit approach throughout the year.

# Audit Plan FY2026-27

## Relationship with the Risk Assessment

This Audit Plan is informed by the City Internal Audit Office's separate **Risk Assessment Report**, which documents the risk themes, evaluation factors, and scoring approach to compare risk across the audit universe. The risk assessment provides the underlying risk-based view that helps guide audit planning and prioritization; however, it is presented as a standalone report to maintain clarity between risk identification and planned audit coverage. Together, the risk assessment and this Audit Plan provide the Audit Committee, City leadership, and interested members of the public with a transparent picture of the City's risk environment and how Internal Audit intends to focus its work on response.



- City Council
- Executive Management
- Departments

## How We Built the Plan

### Input

Internal Audit developed this Audit Plan using a risk-based approach based around the Risk Assessment and informed by city leadership priorities. Inputs included the results of the Risk Assessment, which evaluated risks across the audit universe using a consistent scoring method based on impact and likelihood and the City's strategic direction under the **FY26–29 Strategic Plan**.

We also incorporated input from City Councilmembers, City leadership, department leadership, and key internal support programs gathered through meetings and interviews, as well as consideration of citywide governance, risk management, and control processes and the “three lines of defense” roles across the organization.

In addition, we considered any prior audit coverage and the status of follow-up work, required or mandated reviews where applicable, and emerging risks that may warrant attention during FY26–27.

# Audit Plan FY2026-27

## Planning Principles

Internal Audit follows three guiding principles when building the Audit Plan. First, the plan is risk-based—work is prioritized using the Risk Assessment results and aligned to the City’s strategic direction. Second, the plan is designed to remain flexible so Internal Audit can respond to emerging risks, significant organizational changes, or urgent issues that arise during FY26–27; when priorities shift, we will communicate material adjustments to the Audit Committee. Third, we seek coordination with any external auditors or regulators, where applicable, to reduce duplication, leverage relevant work already performed, and ensure overall assurance coverage is as complete and efficient as possible.

## Independence and Maintaining Objectivity

Internal Audit provides both assurance and advisory support while maintaining the independence and objectivity required for credible oversight. Assurance engagements deliver independent conclusions on whether governance, risk management, and control processes are adequately designed and operating effectively. Advisory work is intended to help management strengthen processes—by sharing insights, facilitating risk discussions, and offering recommendations—without taking on management responsibilities or making operational decisions. When Internal Audit provides advisory support, we clearly define our role, protect decision-making authority for management, and apply safeguards as needed (such as separating advisory work from later assurance coverage) to ensure our independence and objectivity remain intact.

## Internal Audit Strategic Priorities (FY26–27)

To deliver the most value from Internal Audit resources—and remain responsive to a changing risk environment—Internal Audit will focus on the following strategic priorities during FY26–27:

1. **Strengthen timely risk identification and response** - maintain an overall approach for identifying, prioritizing, and responding to risks as conditions change, including increased use of ongoing risk sensing and timely communication of significant risk shifts.
2. **Use agile, forward-focused audit practices** - apply flexible audit methods—such as targeted reviews, focused testing, and “risk sprints”—to address dynamic risks faster and provide insight earlier, while still delivering high-quality assurance where it is needed.



# Audit Plan FY2026-27

3. **Increase collaboration and risk information flow** - partner with City stakeholders and professional peers to increase engagement, share best practices, gain new perspectives, and promote an open flow of risk information across the organization.
4. **Deliver meaningful assurance, advice, and insight to leaders** - provide the City Council, Audit Committee, and City leadership clear and actionable assurance, advice, and insight on the key risks that matter most to achieving City objectives and sustaining the City's value chain.
5. **Promote continuous improvement and practical results** – contribute and cultivate to the continuous improvement philosophy that emphasizes incremental change, problem solving, and sustained improvements, helping management strengthen governance, risk management, and internal controls over time.
6. **Invest in staff development** - engagement with leadership and staff development strategies that strengthen performance, build capability—ensuring the Internal Audit function remains effective and resilient.

These strategic priorities guide how Internal Audit will approach its work during FY26–27 and how we stay responsive to risk, collaborate across the City, and deliver meaningful assurance and insight. With that foundation in place, the next section outlines what we plan to audit: the engagements and focus areas selected to provide the most value and coverage of the City's key risks during the plan period.

## What We Plan to Cover

The Audit Plan is designed to provide balanced coverage of the City's highest-priority risks while supporting reliable operations and accountability across the audit universe and within available resources. The work planned for FY26–27 includes a mix of assurance and advisory engagements, technology, compliance reviews, follow-up work on prior recommendations, and ongoing development of continuous audit processes. The following summarizes the planned areas of coverage to ramp up the City's audit function:

### Initial Audit Ramp up Phase:

#### Non-Audit Projects:

Implementation of *AuditBoard Platform*

Implementation of *Alteryx and Power BI Platforms*

#### Assurance Audits

Ambulance Billing – Fire and Finance



# Audit Plan FY2026-27

Development Impact Fees – Development Services  
In Lieu Payments – Development Services

## **Follow-up Reviews**

Payroll Review – Human Resources and Payroll (Protiviti, Follow-up In-House)  
Payroll Error Review – Human Resources and Payroll  
Capital Improvement Plan – Engineering (Protiviti, Follow-up In-House)  
*(As new reviews are concluded they will rotate into the follow-up group)*

## **Continuous Monitoring Process Development Projects**

Purchasing Cards (P-Cards) – Finance  
Accounts Payable – Finance  
General Ledger – Finance  
Pay and Benefit Reconciliation – Human Resources and Finance

## **Phase 2: (anticipated in the new fiscal cycle and FY26-27 Budget)**

### **Assurance Audits**

Permitting Fees – Development Services  
Parks and Recreation Governance – Parks and Recreation  
Cash Controls – Finance (and cash handling units)  
Inventory Controls – Citywide  
Non-Monetary Asset Governance – Citywide  
Contract Performance – Citywide

### **Advisory Reviews**

City Growth Governance – Citywide

### **Technology**

Data Governance and Integrity – Police  
System Requirements Analysis Process – Information Technology

### **Compliance**

Overtime Authorization – Citywide  
Policy and Procedure Governance – Citywide  
Gift Declaration – Citywide

## **For Future Consideration**

### **Assurance Audits**

Pavement Mileage Projects to Contract Performance – Public Works  
Travel Expense and Per Diem Governance – Finance



# Audit Plan FY2026-27

## **Advisory Reviews**

Water Fees and Collections – Finance

Water and Wastewater Fee Governance – Finance

## **How We Will Stay Flexible**

### **Ongoing and Responsive Work**

While this Audit Plan identifies the work we expect to complete during FY26–27, Internal Audit also reserves capacity to respond to issues that emerge during the year. Emerging risks may come to light through monitoring activities, changes in City operations, significant projects or system implementations, incidents or control breakdowns or complaint information (where applicable), external audit/regulatory activity, or direct requests from the City Council, Audit Committee, City leadership, or management. When time-sensitive matters arise, Internal Audit may conduct targeted reviews, “risk sprints,” or focused testing to provide timely insight and recommendations.

Internal Audit will consider several factors when adding, removing, or reprioritizing work. These include the potential impact on the public and service delivery, financial exposure, compliance and regulatory risk, technology and cybersecurity implications, reputational risk, the likelihood and urgency (risk velocity), whether the issue is Citywide or affects multiple departments, and whether there is adequate existing oversight or coverage by external auditors or regulators. We will also consider resource availability, timing constraints, dependencies, auditor judgement and the opportunity to prevent or reduce risk early.

When plan adjustments are necessary, Internal Audit will communicate material changes to the Audit Committee in a transparent and timely manner during the quarterly meetings. Updates will typically be provided as part of regular Audit Committee quarterly reporting, and urgent changes may be communicated sooner as needed. Plan updates will summarize what is changing, why the change is being made, and how the change affects timing, resource use, or planned coverage.

### **Resource Plan**

This section summarizes the resources available to deliver the FY26–27 Audit Plan and the assumptions used in allocating audit work. The plan is designed to align available capacity with the City’s highest-priority risks while reserving flexibility for emerging issues.



# Audit Plan FY2026-27

**Available staffing** - Internal Audit's planned work is based on an assumed staffing level of one FTE during FY26–27, and currently no additional FTEs are planned. Where specialized expertise or temporary capacity is needed, plans include co-sourcing support particularly in areas such as Information Technology, Cybersecurity, data analytics and other needs (based on proposed budget).

**Budget assumptions** - This plan assumes an operating budget sufficient to support baseline audit activities, training and professional development, tools/technology, and any planned co-sourcing. The total of the preliminary starting budget for FY25-26 included resources of \$82k net of wages and related expenses. The remaining budget for FY25-26 limits the progress possible through June 2026 until the new budget begins. Budget assumptions include Other Professional Services, Telecommunications and Data, Equipment Related, Employee Training and Development, Professional Dues and Memberships, and Office Supplies. The proposed budget for FY26-27 includes adding an additional \$175k (\$250k in total) to the Other Professional Services account to accommodate the co-sourcing support and implement of the audit plan. We believe this budget sufficiently funds the FY26-27 plan. If budget conditions change materially, Internal Audit will reassess scope and timing and communicate impacts to the Audit Committee.

**Skill Coverage** - Internal Audit will apply a mix of skills to meet the needs of the plan, including IT and technology, performance/operational auditing, compliance, and data analytics. Where needed, Internal Audit will supplement internal capability through training, coordination with internal partners, or through co-sourcing.

**Constraints and tradeoffs** - Audit coverage is ultimately constrained by available staffing, timing, and competing priorities (including emerging risks and urgent requests). If capacity shifts—due to major incidents, or significant unplanned work—Internal Audit may defer or rescope lower-priority engagements, adjust timing, or use co-sourcing where feasible. Any material changes to planned coverage, timing, or resource use will be communicated to the Audit Committee.

**Coordination and Coverage** - Internal Audit plans to coordinate where appropriate with key oversight and support partners—such as external auditors, regulators, risk management, compliance, IT/security, and continuous improvement—to strengthen overall assurance coverage and reduce duplication of effort.

Where appropriate, we consider existing reviews, monitoring results, and regulatory activity when scoping our work and scheduling engagements. When reliance is feasible and supported by the quality and relevance of the work performed, Internal Audit may leverage



# Audit Plan FY2026-27

that work to improve coverage efficiency, focus audit resources on higher-risk gaps, and provide the Audit Committee and leadership a clearer, more complete picture of Citywide risk and control effectiveness.

## How We Will Report Progress

### Reporting and Success Measures

Internal Audit will keep the Audit Committee and City leadership informed of progress throughout FY26–27 through clear, consistent reporting. Audit Committee materials will typically include quarterly updates on plan status (work completed, work in progress, and upcoming engagements), summaries of significant observations and recommendations, and updates on follow-up activity. Where available and appropriate, Internal Audit may also provide dashboards or other visual summaries to highlight trends, key risk indicators, and the status of major recommendations.

To track effectiveness and support continuous improvement, Internal Audit will monitor a modest set of performance measures. These may include plan completion (percent of planned work delivered, adjusted for approved changes), recommendation implementation (management progress in implementing agreed-upon actions), and stakeholder feedback (brief satisfaction/input from key stakeholders on usefulness and clarity). These measures are intended to promote transparency, accountability, and steady improvement in how Internal Audit delivers assurance, advice, and insight.

# Audit Plan FY2026-27

## Key Terms and Definitions

- **Advisory Engagement** — Work that provides advice, insight, or recommendations to help improve processes or address risk, without taking on management responsibilities or issuing an assurance opinion.
- **Assurance Engagement** — Independent work that evaluates whether governance, risk management, and controls are adequately designed and operating effectively, resulting in an objective conclusion.
- **Audit Universe** — The full set of City departments, functions, programs, processes, and systems considered in the risk assessment and available for audit coverage.
- **Citywide** — Cross-department processes and risks that span multiple areas of the City, such as shared services, enterprise policies, and organization-wide initiatives.
- **City Manager's Office (CMO)** — Leadership and enterprise-level coordination functions that support City operations and strategic priorities.
- **Control** — A policy, procedure, practice, or activity designed to reduce risk and help achieve objectives (e.g., approvals, reconciliations, access controls).
- **Continuous Audit / Continuous Monitoring** — Ongoing use of data, dashboards, and periodic automated checks to identify trends, exceptions, and early warning signals between audit cycles.
- **Impact (Risk Impact)** — The potential severity if a risk event occurs, including effects on service delivery, financial stewardship, compliance, safety, and reputation.
- **Likelihood** — The probability that an adverse event will occur.
- **Risk** — The likelihood and impact of an event that could adversely affect the City achieving objectives.
- **Risk Sprint** — A short, focused review designed to quickly assess a dynamic risk area and provide timely insight, targeted testing, and practical recommendations.
- **Three Lines of Defense** — A model describing how risk is managed: **management** as the first line (owns risks and operates controls), **internal support programs** as the second line (guidance, expertise, monitoring), and **Internal Audit** as the independent check (assesses effectiveness and recommends improvements).



# Audit Plan FY2026-27

- **Total Risk Score** — A weighted score used to compare risks across activities: component **likelihood ratings (1–10)** are multiplied by component **impact weight factors (1–10)** and summed to produce an overall score.