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ITEM ID:	**2026-253-0**
TRANSMITTAL DATE:	**July 17, 2026**
MEETING DATE:	**July 24, 2026**
TO:	**Board of Directors**
FROM:	**Elisabeth Lazuardi, Director, Audit**
SUBJECT:	**Internal Audit - Proposed Fiscal Year 2027 Annual Audit Plan**

Issue

The Internal Audit Department (Internal Audit) completed the FY 2027 Annual Audit Plan and is requesting Board approval.

Recommendation

Budget, Audit, and Finance Committee recommended (4-0) the Board approve the proposed FY2027 Annual Audit Plan.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Through the audits performed in FY2027, recommendations will be made for process improvements in various areas.

Background

In accordance with the Internal Audit Charter, Internal Audit is required to submit a risk-based Internal Audit Plan annually for review and approval to the Board of Directors.

Internal Audit developed the FY 2027 Annual Audit Plan (Audit Plan) utilizing a risk assessment process. The risk assessment process includes steps for understanding the

Authority's Strategic Business Plan, defining the audit universe, conducting surveys with departments, and assessing and scoring the risks. The Audit Plan was developed based on the quantitative results of the risk assessment combined with the qualitative inputs obtained from management through the risk assessment survey.

Discussion

Internal Audit is presenting the FY 2027 Annual Audit Plan (Attachment A) for approval. The Audit Plan will be implemented using Internal Audit staff and external resources (on-call consultants for staff augmentation, independent audit firms, and other firms) as needed.

Budget Impact

There is no budgetary impact as a result of this report.

Next Steps

Internal Audit will report to the Board the status of FY 2027 Annual Audit Plan on a quarterly basis.

Prepared by:	Claudia Casasola, Auditor II
Approved by:	Elisabeth Lazuardi, Director, Audit

Attachment(s)

Attachment A - FY 2027 Annual Audit Plan
Presentation - FY2027 Risk Assessment and Audit Plan