

2025 Risk Assessment Result and 2026 Internal Audit Plan/Updates

Finance Committee

March 16, 2026

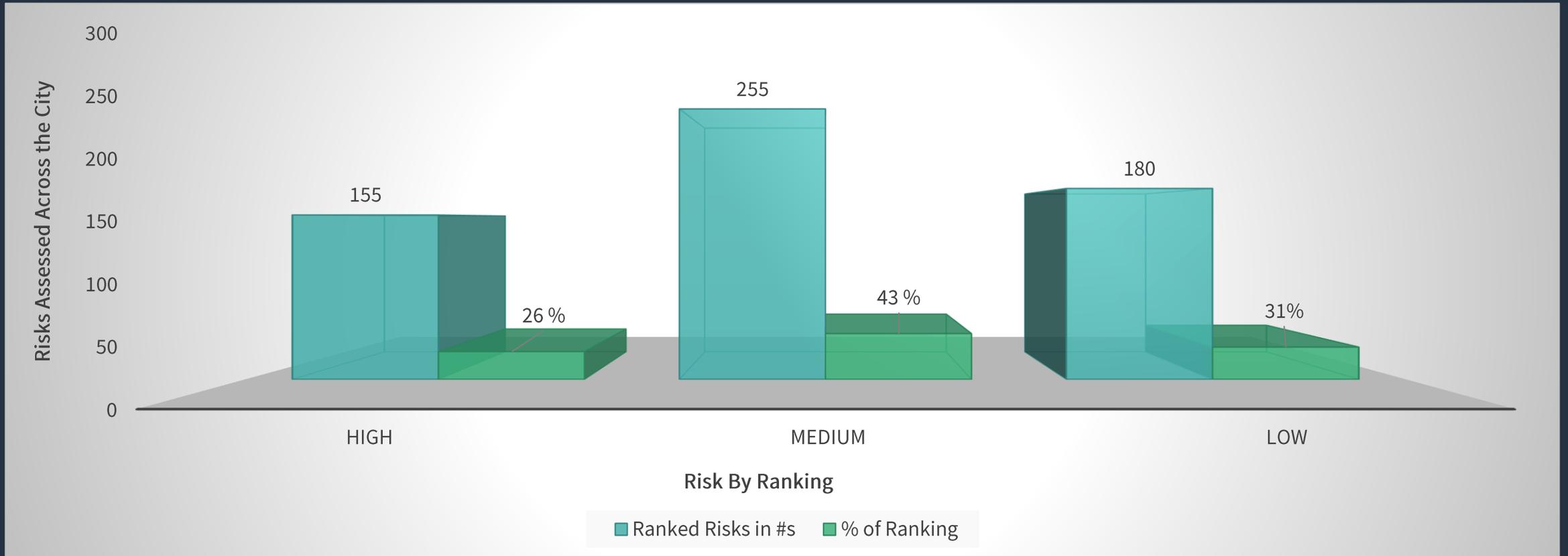




2025 Risk Assessment Results



2025 Risk Assessment Results





City's Emerging Risk

Emerging risks are new or evolving threats that could significantly impact an organization's ability to achieve its objectives. These risks are characterized by uncertainty, rapid change, and limited historical data



City Emerging Risk Includes

<p><u>Information Technology:</u> Technology Dependence, Changing Infrastructure, Technological disruption, Cybersecurity and data privacy</p>	<p><u>Operational:</u> Violation of ordinances/laws, power outage disrupting operations, significant staff turnover leading to understaffed, inability to attract qualified new employees</p>	<p><u>Financial:</u> Budget constraints due to continuous cuts in federal funding and grants, significant insurance payments, significant overtime due to understaffing, economic uncertainty and fiscal pressure</p>	<p><u>Legal:</u> Lawsuits arising from operational incidents</p>	<p><u>Compliance:</u> Regulatory and compliance evolution</p>
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How Internal Audit Will Support the City with the Emerging Risks

To support agencies and divisions effectively, the Internal Audit would:

- Embed risk sensing and analytics in audit planning cycles
- Strengthen collaboration with departments on risk indicators
- Evaluate control design and operating effectiveness.
- Identify process inefficiencies and control gaps.
- Benchmark practices against public-sector best practices.
- Recommend practical and sustainable improvements.
- Maintain adaptive audit methodologies
- Develop capacity in data analytics and technology assurance



How Internal Audit Will Support the City with the Emerging Risks

Key Performance Indicators includes:

- % of audits aligned to top 10 emerging risks
- Average audit cycle time (No of days to complete an audit)
- % of high-risk recommendations implemented
- Risk mitigation progress across divisions audited
- Staff training hours on emerging risk areas



Proposed 2026 Internal Audit Plan

Performance Audit	Notes to the Audit	Period of Performance
Parking Division	Continued from 2025 Annual plan - Review of the City's Parking Division programs for operational efficiency.	Q1 2026
Economic Development Division	Review the Economic Development Division's activities to ensure they align with the municipality's strategic plan, council directives, and approved economic priorities.	Q2 2026
Assessor's Office	Assess activities to determine whether property assessments are conducted in compliance with applicable state laws, municipal ordinances, and regulatory standards.	Q3 2026
Transportation Division	Review of the Transportation Division services to determine whether they align with municipal strategic goals, service standards, and community needs.	Q4 2026



Proposed 2026 Internal Audit Plan

Process Review	Notes to the Audit	Period of Performance
City's Contract and Procurement Review	To assess whether the City's procurement and contract of goods and services activities comply with applicable laws, municipal ordinances, grant requirements, and internal procurement policies.	Q3 2026
Internal Control & Continuous Monitoring	Notes to the Audit	Period of Performance
Cash Counts and Limited Cash Control Reviews	To review the efficiency of cash receipts controls across the city enterprise.	Q2 & Q3 2026
Internal Controls Spot Check	To determine whether key internal controls as established by management are properly designed to mitigate financial, operational, and compliance risks.	Q2 & Q3 2026
Annual Enterprise Risk Assessment	Review of the City's inherent risk, mitigating controls and process improvement.	Q4 2026



Scope of the 2026 Internal Audit Plan

The audit will cover the following activities:

- **Financial Review:** Reviewing the agency's financial activities to ensure that expenditures, revenues, and budgets are properly recorded, and comply with the general accounting standards and practices.
- **Operational Review:** Evaluating the efficiency and effectiveness of services and operations to ensure maximizations of resources, and alignment of agency's activities with the City's strategic goals.
- **Compliance Review:** Reviewing agencies' adherence to the provisions of applicable laws, rules, policies, and regulations.
- **IT System Review:** Assessing the security, reliability, and efficiency of IT systems, focusing on data governance, system integrations, and disaster recovery plans.

The audit will cover activities performed between January to December 2025



Highlights of Employee Assistance Program (EAP) Audit

Scope:

The audit scope covers the operational and administrative activities of the EAP from January 1, through December 31, 2024

Audit Findings:

Inclusion of Vendor Performance Management and Service-Level Controls in the CISM Contract

Need to strengthen Segregation of Duties in P-Card Expense Approval Process

Recommendations:

Establishment of formal performance metrics and SLAs to be included in the contract

Enforcement of segregation of duties with P-Cards expense approvals



Question & Answers



Thank You

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