Audit Committee

General Auditor's Internal Audit Plan for Fiscal Year 2026/27

Item 7-8

June 8, 2026

Presented by: Araceli Muñoz

Item 7-8

Internal Audit Plan FY 2026/27

Subject

Approve the General Auditor's Internal Audit Plan for Fiscal Year (FY) 2026/27

Purpose

Provide a summary of the Internal Audit Plan for FY 2026/27

Next Steps

Submit the Internal Audit Plan for Board approval

Internal Audit Plan FY 2026/27

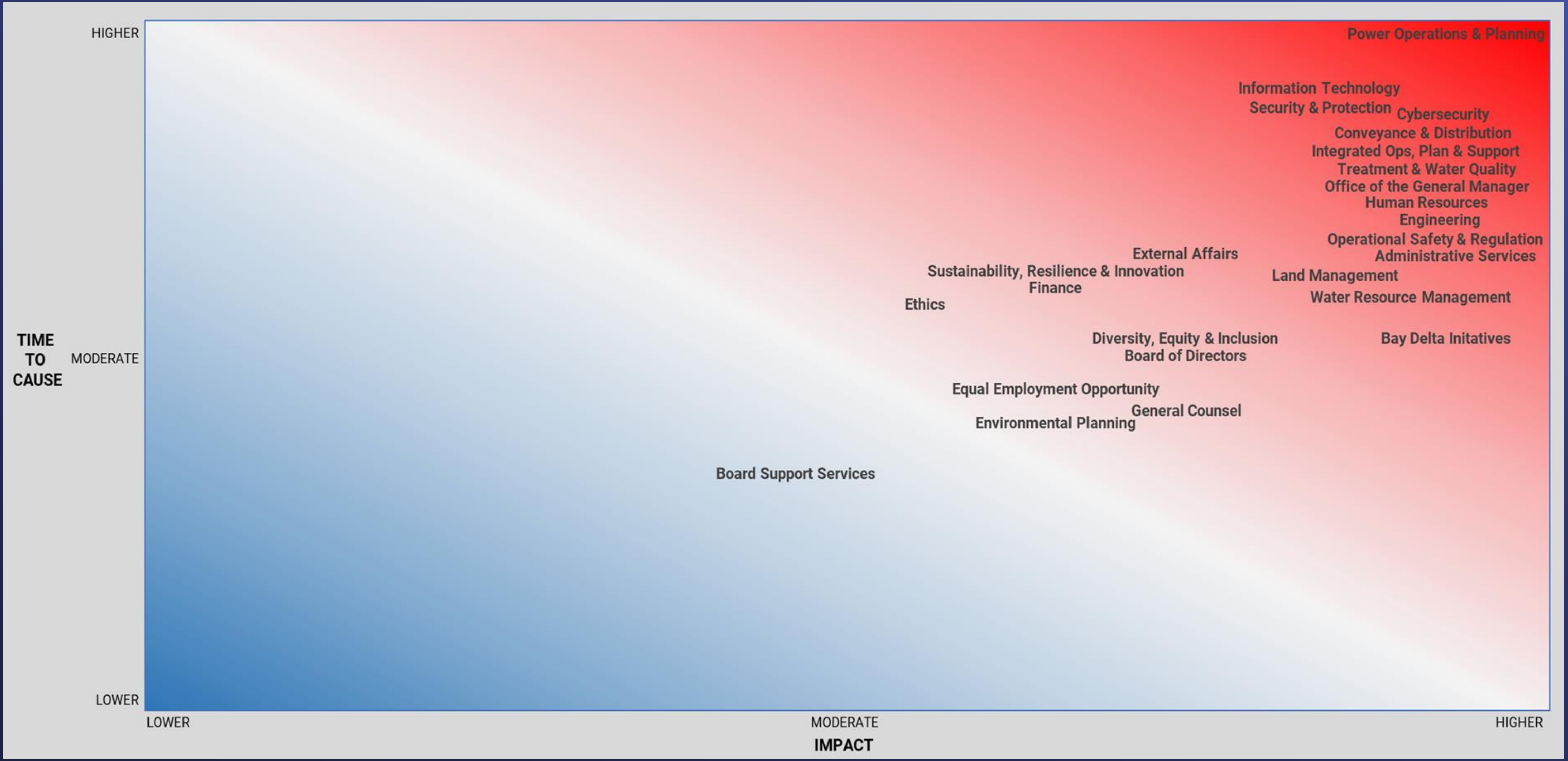
Department Overview (p. 1)

- Strengthen Metropolitan's ability to create, protect, and sustain value
- Provide independent, risk-based, and objective assurance, advice, insight, and foresight
- Evaluate governance, risk management, and internal control processes

Audit Risk Assessment Process (p. 2-3)

1. Understand the organization
2. Identify, assess, and prioritize risks
3. Coordinate with other assurance providers
4. Estimate resources and identify engagements
5. Propose the audit plan and solicit feedback
6. Finalize and communicate the audit plan
7. Assess risks continuously
8. Update the audit plan as appropriate and communicate changes

Audit Risk Assessment Summary (p. 4-5)



Audit Risk Assessment Summary (p. 5)

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Service Portfolio (p. 6)

- Operational & Compliance Audits
- Information Technology Audits
- Advisory Services
- Follow-up Reviews
- Administration & Other Services

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New Engagements (p. 7-8)

Operational & Compliance Audits

1. Local Resources Program
2. Chemical Safety

Information Technology Audits

11. Access Control Management
12. Data Protection

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Carryforward Engagements (p. 7-8)

Operational & Compliance Audits

3. Third-Party MOUs
4. Conservation Programs
5. P-Card Program
6. Security Contract
7. Real Estate
8. Recruiting
9. State Audit Follow-up
10. Power Operations & Planning

Information Technology Audits

13. IT Governance

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Advisory Services (p. 8)

14. Artificial Intelligence
15. Knowledge Transfer
16. Safety Equipment Purchase
17. Colorado River Water Users Association Review
18. Enterprise Risk Management
19. Enterprise Content Management
20. Grants
21. METCON
22. WINS
23. Oracle Services Procurement
24. Risk Oversight Committee (Power Operations & Planning)

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Follow-up Reviews (p. 8)

- 20 Follow-up Reviews (estimate)

Administration & Other Services

- External Audit Support
- Department Initiatives
- Annual Risk Assessment & Audit Plan
- Board & Committee Support
- TeamMate+ Training/Functional Utilization
- Quality Assessment & Improvement Program
- On-Demand Advisory Services
- Directed Ad Hoc

Additional Information

Assurance & Advisory Coverage (p. II)

Risk areas covered by planned engagements:	
Access management	Operational safety & compliance
Application development	Physical security
Artificial intelligence	Power operations
Enterprise risk management	Procurement
Governance	Program performance
Grant compliance	Real estate management
Information management	State audit compliance
MOU administration	Talent management

Additional Information

Deferred Projects (p. 12)

Added to audit plan as resources/time become available:	
Contract administrator program	Governance, risk, and compliance platform
Contract solicitation	Interactive process
CRA reliability	Interim promotions
Delegation of authority	Investigative process
Desert housing	IT project management
District temporary/annuitant usage	Offboarding process
District vehicle assignment/use	Program change management
Dual employment	

Additional Information

Resource Plan (p. 12)

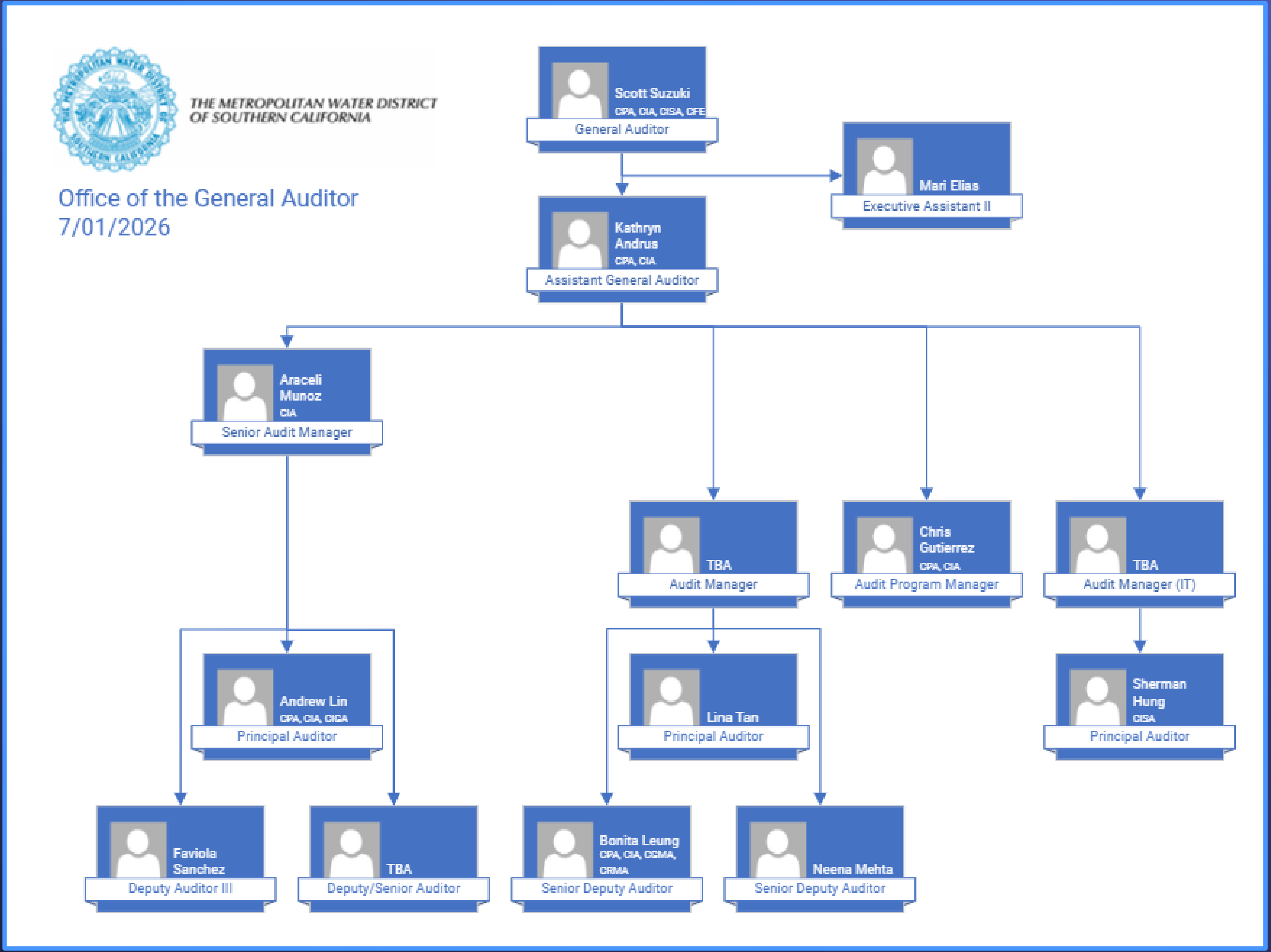
11 audit professionals

Licenses/Certifications

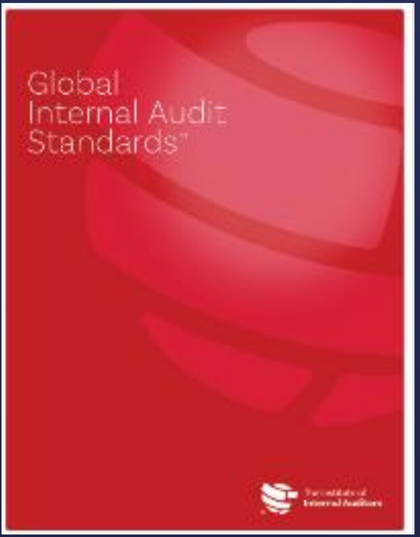
- Five CPAs
- Six CIAs
- Two CISAs

8,700 hours available

Organization Chart (p.13)



Additional Information



Standards (p. 14-16)

Section	Title
Domain I	Purpose of Internal Auditing
Standard 8.2	Resources
Standard 9.1	Understanding Governance, Risk Management, Control Processes
Standard 9.2	Internal Audit Strategy
Standard 9.4	Internal Audit Plan
Standard 10.1	Financial Resource Management
Standard 14.4	Recommendations and Action Plans

Internal Audit Plan FY 2026/27

Project Team (p. 10)

Assistant General Auditor	Kathryn Andrus, CPA, CIA
Senior Audit Manager	Araceli Muñoz, CIA
Audit Program Manager	Chris Gutierrez, CPA, CIA
Principal Auditor	Sherman Hung, CISA
Principal Auditor	Andrew Lin, CPA, CIA, CIGA
Principal Auditor	Lina Tan
Senior Deputy Auditor	Bonita Leung, CPA, CIA, CRMA, CGMA
Senior Deputy Auditor	Neena Mehta
Deputy Auditor III	Faviola Sanchez
Executive Assistant II	Mari Elias

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Board Options

- Option #1

  Approve the General Auditor’s Internal Audit Plan for Fiscal Year 2026/27

- Option #2

  Do not approve the General Auditor’s Internal Audit Plan for Fiscal Year 2026/27

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Staff Recommendation

- Option # 1

  Approve the General Auditor's Internal Audit Plan for Fiscal Year 2026/27

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

1928