2026 RISK ASSESSMENT AND AUDIT PLAN

Program Evaluation and Audit | December 2025

METROPOLITAN
C O U N C I L

Contents

2025 RISK ASSESSMENT AND AUDIT PLAN

Introduction

Each year, the Metropolitan Council's Program Evaluation and Audit Department create a risk-based audit plan for the next calendar year. Our risk-based approach is based on observations and experience throughout the year, regular meetings with executive leadership, and annual risk discussions with the Council's senior managers. This document describes our methodology, general and specific risk environments, and the 2026 Audit Plan.

Please contact Chief Audit Executive (CAE) Matt LaTour at *Matthew.LaTour@metc.state.mn.us* with any questions or comments.

Methodology

Each year, the Audit team completes the Minnesota Management and Budget's (MMB) Control System Assessment Tool (CSAT).[1] While the Council is not an executive branch agency, it is good practice to use the MMB's CSAT to inform Audit's work. The CSAT helps identify potentially riskier areas for the Council, which are then followed up in risk assessment meetings.

After completing the CSAT, the Audit team meets with management and staff from around the Council in all divisions. Beginning in September, the Audit team met with 26 Council departments. Given the Council's wide breadth of the activities, Audit takes an inclusive approach to risk assessment and audit planning. Once the meetings were complete, Audit staff scored each area across 10 risk areas:

- **Internal Directional Change:** Major changes to a department's leadership structure, scope of work, and/or control environment.
- **Time Since Last Audit**: Length of time since last known internal or external assurance services.
- **Strategic Risk:** Risks that impact the Council's long-term objectives, including changes in federal, state, and local leadership, external stakeholder pressure, and rapid advancements in technology.
- **Operational Risk:** Risks that arise from the Council's daily operations, such as process, safety practices, physical asset management, physical technology, and risk of internal or external fraud.
- **Financial Risk**: Risks related to changes in federal and/or state funding, interest rates, availability of credit, and/or financial liabilities.
- **Compliance Risk**: Risks related to regulations, legal requirements, and compliance with federal, state, and/or local laws.
- **Reputational Risk:** Risks to the Council's reputation with internal and external stakeholders, including customer service, and equitable treatment of vulnerable groups.
- **Environmental Risk:** Risks related to the natural environment, including floods, wildfires, chemical hazards, physical hazards, biological hazards, and noise.
- **Human Capital Risk**: Risks associated with Council staff turnover, recruitment and selection, compensation, training, and contingency planning.
- **Information Systems & Technology Risk:** Risks related to the Council's information systems and technology could result in business outages, leaks of private or confidential information, and other threats.

---

[1] Minnesota Management and Budget. (2025). "Control System Assessment." Web. Link.

Each risk area has a different weight and is scored on a scale of 1 (low risk) to 12 (extreme risk) by the auditor who conducted the risk assessment meeting. The score is based on the auditor's assessment of the risk likelihood and risk impact.[2] The total scores present a general sense of the relative risk assigned to each line on the risk register. Finally, the CAE selects the projects and prepares the audit plan.

A draft audit plan was shared with executive leadership prior to presentation to the Audit Committee.

Coordination and Reliance

Under Institute for Internal Auditors (IIA) Global Internal Audit Standard 9.5 – Coordination and Reliance, the CAE should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts. For the 2026 Risk Assessment, Audit will rely on the following providers in specific areas:
1. Talson Solutions – Capital Projects
2. IT Audit Labs – Information Services
3. Protiviti - Internal Controls Documentation and Risk Assessment
4. Aon – Enterprise Risk Management – Risk Assessment

Each vendor is conducting their own independent risk assessment. External, independent review and evaluation, is one of the most reliable forms of evidence. As such, Audit relied on their work and specialized experience to enhance the 2026 Risk Assessment and Audit Plan.

Additional Resources

As part of the 2026 Risk Assessment, Audit considered other information sources as part of our review of the overall risk environment. References to these materials are throughout the assessment. These include:
- **IIA's Risk in Focus: Board Briefing**: Each year, the IIA surveys thousands of CAEs around the globe to identify what they see as the top risks facing their organizations and their priorities. This resource helps Audit review our risk assessment and audit plan to see if our audits are aligned with other audit shops around the globe.
- **Government Statistics**: For certain economic indicators, such as the region's unemployment rate, the risk assessment uses official statistics from agencies such as the U.S. Bureau of Labor Statistics from the Department of Labor.
- **Internal Statistics**: Audit considers the agency's internal data during the risk assessment process. Audit uses Human Resources' workforce data, Metro Transit's performance data, and other key performance indicators to review business units and processes.
- **Strategic Plans and other Council Planning Documents**: Audit considers agency, divisional, and departmental strategic plans to align our work so as to add the best value to the organization. This includes, but is not limited to:
  - The Council's strategic vision, *Imagine 2050*, and its four core values of Equity, Leadership, Accountability, and Stewardship.
  - Regional Administration's strategic plan and its 3 pillars of Workforce, Technology, and Governance for the Council's shared services.
  - Metro Transit's strategic plan, *Forward*, and its 3 priorities of Employees, Experience, and Service.
  - Environmental Services' 2025 Strategy Map and its 7 priorities around Partnering, Planning, and Providing Services.

---

[2] *Risk likelihood* refers to the probability of an event occurring, while *risk impact* refers to the extent to which a risk could impact the Council's objectives.

- Metro Transit's *Network Next*, a draft concept for what capital investments will be made through 2027.
- The Council's Culture Assessment, a Council-wide employee survey that attempts to get a clearer picture of what is and is not working in the workplace.

General Risk Environment

Several Council-wide risks emerged after consulting with Council leadership, summarized here to provide a picture of the Council's general risk environment. Risks to specific program/policy areas of the Council will appear in the next section, "Risks to Specific Council Programs."

Cybersecurity, Digital Disruption, and Information Technology (IT)

Cybersecurity is the highest-rated risk in North America, directly followed by Digital Disruption, according to an IIA survey of Chief Audit Executives.[3] Likewise, cybersecurity continues to be one of the top risks both at the Council and at peer agencies across the country.
From 2018 to 2024, 525 separate ransomware attacks were launched against US government organizations, costing approximately $1.09 billion in downtime.[4] When attacks on government agencies occur, public utilities and other key services are often disrupted. In Minnesota, the City of Saint Paul, experienced a severe and deliberate cyber-attack in July of 2025, which caused key services to be temporarily unavailable.

The Council's operating divisions rely on information technology to do their jobs efficiently, quickly, and accurately. It is important for the Council to maintain its complex information systems and to respond to new technology while protecting itself against emerging cyber threats. Phishing emails remain one of the most consistent social engineering attacks, while artificial intelligence (AI) based phishing is becoming more prominent.

Presently, the Council has limited capacity to implement AI into daily operations. While AI has the potential to improve the efficiency of the Council's operations, if not implemented and managed correctly, it also increases the Council's existing cybersecurity, fraud, and human capital risks, particularly around the security of personally identifiable information (PII) and other sensitive data. The Council has a significant number of legacy systems that must be addressed. There are also significant governance and training gaps, as demonstrated by the several audit reports issued over the past few years. However, the Council currently retains heightened risk levels around cybersecurity and digital disruption until it improves the agency's technological competence.

The Council is continuously hiring IT professionals. While the function has been understaffed, the issue is worsened due to competition for qualified IT professionals. The Council has taken some steps to mitigate this risk by contracting a significant number of IT professionals (including the Chief Information Security Officer), conducting a classification and compensation study, and authorizing budget amendments to hire additional staff.

Given the Council's role in operating critical infrastructure, such as wastewater treatment and transit systems, Audit has continued to dedicate resources to auditing the control environment. Previously audited areas included asset management, lifecycle management, user administration, facility security, and technology governance. Audit will continue to review the cybersecurity in the coming year.

Government

As a result of the 2024 elections, the Republican Party has unified control of the federal government for the first time since 2019. Following the inauguration of U.S. President Donald

---

[3] Internal Audit Foundation (October 2025). "2026 Risk in Focus: Hot topics for internal auditors." Link.
[4] Comparitech (March 2025). Ransomware attacks on US government organizations have cost over $1.09 billion. Web. Link

Trump in January 2025, the new administration rolled out tariffs and numerous policies related to federal funding and that affect recipients of federal funds. According to the IIA, geopolitical uncertainty was rated as a top five risk globally, with a 26% increase after last year. This change was primarily driven by survey participants from North America.[5]

Federal workforce and funding changes have already impacted the Department of Transportation, Housing and Urban Development, and Environmental Protection Agency. As a result, changes have trickled down to impact the Council's funding, regulatory, and operating environments. Areas particularly impacted by federal changes include the Council's housing program and equity and equal opportunity program. Regulatory change was ranked as the third-highest risk by North American chief audit executives.[6]

At the state level, the political balance is very close. Democrats control the governorship, but both the Senate and House are split close to even. As of October 2025, the democrats hold a single seat majority in the Senate, and the House was split 67-67.[7]

In 2023, the Council received changes to its funding streams via the metro-area sales tax increase for housing and transit, along with additional funding for some capital projects.

Equity

The Council continues to focus on equity initiatives. The Disadvantaged Business Enterprise Program (DBE) underwent significant changes in October 2025. According to the federal rule change, agencies can no longer consider race or sex in the awarding of contracts or other business.[8] However, the Council continues to operate the locally funded Metropolitan Council Underutilized Businesses (MCUB) program so that the Council can help create opportunities for Minnesota businesses. The Council has set goals for 10% of all goods and services procurements and 14% of all construction and professional technical contracting to be performed by MCUB participants. Court rulings or further federal or State guidance could impact these programs in the future.

Finally, for the second year in a row, the Council has contracted with a local business to assess the Council's culture. In January, the Council asked all employees to complete a survey to assess the Council's culture. The results specifically included equity and inclusion questions. According to the results, employees felt that 51% of department leaders considered equity in their decision making, which is a 4% increase from 2024. 105 respondents said that the single, biggest improvement the Council could make is having better pay.[9]

Climate Change

The changing climate continues to impact on the Council's operations and long-term planning. Increasing temperatures and intense weather patterns (such as blizzards, heavy rains, and droughts) affect the Council's transit, wastewater, and housing operations along with its

---

[5] Internal Audit Foundation (October 2025). "2026 Risk in Focus Global Summary." Web. Link
[6] Ibid.
[7] Minnesota House of Representatives (September 2025). "DFL candidate Xp Lee wins District 34B special election." Link
[8] Federal Register (October 2025). "Disadvantaged Business Enterprise Program and Disadvantaged Business Enterprise in Airport Concessions Program Implementation Modifications." Web. Link
[9] Employee Strategies (January 2025). "Metropolitan Council All-Staff Culture Survey: Full Org-Wide Report. Link

capital investments. Changing weather patterns and increased drought or flooding conditions have the potential to impact Environmental Services' operations. Intense storms may impact stormwater systems, including impacting sewer infrastructure's service lives.

According to the IIA's *Risk in Focus*, climate change ranked as a top five risk by 18% of global respondents. Overall, it ranked 14th out of 16.

Workforce

"Human Capital" is the fourth greatest global and sixth greatest North American risk according to the IIA's *Risk in Focus*.[10] The Council continues to invest in its workforce. Regional Administration, Metro Transit, and Environmental Services' strategic plans[11], frameworks[12], or maps[13] all have a focus on employees and workforce. For Regional Administration and Metro Transit, workforce and employees are one of the three pillars in their plans. For Environmental Services, strategic priority 7 focuses on building a great place to work. This work also ties into equity initiatives around the Council, and the Council's Affirmative Action Plan.

Turnover

Turnover continued to decline from the previous year.[14] Leadership turnover has also stabilized compared to last year. Notably, following the retirement of the previous chair of the Metropolitan Council, Governor Tim Walz appointed an Interim Chair. Additionally, the Council filled nearly all executive and manager level positions that were vacant in 2023 and 2024.

Additionally, Metro Transit underwent a significant reorganization effort called Organizing for Success. The effort was completed in collaboration with the Management Analysis and Development Division of Minnesota Management and Budget. Metro Transit continues to have an Interim Chief of Police, and the Deputy Chief of Police position is vacant. Additionally, the Metro Transit Finance Director position is vacant but temporarily filled, and two Senior Manager positions are open but without temporary replacement. Finally, the Metro Transit Strategic Initiatives was divided because of departmental reorganization.

Executive turnover can have an impact on the control environment by creating gaps in leadership, oversight, and the organization's strategic direction. While many positions are now filled, the effects of this level of turnover—both positive and negative—can linger for several years.

---

[10] Ibid.
[11] Metropolitan Council (October 2024). "Regional Administration: Strategic Plan."
[12] Metropolitan Council (2024). "Metro Transit Forward."
[13] Metropolitan Council (November 2023). "Environmental Services Strategy Map 2024."
[14] According to the Council's Human Resources Workforce Report, turnover as of October 15 was 9.4% overall. For 2024, the turnover rate was 11.8%.

Key Vacancies Filled Between 2024 and 2025 – Regional Administration and Metro Transit

Regional Administration	RA – Information Services	Metro Transit
- Regional Administrator - Deputy Regional Administrator - Chief Financial Officer - Chief Human Resources Officer - Deputy Chief Human Resources Officer - Chief Labor Relations Officer - Enterprise Risk Officer - Real Estate Director	- Chief Information Officer - Security Officer - Director of Applications - Director of Infrastructure Operations - Additional Director and Senior Management positions	- General Manager - Chief of Staff - Deputy COO, Transportation - Deputy COO, Maintenance - Director, Bus Transportation

Recruitment and Selection

The unemployment rate for the Minneapolis-St. Paul-Bloomington Statistical Area at 4.1% as of August 2025, which is an increase from 3.0% in October 2024. The Council continues to face a tough hiring environment for key positions.[15] While impactful, risks associated with low staffing levels have been partially reduced. The Council has made strides in hiring bus and train operators in comparison to previous years. As the Council continues to invest in and expand the region's transit and wastewater systems, it will need more operators, support staff, and administrative staff to ensure proper stewardship of the region's resources.

Given the Council's rapid expansion, long-term growth remains an open risk. As such, hiring will continue to be a key process. Human Resources' departmental strategic plan identifies workforce needs (including recruitment, engagement, and employee development) as one of their cascading goals. Regional Administration's strategic plan pledges to implement a divisional, unified recruitment plan to improve hiring efficiency, while Metro Transit has already implemented a unified recruitment plan.

Asset Management

The effective stewardship of public resources is one of the Council's core values.[16] The Council owns and maintains a large amount of assets – including wastewater plants, bus garages, office buildings along with other assets that help our services run. As the Council implements its

---

[15] Bureau of Labor Statistics (October 2025). "Economy at a Glance: Minneapolis-St. Paul-Bloomington, MN-WI." United States Department of Labor. Web. Link. Retrieved October 15, 2025, August's unemployment rate was the most recent available.
[16] Metropolitan Council (2025). *Imagine 2050.* Web. Link.

capital programs, managing and maintaining the new assets will require cross-divisional coordination.

However, the Council must maintain its current assets as well. The Council has over 1,500 buses between Metro Transit and Metropolitan Transportation Services, along with several garages and support facilities. Environmental Services operates nine wastewater recovery facilities along with numerous lift stations and interceptors. Community Development has approximately 150 units that it owns and operates. The Council also manages several inventories, including parts, technology, and other miscellaneous supplies. Risks associated with asset management include financial, budget, state of good repair, operational, fraud, reporting and insurance.

The Council is reevaluating its Business Process Systems Integration (BPSI) project. However, the Enterprise Asset Management Solution (EAMS) project will move forward to replace TXbase and WAM, two outdated Council systems, with a consolidated enterprise system. EAMS will support simpler work management, reporting, and communication. However, this project does not include managing the Council's technology assets.[17]

Fraud

According to the Internal Audit Foundation, fraud was ranked as a top audit priority among global public sector agencies across the world.[18] Audit continues to play a critical role in preventing and detecting fraud at the Council by assessing internal controls, identifying risks related to fraud, and ensuring compliance with policies and procedures. Audit administers EthicsPoint, a hotline where all Council employees can anonymously report suspected fraud, waste, abuse, unethical conduct, and violations of Met Council policy and procedure.

---

[17] Metropolitan Council (October 2025). "Enterprise Management Solution Project." Internal Council website. Link.
[18] Internal Audit Foundation (October 2025). "2026 Risk in Focus: Hot topics for internal auditors." Link.

Risks Specific to Council Operations

Transit

Service remains reduced from its pre-pandemic highs due to several factors, including the increase in remote work and changing regional travel patterns. Core local routes have a higher percentage of ridership, and arterial bus rapid transit weekday ridership has been more resilient.[19]

In March 2025, the Council endorsed Metro Transit's *Network Next* plan. Metro Transit's vision for bus and rail service investments through 2027, *Network Now,* is based off the Council's Transportation Policy Plan. It plans for four new Bus Rapid Transit lines by 2027, restoring 10-minute frequency to Blue and Green Lines, creating a new Key Express Network, and adding eight new microtransit zones by 2027.[20]

Successfully implementing *Network Now* depends on Metro Transit's ability to hire employees, purchase vehicles, and obtain funding. Metro Transit will require around 370 new bus operators, 90 microtransit operators, and additional support staff to fully implement the plan. Increasing service would mean an additional 125 fixed routes and 50 additional microtransit vehicles as well.[21] So far in 2025, Metro Transit has hired 380 bus operators and 468 other jobs.[22] Since the document is more focused on Metro Transit, the increases do not include operators or vehicles for Metro Mobility.

The Council continues its work on several major capital projects, each of which carries a unique and substantial risk to the Council – the largest of which is the Green Line Extension. As in previous years, the Green Line Extension continues to manage through risks with civil and systems construction as it heads towards completion. As the project completes the construction phase, the risk will shift to systems testing and preparing for opening day. The Blue Line Extension is currently managing through design and environmental approval processes.

Metro Transit's Gold Line, which connects Minneapolis to various suburbs, was completed in March 2025 and will be extended to Minneapolis in 2027. Metro Transit's B Line became operational in June 2025, and while construction on the E Line has begun, service will begin in December 2025. In addition to the complex risks associated with constructing bus lines, Metro Transit will need to plan for the increased staffing levels required to open and operate each line. This includes additional bus operators, mechanics, dispatchers, and facilities technicians.

In 2024, Metropolitan Transportation Services began a new Metro Move service using Department of Human Services funding. This new program is expected to help offset operating costs but introduced new compliance and operations risks as riders and contracts transition to the new program.

Finally, beginning in January 2026, the Northstar Commuter rail will transition from commuter rail service to expanded bus service. Metro Transit estimates that this transition will increase trips to 400 weekly bus stops, up from 40 weekly train trips.[23]

---

[19] Metro Transit (March 2025). *Network Now*. Web. Link.
[20] Ibid.
[21] Ibid.
[22] Metropolitan Council (October 2025). "HR Workforce Dashboard- Vacancies Filled by Division." Internal Council website. Link
[23] Metro Transit (October 2025). "Northstar service transition coming in January 2026." Web. Link

Community Development

The Council administers ten rent assistance programs for low-income families, including the Family Affordable Housing Program, Section 8 voucher programs, and programs for people with disabilities to live independently. Community Development owns around 150 housing units. Community Development partners with Metro Transit Police Department's Homeless Action Team and Interagency Council on Homelessness as well to provide additional services for the Metro's vulnerable populations.

Changes in regulations and funding from Housing and Urban Development have caused financial risk within the programs. Due to federal rules and lagged funding formulas, there is a structural funding deficit. As rents increase, Community Development can help fewer clients as the voucher percentage remains the same. Likewise, Community Development has caps on administrative costs that limit its operations and may be impacted by the internal cost allocation. Fortunately, Community Development receives some funding from the Metro-area sales tax.

In 2025, Community Development stopped accepting new households into the housing voucher program. The demand for affordable housing remains high, while the supply of both housing and vouchers remains low. Increasing rents and other inflationary cost of living pressures (such as healthcare, childcare, and everyday essentials) continue to impact tenants and the voucher program. Even if a family can receive a voucher, it can be a challenge to find landlords who will accept the voucher or the tenant's rental history.

Caseloads for Community Development staff have decreased from previous years as they were successfully able to hire additional staff. However, it takes time for new hires to get up to a full caseload, which temporarily increases the pressure on current employees. The division's housing team has worked on cross-training and has dedicated a team to work on quality control and payment reviews.

Environmental Services (ES)

Environmental Services continues to be a leader in the region and the state on water quality issues. As in previous years, changes in state regulations or changes at the Minnesota Pollution Control Agency or Environmental Protection Agency could affect ES and water management in the region. Specifically, new PFAS regulations present new compliance risks for permits and health risks for the region. The cost of treating both PFAS specifically and wastewater in general could impact MCES' goal to keep wastewater charges stable.

Like other capital assets, ES facilities and infrastructure are aging. In 2025, ES has undertaken a $368M capital investment in the regional wastewater system. The Council authorized a total of $2.9B as part of its 2025 to 2030 Capital Program.[24] The Council is constructing a fourth incinerator at the Metro Plant.

Regional Administration

Regional Administration's specific risks are subsets of the Council's general risks as it is home to the organization's human resources, information technology, and procurement functions. As such, effectively coordinating the Council's responses to the staffing, economic, and cybersecurity risks is paramount. Additionally, Regional Administration's reputation and relationships with the other divisions continue to be another set of challenges to overcome in

---

[24] Metropolitan Council (October 2024). "Public Comment Operating Budget Update and 2025-2030 Capital Program Budget." Web. Link. This presentation was given at a regular meeting of the Metropolitan Council on October 9, 2024. Link.

order to effectively respond to the evolving risk landscape. Last year, the division introduced a new mission, vision, and values document for Regional Administration staff that promotes collaboration and being a strategic partner. Continuing this work, Regional Administration completed a 2025 – 2027 Strategic Plan that centers around the pillars of workforce, technology, and governance.

According to the IIA's *Risk in Focus*, Business Resilience was the fourth highest ranked risk in North America.[25] Likewise, it's a key risk for the Council as well given that it operates critical infrastructure. Effective planning for disruptions, outages, or other disasters is a key Council initiative.

External Audits or Other Reviews

As a state and federal funding recipient, the Metropolitan Council is routinely audited by external offices for compliance across numerous areas. External audits help test controls, identify areas for improvement, and provide additional assurance coverage for the Council. The IIA requires the CAE to coordinate activities and consider relying upon the work of other internal and external assurance providers.[26] This section discusses some of the audits that the state government, federal government, and third parties provide.

Federal Audit

Federal Transportation Administration Triennial Review

The Federal Transportation Administration reviews the Council's transportation operations for compliance with various regulations every three years. The review covers the Americans with Disabilities Act, Equal Employment Opportunity, Maintenance, Transit Asset Management, Satisfactory Continuing Control, and other areas. The Council completed an information request in early 2025 and underwent the onsite FTA review in September 2025. The Council received six deficiency findings from the FTA, in areas including procurement, Title VI, subrecipient oversight, and asset management. The Council will work on correcting the deficiencies into 2026.

The Council was notified in October that the FTA will be conducting a Procurement System Review of the Council starting with a data request due in November of 2025. The on-site portion of the review is scheduled for February of 2026. The FTA has informed the Council that the focus of the review will be the Green Line Extension project.

State of Minnesota Audits

Office of the State Auditor (OSA)

The OSA annually audits the Council's financial statements. The state auditors test financial internal controls, federal programs, and major funds related to financial reporting. Last year, the OSA increased the Council's rating to a "high risk auditee" due to documentation errors in the federal housing cluster. This is a risk to the Council because it could prohibit the organization from increasing its micro-purchasing threshold in the future. In 2024, there were again documentation issues in the federal housing cluster, specifically on three missing criminal background checks and one file missing a "Debts Owed" form out of 40 case files. The OSA determined the issues to be a significant deficiency. By the end of 2024, the Council took

---

[25] Internal Audit Foundation (October 2025). "2026 Risk in Focus: Hot topics for internal auditors." Link.
[26] The Institute of Internal Auditors (January 2024). *International Standards for the Professional Practice of Internal Auditing: 9.5 – Coordination and Reliance.* Web. Link.

corrective actions, and in June 2025 the OSA updated the status of the finding to "Fully Corrected."

Minnesota Office of State Safety Oversight (MNOSSO)

MNOSSO is the state safety oversight agency for our rail operations. They test pieces of the agency's Safety Management System for compliance with 49 CFR 674. Contractors were onsite at the Franklin Operations and Maintenance Facility in October. The final report is pending.

Council Internal Control Environment

A resilient organization establishes and maintains a strong internal control environment. Audit used the State of Minnesota's Control Systems Assessment Tool (CSAT) to assess the Council's control environment and inform the risk assessment. The evaluation is based on our knowledge of the Council, risk assessment meetings, and feedback from key senior managers. The CSAT consists of 15 goals and approximately 70 questions on various topics, from financial controls, procedural controls, hiring practices, and the organization's culture. The Council should pay attention to the following areas, and Audit will review these elements as it implements the 2026 Audit Plan:

1. It has elements that support a positive culture but lacks an enterprise-wide approach and strategy to establish clear ethical values, practices, standards, policies and procedures to effectively establish "tone-at-the-top".

2. It could improve data governance and data security protocols, training and monitoring to improve the likelihood of leveraging Council systems and data for advanced analytics and artificial intelligence to improve decision-making and transparency; better ensure compliance with the Minnesota Government Data Practices Act and assess key risks related to the security of private information.

3. It could develop, document, implement, and monitor an internal control system to improve business process efficiency and effectiveness; detect and mitigate risks related to fraud, waste or abuse; and continuously evaluate business processes to adapt to changing conditions.

4. Create and maintain an asset inventory system to maintain compliance with federal requirements, enhance the ability of the organization to maintain state of good repair, promote lifecycle management, ensure accurate financial reporting and better budget for future needs.

5. It could enhance governance practices to aid senior management's decision-making.

2026 and Beyond Audit Plan

Current Audits

Recruitment and Selection	Benefits Eligibility	IS Contracts	Cloud Computing
Budget Forecasting & Internal Cost Allocation	Stockroom & Supply Management Monitoring	NorthStar - Annual Reportable Accident Review	Cybersecurity
	Personnel Files	Body Worn Cameras	

Pending Audits

Farebox Variance Validation	MTPD Property Room	Future Service Budgeting
MT Facilities Preventative Maintenance	P-Card Review	Employee Compensation
"Bring It Home" Program	Timekeeping	Facility Accomodation Compliance
RA Accounts Payable	Payroll Process Review	TMO Review

Other Projects

Audit Follow-Up	Ethics and Compliance Improvement	Enterprise Risk Implementation	External Audit Coordination
Audit Continuous Improvement	Investigative Work	Overhead Rate Approvals	EQA Follow-Up
	Strategic Plan Implementation	Audit Software Implementation	

Connection to the Regional Administration Strategic Plan

As a trusted strategic partner seeking to add value to the Council's operations, Audit considers the division's various strategic plans. During each audit's planning phase, our team connects the audit objectives specifically to *Imagine 2050* values and the divisions' strategic goals and objectives. As a member of the Regional Administration division, Audit can connect the audits on the plan to the division's vision, mission, and three pillars:

- **Mission:** Regional Administration strives to be a trusted strategic partner by delivering integrated, collaborative, efficient, and responsive services.

- **Vision:** Regional Administration provides enterprise services that are aligned with the Council's vision.

- **Three Pillars**

    1. **Workforce:** Create an inclusive work environment that supports employee growth and retention and meets the Council's strategic goals.

    2. **Technology:** Maintain a Council-wide safe environment, modernize systems, and streamline service delivery to support divisional objectives.

    3. **Governance:** Execute enterprise-wide solutions to improve transparency, communication, and decision-making. Promote systems-thinking and manage risks to achieve strategic objectives

Planned Audits and Connections to RA's Strategic Plan

Audit	Workforce	Technology	Governance
Body Worn Cameras		X	X
Stockrooms/Supply Management Monitoring	X	X	
Recruitment and Selection	X	X	X
Employee Compensation	X		X
NorthStar Annual Reportable Accident Review	X		
Benefits Eligibility	X		X
RA Accounts Payable		X	X
MT Facilities - Asset Management		X	X
Future Service Budgeting	X	X	X
P-Card Review		X	X
"Bring it Home" Program		X	X
MTPD Property Room		X	X
Cloud Computing		X	
IS Contracts	X	X	
Payroll Process Review	X	X	X
Personnel Files		X	X
Cybersecurity		X	X
Farebox Variance Validation		X	
Budget Forecasting & Internal Cost Allocation	X	X	X
Timekeeping	X		X
Facility Accommodations Compliance	X		X
Audit Follow-Up	X	X	X
Ethics and Compliance Improvement	X	X	X
Enterprise Risk Implementation	X	X	X
External Audit Coordination			X
Audit Continuous Improvement	X	X	X
Investigative Work	X	X	

Overhead Rate Approvals			X
EQA Follow-Up	X	X	X
Strategic Plan Implementation	X	X	X
Audit Software Implementation		X	X
TMO Review	X	X	X

Co-sourced Audit Plan – Talson Solutions 2026-2027[27]

Talson Solutions, LLC conducted a risk assessment of the Council's Capital Projects. Below is their initial audit plan:

Project	Description	Project Delivery Method / Phase	Project Status (a/o October 2025)	Proposed Audit Schedule					
				2025		2026		2027	
				1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Green Line Extension ($2.8 Billion)	The alignment is about 14.5-miles of double track and includes tunnels and bridges.	Design-Bid-Build / Construction	Vehicle on track testing ongoing, various phases of SIT underway, RSD targeted for Feb. '27		Pre-Readiness Review Meetings (Oct)	Readiness Review: SIT Focused (Jan/Feb)	Readiness Review: Pre-Revenue Focused (Oct/Nov)		
Blue Line Extension ($2.3 Billion)	The alignment is 13.4 miles of light rail track connecting downtown Minneapolis to the communities of Northern Minneapolis.	Design-Bid-Build / Design	100% Design targeted for Sept. '26, Construction RFP for Jan. '27, NTP Fall '27, FFGA in early 2026 (possible)			Readiness Review: Risk Mitigation Stratigies (May/June)			Initial Audit
Solid Waste Incinerator ($505 Million)	New construction of a fourth solid waste incinerator and the renewal of the existing incinerator facilities located at the Metropolitan Wastewater Treatment Plant.	Design-Build / Design	Design-Build & ISS Contract executed with targeted 2028 start-up		Pre-Readiness Review Meetings (Oct)	Readiness Review: Contract Obligations / Responsibilities (Jan/Feb)		Initial Audit	
Arterial Bus Rapid Transit Program ($242 Million)	Arterial Bus Rapid Transit (BRT) Program Management (letter line bus routes)	Various Delivery Methods / Various Phases	Various stages of planning, design and construcion, federal & state funding, program managed internally with different GCs				Risk Assessment: Overall Program Management (July/Aug)		

27

NOTES:
1. Green Line Readiness Review: SIT Focused will include assessment of Phase 1 SIT activities and pre-operational planning
2. Blue Line Readiness Review scope will include focus on design completion, funding sources, schedule, pre-procurement activities, and assessing overall risk identification/mitigation strategies.
3. ABRT Risk Assessment will focus on overall program management of the various ABRT Lines (F, G and H) which are in various phases. Specific focus on cooperative agreements with differing agencies, schedules and assessment of controls for project and cost reporting.

Project Definitions:

- **Readiness (incl. Pre-Revenue):** A focus on various aspects of a project including the project team to evaluate the capabilities of the organization including institutional systems to successfully undertake the project. Project definition, policies and procedures, personnel qualifications and progress status may be reviewed in order to identify early business processes improvements and risks to project completion.
- **Pre-Construction (prior to contract execution):** Assess near final contract language, including cost of work definition, allowable costs and key deliverables and contractual obligations. Also focuses on establishment of professional staff and field labor hours rates, construction manager cost reporting and cost accounting systems, if applicable.
- **Initial (5% – 20% contract progress):** Focuses on verification and compliance of contract documents, and verification that the construction manager's and subcontractor's proposals are compliant with standard contract terms and conditions, and that the proposed costs are reasonable, accurate, and in line with industry standards.
- **Interim Audit (50% – 60% contract progress):** Focuses on adherence to contract documentation, review and recalculations of insurances, fees, invoices, change orders, claims, and verification of continued compliance to the contractual terms.
- **Closeout Audit (90% – 95% contract progress):** Continued focus on verification and compliance requirements of pricing of change orders, invoices, and claims. Assess status of subcontractor and construction manager's closeout activities, inclusive of cost reconciliations and notable contract deliverables

Unselected Audits

Due to varying risk levels, resource constraints, or other factors such as timing or additional coverage, several audits do not make the plan.

Unselected Audits

Division	Unit	Title
ES	Water Planning Services	Flow Meter Testing and Monitoring Program
MTS	Planning and Finance	MTS Indirect Cost Allocation Calculation
MTS	Planning and Finance	Right of Way Acquisition Loan Fund (ROLF)
MTS	Planning and Finance	Adding State Funds to Regional Solicitation
MTS	Planning and Finance	Data Governance Long Range Planning Studies
CD	HRA	Housing Vouchers
RA	Workforce Development	Internship Program
MTS	Contracting	Subrecipient Monitoring
MTS	Contracting	Video Systems Lifecycle
MTS	MTS	Contracted Services
MT	Operations	Lowertown extension
CD	Livable Communities	Grant Compliance/Oversight
CD	Livable Communities	Internal Workflow Process
CD	Livable Communities	Project Selection Process
RA	Accounting Operations	International Vendor Management and Wire Payment Controls
RA	HR (Occ Health)	Reasonable Accommodations
Council-wide	IS	Data Inventory
RA	Budget	Required reports, coordination.
RA	Budget	Reporting controls and post-close financial activity
RA	Budget/MTS	Federal Funding Amendments
MT	Admin & Ext. Aff - R&D	Data Ownership
RA	Treasury	Investment Software Audit
RA	Treasury	Wire Transactions
CD	Regional Parks	Grant management