



INTERNAL AUDIT UPDATE

Finance & Audit Committee

March 29, 2021

2020 AUDIT PLAN STATUS

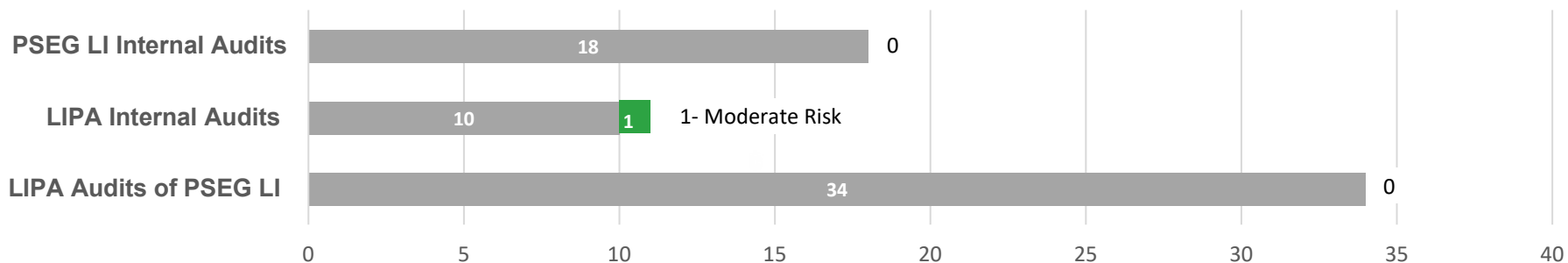
#	Entity	Audit/Review	2020 Audit Plan	Proposed Timing	Status
1	PSEG Long Island	Audit	Customer Protection Programs	4th Qtr	Completed
2	PSEG Long Island	Audit	Deferred Payment Agreements	1st Qtr	Completed
3	PSEG Long Island	Audit	Capital Project Performance	1st - 2nd Qtrs	Completed
4	PSEG Long Island	Audit	Pole Replacement Program	3rd Qtr	Completed
5	PSEG Long Island	Audit	2020 A&R Operations Services Agreement (OSA) Metrics	3rd Qtr	In Progress
6	PSEG Long Island	Audit	Power Supply Agreement Generating Unit Net Book Value Calculation	1st Qtr	Completed
7	PSEG Long Island	Advisory	Annual Evaluation of PSEG Long Island Performance Metrics and Incentive Compensation	2nd Qtr	Completed
8	LIPA	Audit	Data Protection	1st Qtr	Completed
9	LIPA	Audit	Ethics & Compliance Programs	2nd Qtr	Completed
10	LIPA	Advisory	Pre-Implementation Review - Enterprise Resource Planning System	1st - 4th Qtrs	Completed
11	LIPA	Advisory	LIPA Oversight	3rd Qtr	Deferred
12	LIPA & PSEG Long Island	Audit	NorthStar Management Action Plans Audit	1st - 4th Qtrs	Completed
13	LIPA	Audit	Cybersecurity and Data Back-up and Recovery	4th Qtr	Reporting
14	LIPA & UDSA	Audit	LIPA & UDSA Internal Control Testing	4th Qtr	Completed
15	PSEG Long Island	Audit	Post Debt Issuance SAP Record Retention	3rd Qtr	In Progress
16	PSEG Long Island	Audit	Advanced Consumption	4th Qtr	Completed

2021 AUDIT PLAN STATUS

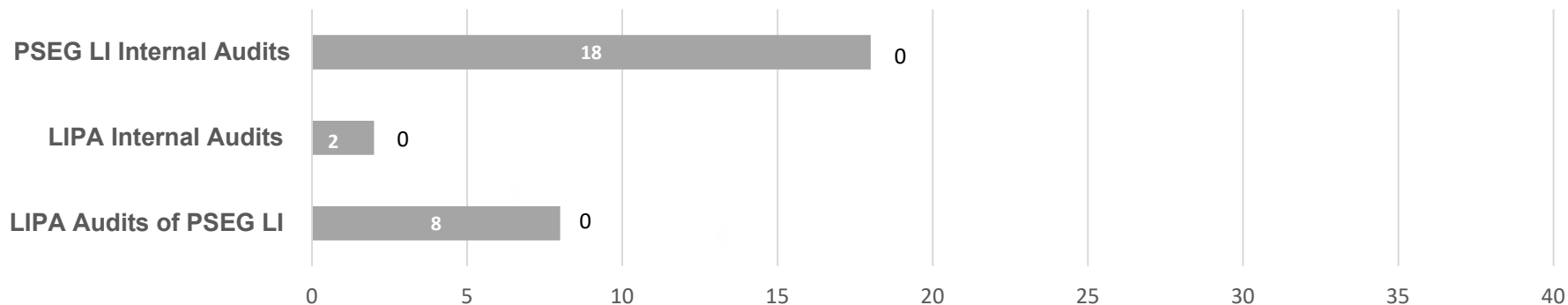
#	Entity	2021 Audit Plan	Proposed Timing	Status
1	PSEG Long Island	Electric Expansion Projects - Capital Project Performance	3 rd Qtr	Not Started
2	PSEG Long Island	Electric Expansion Projects - Capital Project Estimating	2 nd Qtr	Planning
3	PSEG Long Island	SEQRA Compliance	1 st Qtr	In Progress
4	PSEG Long Island	Storm Compliance - Outage Management System (OMS) Business Continuity (Manual Work Arounds)	3 rd Qtr	Not Started
5	PSEG Long Island	Storm Compliance - Crew Guides	2 nd Qtr	Planning
6	PSEG Long Island	Workforce Management Productivity	3 rd Qtr	Not Started
7	PSEG Long Island	Advanced Metering Infrastructure (AMI) - Remote Connects and Disconnects	1 st Qtr	In Progress
8	PSEG Long Island	Information Technology (IT) Governance	2 nd Qtr	Planning
9	PSEG ER&T	2021 Energy Resources & Trade (ER&T) Metrics	3 rd Qtr	Not Started
10	LIPA & UDSA	LIPA & UDSA Internal Control Testing	4 th Qtr	Not Started

STATUS OF THE IMPLEMENTATION OF MANAGEMENT'S ACTION PLANS

2017



2018

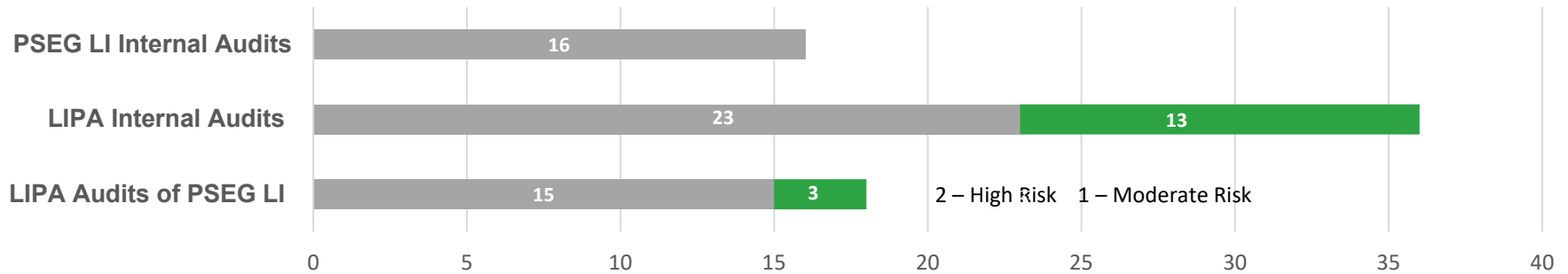


■ # of Management Action Plans Completed

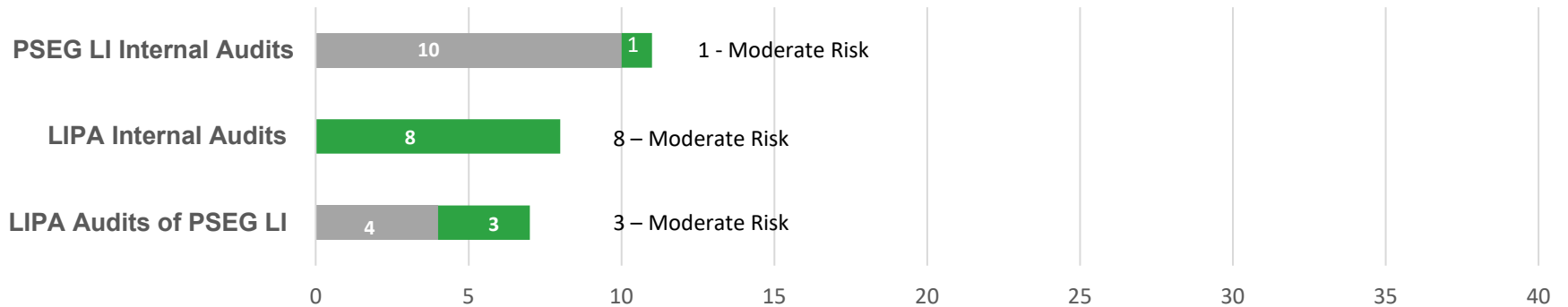
■ # of Management Actions Plans Open

STATUS OF THE IMPLEMENTATION OF MANAGEMENT'S ACTION PLANS

2019



2020



■ # of Management Action Plans Completed

■ # of Management Actions Plans Open

CHIEF AUDIT EXECUTIVE (CAE) REQUIRED COMMUNICATION FOR 2020

Standard Communication Requirement	Annual Communication Requirement
1000 The CAE must periodically review the Internal Audit Charter and present it to senior management and the board for approval.	The Internal Audit Charter was amended and presented to senior management and the Finance & Audit Committee for review and approval at the May 20, 2020 meeting.
1010 The CAE should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.	The Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework were discussed with senior management and the Finance & Audit Committee at the December 16, 2020 Finance & Audit Committee meeting.
1110 The CAE must confirm to the Audit Committee, at least annually, the organizational independence of the internal auditing activity.	As the CAE, I confirmed the organizational independence of the internal audit activity at the May 20, 2020 Finance & Audit Committee meeting.
1111 The CAE must communicate and interact directly with the Audit Committee.	As the CAE, I confirm that an appropriate level of communication and interaction has taken place between me and the Finance & Audit Committee.
1312 The CAE must discuss with the board the form and frequency of the external assessment as well as the qualifications and independence of the external assessor or assessment team, including any potential conflicts of interest.	Discussions were held at the December 18, 2019 Finance & Audit Committee Meeting related to the form and frequency of the external assessment. The qualifications and independence of the external assessment team, including any potential conflicts of interest were also discussed. The frequency of the external assessment (every five years) was reported to the Finance & Audit Committee on February 24, 2021.

CHIEF AUDIT EXECUTIVE (CAE) REQUIRED COMMUNICATION FOR 2020

Standard Communication Requirement	Annual Communication Requirement
<p>1320 The CAE must communicate the results of the quality assurance and improvement program to senior management and the board. Disclosure should include:</p> <ul style="list-style-type: none"> • The scope and frequency of both the internal and external assessments. • The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest. • Conclusions of assessors. • Corrective action plans. 	<p>Results of ongoing monitoring of performance were reported to the Finance & Audit Committee as a component of the internal activity reports on May 20, 2020, June 24, 2020, July 22, 2020, September 23, 2020, November 18, 2020, and December 16, 2020.</p> <p>The results of the periodic internal self-assessment were reported to the Finance & Audit Committee on February 24, 2021. All communications included the required disclosures.</p>
<p>2020 The CAE must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The CAE must also communicate the impact of resource limitations.</p>	<p>Communication of status of internal audit plans and resource requirements was reported on at least a quarterly basis to the Audit Committee. At the December 16, 2020 Finance & Audit Committee Meeting, Internal Audit reported that there were no audits below the resource cut line on the Proposed 2021 Audit Plan that Internal Audit believed were necessary to be performed in 2021.</p> <p>Accordingly, there were no material impacts associated with resource limitations.</p>

CHIEF AUDIT EXECUTIVE (CAE) REQUIRED COMMUNICATION FOR 2020

Standard Communication Requirement	Annual Communication Requirement
<p>2060 The CAE must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the <i>Standards</i>. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the board. There were no situations where the CAE concluded management had accepted an inappropriate level of risk.</p>	<p>All required communications have taken place within the established timeframes.</p> <p>Communications have included information about:</p> <ul style="list-style-type: none"> • The internal audit charter. • Independence of the internal audit activity. • The audit plan and progress against the plan. • Resource requirements. • Results of audit activities. • Conformance with the Code of Ethics and the <i>Standards</i>, and action plans to address any significant conformance issues. • Management's response to risk that, in the CAE's judgment, may be unacceptable to the organization.
<p>2600 When the CAE concludes that management has accepted a level of risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.</p>	<p>There were no situations where the CAE concluded management had accepted an inappropriate level of risk.</p>