# INTERNAL AUDIT UPDATE

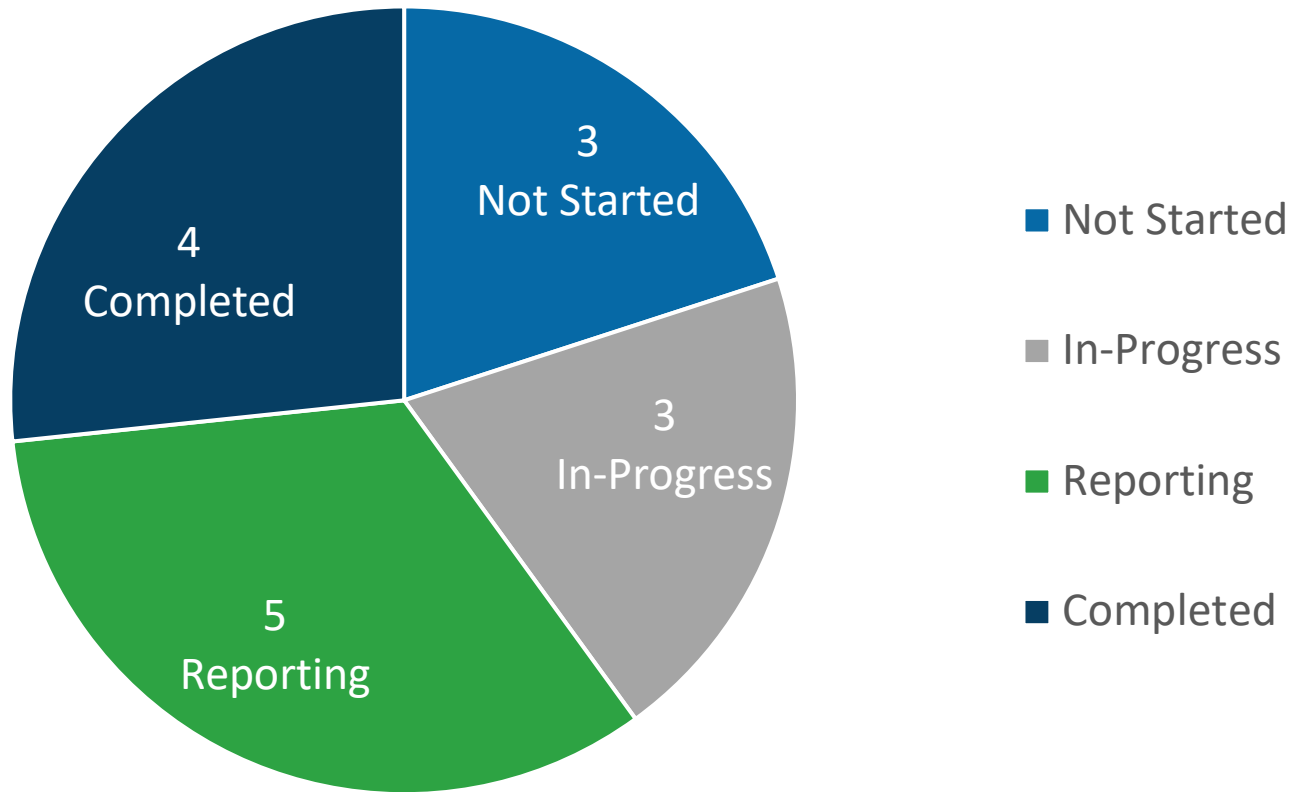Finance & Audit Committee

October 29, 2021

# AGENDA

- Audit Highlights

- 2021 Audit Plan Status

- Open Management Action Plans
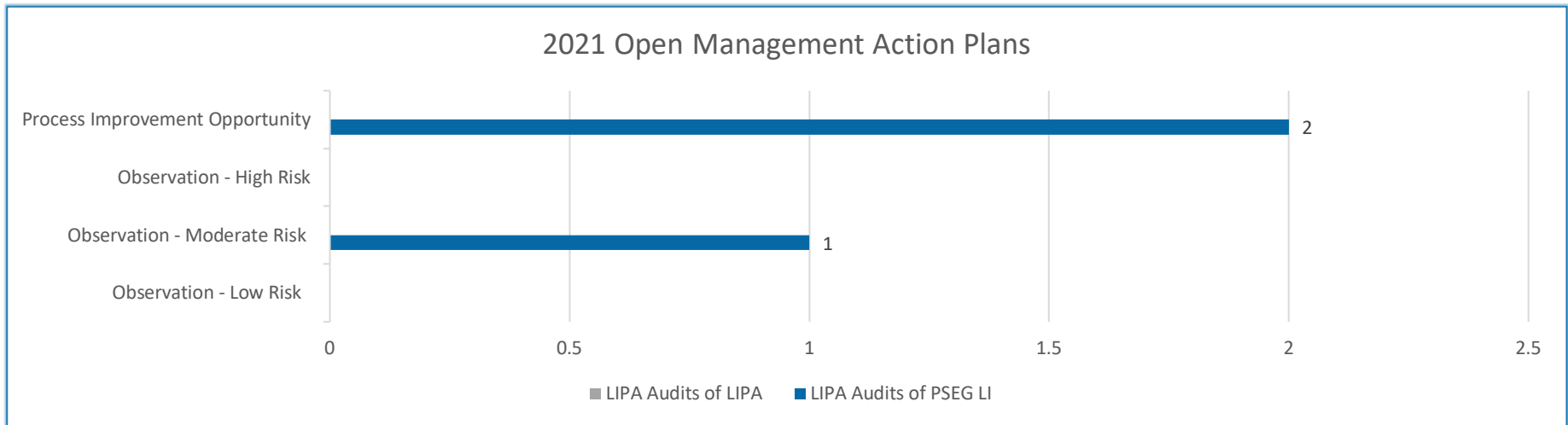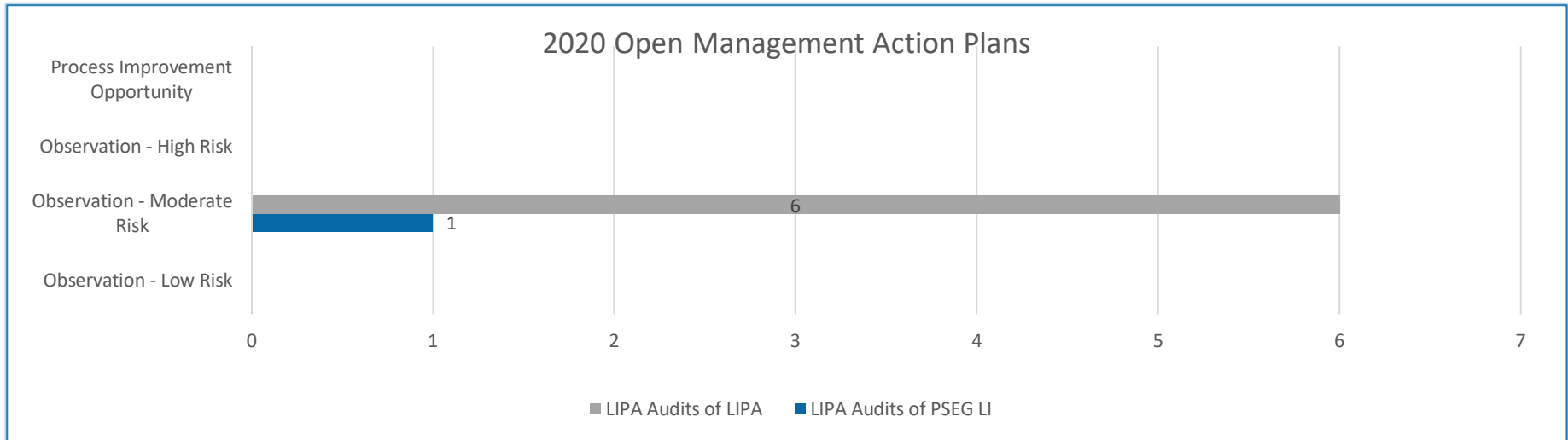
# AUDIT HIGHLIGHTS

- **PSEG Long Island - Electric Expansion Projects - Capital Project Estimating & Project Management Office (PMO) Playbook**

  - *PMO Projects are 50% of LIPA's $514M T&D Annual Capital Budget.*

  - Recommendations included revising risk and contingency percentages, enhancing the scheduling tool and implementing a portfolio management system.

  - Risk and contingencies, in the final estimate phase, was high compared to other utilities.

# 2021 AUDIT PLAN STATUS



*Refer to Appendix A for detailed listing of 2021 Audits*

# OPEN MANAGEMENT ACTION PLANS

## 2020 Open Management Action Plans

| Category | Value |
|---|---|
| Process Improvement Opportunity | |
| Observation - High Risk | |
| Observation - Moderate Risk | LIPA Audits of LIPA: 6; LIPA Audits of PSEG LI: 1 |
| Observation - Low Risk | |

Legend: ■ LIPA Audits of LIPA  ■ LIPA Audits of PSEG LI

## 2021 Open Management Action Plans

| Category | Value |
|---|---|
| Process Improvement Opportunity | LIPA Audits of PSEG LI: 2 |
| Observation - High Risk | |
| Observation - Moderate Risk | LIPA Audits of PSEG LI: 1 |
| Observation - Low Risk | |

Legend: ■ LIPA Audits of LIPA  ■ LIPA Audits of PSEG LI

# APPENDIX A - 2021 AUDIT PLAN

| # | Entity | 2021 Audit Plan | Proposed Timing | Status |
|---|--------|-----------------|-----------------|--------|
| 1 | PSEG Long Island | Electric Expansion Projects - Capital Project Performance | 3rd Qtr | Not Started |
| 2 | PSEG Long Island | Electric Expansion Projects - Capital Project Estimating | 2nd Qtr | Completed |
| 3 | PSEG Long Island | SEQRA Compliance | 1st Qtr | Completed |
| 4 | PSEG Long Island | Storm Compliance - Outage Management System (OMS) Business Continuity (Manual Work Arounds) | 3rd Qtr | Not Started |
| 5 | PSEG Long Island | Storm Compliance - Crew Guides | 2nd Qtr | Reporting |
| 6 | PSEG Long Island | Workforce Management Productivity | 3rd Qtr | Reporting |
| 7 | PSEG Long Island | Advanced Metering Infrastructure (AMI) - Remote Connects and Disconnects | 1st Qtr | Completed |
| 8 | PSEG Long Island | Information Technology (IT) Governance | 2nd Qtr | Reporting |
| 9 | PSEG ER&T | 2021 Energy Resources & Trade (ER&T) Metrics | 3rd Qtr | Reporting |
| 10 | LIPA & UDSA | LIPA & UDSA Internal Control Testing | 4th Qtr | Not Started |
| 11 | PSEG Long Island | Affiliate Transactions | 2nd Qtr | In-Progress |
| 12 | PSEG Long Island | DPS Tropical Storm Isaias Costs | 1st Qtr | Reporting |
| 13 | PSEG Long Island | Tropical Storm Isaias Food and Medicine Spoilage Claims | 1st Qtr | Completed |
| 14 | LIPA & UDSA | Debt Management | 3rd Qtr | In-Progress |
| 15 | PSEG Long Island | PSEG Long Island Procurement – General Contracting, Facilities Maintenance and Snow Removal | 3rd Qtr | In-Progress |