



INTERNAL AUDIT UPDATE

Finance & Audit Committee

March 29, 2023

AGENDA

01

2022 / 2023 AUDIT PLAN AND ACTIVITIES STATUS

02

OPEN MANAGEMENT ACTION PLANS

03

APPENDIX A: AUDIT AND ACTION PLAN STATUS DESCRIPTIONS

AUDIT PLAN AND ACTIVITIES STATUS

		Completion Status					
		Complete	Reporting	In Process	Planning	Not Started	Delayed
Entity	Audit / Review Name	2023				Comments	
2022 Internal Audit Plan (Audits carried into 2023)		Q1	Q2	Q3	Q4		
PSEG Long Island	Storm Compliance / OMS	**				Deferred to 2024	
PSEG Long Island	Arrears Management Program (Audit Assist)					Newly Added since 2/15/23	
PSEG Long Island	Third Party Risk Management	*					
PSEG Long Island	Vendor Contracts Review						
PSEG Long Island	Nine Mile Point 2 Monthly Invoicing Oversight						
PSEG Long Island	SAP Invoice Payments Cost Element Tagging	*					
PSEG Long Island	Vegetation Management	*					
PSEG Long Island	IT Vendor Selection and Management	*					
Proposed 2023 Audit Plan							
LIPA and UDSA	Select Internal Control review	*					
PSEG Long Island	Marketing and Advertising						
PSEG Long Island	Locate and Mark						
PSEG Long Island	Time Sheet Reporting						
PSEG Long Island	Fixed Asset Inventory and Goods Received						
PSEG Long Island	Non-Product Billing						
PSEG Long Island	Customer Service Call Center Review						
Proposed 2023 Audit Assist Projects							
PSEG Long Island	Rate Change and Implementation Process Review	*					
PSEG Long Island	Vendor Management Process						
PSEG Long Island	Standardization of Metric Responses						
PSEG Long Island	Deferred Payment Agreements						
PSEG Long Island	Storm Invoice Analysis						

*Note – Audit Status Changed since February 15, 2023, Finance and Audit Committee Meeting.

**Note – Audit deferred to 2024 as LIPA Management performing review for 2023.

OPEN MANAGEMENT ACTION PLANS

Audit Name	Report Rating	Total # of Open Observations	# of Open High-Risk Observations*	Business Unit	Action Plan Status (High-Risk Observations)
PSEG Long Island Storm Compliance – Crew Guides Audit (Audit Issued 2021)	Some Improvement Needed	1	0	PSEG Long Island	
PSEG Long Island Vendor Contracts Review Audit (Audit Issued 2023)	Some Improvement Needed	2	0	PSEG Long Island	

***Note** – High-Risk observations require immediate Management attention.

A total of 9 Audit Observations were closed since the February 15, 2023, F&A Committee meeting. All Management Action plan items are independently verified and validated by Internal Audit prior to closure.



APPENDIX A: AUDIT & ACTION PLAN STATUS DESCRIPTIONS

APPENDIX A: AUDIT & ACTION PLAN STATUS DESCRIPTIONS

Audit Observation Ranking	Description
Low risk	Generally, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives will be met. The observations primarily represent opportunities for improvement or issues with low impact on business activities or the ability to effectively provide our customers with clean, reliable, and affordable energy. Routine Management attention is warranted.
Moderate risk	Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives will be met; however, the overall effects on business activities or the ability to effectively provide our customers with clean, reliable, and affordable energy are deemed to be less damaging than observations rated as high risk. Timely Management attention is warranted.
High risk	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives will be met. These observations may have a significant adverse impact on business activities or the ability to effectively provide our customers with clean, reliable, and affordable energy. Immediate Management attention is required.

Note: Previous Audit Report Opinions have been Eliminated starting January 1, 2023