



INTERNAL AUDIT UPDATE

Finance & Audit Committee

March 29, 2023

AGENDA

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2022 / 2023 AUDIT PLAN AND ACTIVITIES STATUS

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OPEN MANAGEMENT ACTION PLANS

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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
		Q1	Q2	Q3	Q4	
2022 Internal Audit Plan (Audits carried into 2023)						
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.

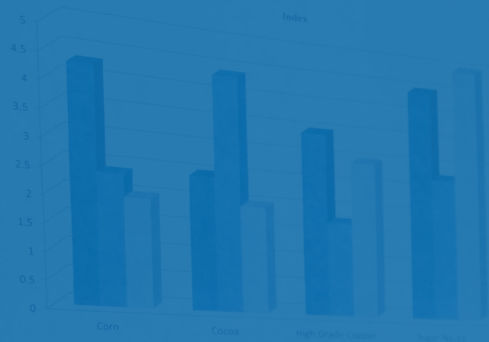


OPEN MANAGEMENT ACTION PLANS

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.



■ Energy ■ Industrial ■ Services ■ Agriculture

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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