



# INTERNAL AUDIT UPDATE

Finance & Audit Committee

November 15, 2023

# AGENDA

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AUDIT PLAN AND ACTIVITIES STATUS

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APPENDIX A: AUDIT AND ACTION PLAN STATUS DESCRIPTIONS

# AUDIT PLAN AND ACTIVITIES STATUS

					Completion Status						
					Complete	Reporting	In Process	Planning	Delayed	Not Started	
Annual Internal Audit Plan					2023						
Entity	Audit / Review Name	Q1	Q2	Q3	Q4	Comments					
PSEG Long Island	Vendor Contracts Review										
PSEG Long Island	Third Party Risk Management										
PSEG Long Island	Vegetation Management										
PSEG Long Island	SAP Property Records - Follow-Up Audit				*	Previously named "SAP Cost Element Tagging Audit"					
LIPA & UDSA	Select Internal Control review (LIPA)				*						
PSEG Long Island	Marketing and Advertising				*						
PSEG Long Island	Rate Implementation and Customer Billing				*	Issued as part of Phase I from Audit Assist project below. Management Action Plans will be developed during Phase 2.					
PSEG Long Island	Locate and Mark				*						
PSEG Long Island	IT Vendor Selection and Management				*	Due to scope change and competing priorities, this review is delayed					
PSEG Long Island	Non-Product Billing										
PSEG Long Island	**Customer Service Call Center Review (including Claims)										
Proposed Audit Advisory and Assist Projects											
LIPA	Management Audit: Document Responses and Annual Report				*						
PSEG Long Island	Arrears Calculation Validation										
PSEG Long Island	Rate Implementation and Customer Billing				*	This project will include 3 Phases (1.Gap Analysis, 2.Management Action Plan and Guideline Development and 3. Testing guideline implementation)					
LIPA	Standardization of IV&V for Metric Responses				*	Due to scope change and competing priorities, this review is delayed					
LIPA	Power Supply Settlement Process Review				*						
PSEG Long Island	Safety Assessment Project (accident reviews and mitigation program)				*						
LIPA	Treasury Management System Implementation (Kyriba) - IT General Controls										
PSEG Long Island	IT System Separations										

**\*Note – Audit Status Changed since the September 27, 2023 F&A Committee Meeting.**



# OPEN MANAGEMENT ACTION PLANS

Audit Name	Total # of Open Observations	# of Open High-Risk Observations	Business Unit	Action Plan Status
PSEG Long Island Vegetation Management (Audit Issued 2023)	9	*1	PSEG Long Island	On Target
PSEG Long Island Third Party Risk Management (Audit Issued 2023)	10	*3	PSEG Long Island	On Target
SAP Property Records Follow-Up	1	0	PSEG Long Island	On Target

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

**One audit observation was closed since the September 27, 2023, F&A Committee meeting.**

**All Management Action plan items are independently verified and validated by Internal Audit prior to closure.**

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Audit Observation Ranking	Description
<b>Low risk</b>	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.
<b>Moderate risk</b>	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.
<b>High risk</b>	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**