



# INTERNAL AUDIT UPDATE

January 25, 2024

# AGENDA SLIDE

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# QUARTERLY ROLLING AUDIT PLAN & ACTIVITIES STATUS

Entity	Audit / Review Name	2024				Risk Rating	Start Date	Report Date	Comments
		Q1	Q2	Q3	Q4				
LIPA & UDSA	Select Internal Control review (LIPA)						1/4/24	N/A	Ongoing review. Recommendations and enhancements to controls are provided as work is conducted.
PSEG Long Island	Marketing and Advertising						7/19/23	TBD	Planned final report date projected for February 2024. Working with PSEG Long Island on Management Action Plans.
PSEG Long Island	*Locate and Mark						1/4/24	TBD	
PSEG Long Island	*Storm Invoicing						TBD		Audit to be deferred until 2025 as a third party review was recently conducted for LIPA Management, and issued in January 2024. The 2025 review will incorporate mitigation actions from the 2024 report.
PSEG Long Island	*Non-Product Billing						TBD		
PSEG Long Island	Recruitment						TBD		
PSEG Long Island	Asset Inspections						TBD		
PSEG Long Island	Capital Project Outreach to External Stakeholders						TBD		
PSEG Long Island	Workforce Management - T&D						TBD		
<b>Proposed Audit Advisory and Assist Projects</b>									
PSEG Long Island	Rate Implementation and Customer Billing						9/8/23	TBD	This project will include 3 Phases (1.Gap Analysis, 2.Management Action Plan and Guideline Development and 3. Testing guideline implementation). Initial phase one report was issued November 2023. Phase 2 of the project has commenced. Working with PSEG Long Island on Management Action Plans. A final report will be issued upon completion of the project.
LIPA	Standardization of Metric Development and IV&V Processes						11/22/23	TBD	Project has commenced. While this project is not deemed an audit, initial gap analysis will be provided to LIPA Management for remediation.
LIPA	Power Supply Settlement Process Review						9/14/23	N/A	Recommendations and enhancements to controls are provided as work is conducted.
PSEG Long Island	*Safety Assessment Project (accident reviews and mitigation program)						1/4/24	TBD	
PSEG Long Island	IT System Separations Cost Analysis							N/A	On-Going review. Recommendations and enhancements to controls are provided as work is conducted.
LIPA	*Treasury Management System Implementation (Kyriba) - IT General Controls							N/A	

Status Legend						
Complete	Reporting	In Process	Planning	Delayed	Deferred	Not Started

\*Note: Status updated since the December 2023 Board of Trustees 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)	2	0	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.

**Six audit observations were closed since the December 2023 Board of Trustees meeting.**

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





## APPENDIX A: AUDIT & ACTION PLAN STATUS DESCRIPTIONS



# APPENDIX A

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.