



Internal Audit Update




Finance and Audit Committee Meeting

May 22, 2024

Presented by: Cathy Widmark, Director of Audit Services



Discussion Topics

-  2024 Quarterly Rolling Audit Plan and Activities Status
-  Open Management Action Plans
-  Appendix A: Audit and Action Plan Status Descriptions

2024 Quarterly Rolling Audit Plan and Activities Status

Entity	Audit / Review Name	2024				2025	Risk Rating	Start Date	Report Date
		Q1	Q2	Q3	Q4	Q1			
LIPA & UDSA	Select Internal Control review (LIPA)							1/2/2024	N/A
PSEG Long Island	Marketing and Advertising	Complete					High	7/19/2023	2/26/2024
PSEG Long Island	Locate and Mark							1/2/2024	TBD
LIPA	*Procure to Pay							3/26/2024	TBD
PSEG Long Island	*Recruitment and Hiring Practices							5/7/2024	TBD
PSEG Long Island	Asset Inspections							TBD	TBD
PSEG Long Island	Ethics and Compliance Program							TBD	TBD
PSEG Long Island	Policy and Procedure Documentation Review							TBD	TBD
PSEG Long Island	Clean Energy and Energy Efficiency Program Operations							TBD	TBD
PSEG Long Island	Capital Project Outreach to External Stakeholders							TBD	TBD
PSEG Long Island	Household Assistance Program							TBD	TBD
PSEG Long Island	Workforce Management - T&D							TBD	TBD
Proposed Audit Advisory and Assist Projects									
PSEG Long Island	Rate Implementation and Customer Billing							9/8/2023	TBD
LIPA	*Power Supply Settlement Process Review							9/14/2023	TBD
LIPA	*Treasury and Insurance Process Review							3/4/2024	TBD
PSEG Long Island	Safety Assessment Project							1/2/2024	TBD
PSEG Long Island	IT System Separations – LIPA Oversight Control Assist							1/2/2024	N/A
LIPA	Treasury Management System Implementation (Kyriba)							3/4/2024	N/A

***Note:** Status change or Audit added since the March 2024 Finance and Audit Committee Meeting. See the Appendix for scope descriptions.

Status Legend					
Complete	Reporting	In Process	Planning	Not Started	Delayed



Open Management Action Plan

Audit Name	Total # of Open Observations	# of Open High-Risk Observations	Business Unit	Action Plan Status
PSEG Long Island Third Party Risk Management (Audit Issued 2023)	10	*3	PSEG Long Island	On Target
Marketing and Advertising	6	*4	PSEG Long Island	On Target

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

**No observations were closed since the March 2024 Finance and Audit Committee meeting.
 All Management Action plan items are independently verified and validated by LIPA Internal Audit prior to closure.**



Questions?

Cathy Widmark
Director of Audit Services

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Appendix A: Audit & Action Plan Status Descriptions

Audit & Action Plan Status Descriptions

Audit Observation Ranking	Description
<p style="text-align: center;">Low Risk</p>	<p>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. Route Management attention is warranted.</p>
<p style="text-align: center;">Moderate Risk</p>	<p>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.</p>
<p style="text-align: center;">High Risk</p>	<p>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 are deemed to be less damaging than observations rated as high risk. Immediate Management attention is required.</p>