



New York Power Authority
Internal Audit (IA) Update

March 26, 2015

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Executive Summary

Mission

- To advance the Internal Audit function to perform qualitative and efficient audits and to be a trusted business partner adding value to the New York Power Authority

Staffing

- CAE (SVP Internal Audit): Jennifer Faulkner, began on February 17, 2015
- Supervisory Senior IT Auditor: Gregory Holder-Callander began on February 23, 2015
- Open positions: Audit Manager (2) and Senior Auditor (2)

Execution

- Receiving continued cooperation from NYPA Senior Staff and Department Managers regarding the IA Teaming arrangement with EY
- 13 out of 24 open 2014 reports have been issued since the last Audit Committee meeting (December 11, 2014). One audit was moved to 2015
- No 2015 reports have been issued to date

Enhancements

- Report format changes for 2015 reports, including but not limited to observation ratings, report ratings, and the removal of recommendation forms
- Enhancements to the internal audit and audit committee charters have been discussed with the CAE, approval to be obtained for the audit committee charter
- Internal Audit Customer Feedback Survey process enhancements
- Standard audit templates are being designed and implemented

Status of 2015 IA Plan

▶ The following reflects the status of audits in the 2014 IA Plan:

Status	Open	Reporting in-Progress	Issued	Moved to 2015 IA Plan *	Total
11-Dec-14	14	10	12	3	39
12-Mar-15	2	8	25	4*	39
Expected 30-Apr-15	0	0	35	4*	39

Note*: NYISO Energy Settlements – Generation, Network ITGC, Load Forecasting, and HR Succession Planning have been postponed to 2015 due to system / process changes.

▶ All 2014 audit reports expected to be issued by April 30, 2014.

▶ The following audits have been completed since December 11 Audit Committee Meeting:

- | | | | |
|---|-------------------------------------------------|----|-----------------------------------------------------------|
| 1 | Northern Region O&M (OPR14006) | 8 | Northern Region O&M (OPR14006) |
| 2 | Enterprise Risk (OPR14060) | 9 | Ethics & Claims Management (OPR14080) |
| 3 | Customer Revenues - Niagara (FIN14627) | 10 | SENY Cost of Service/ Long Term Agreements (FIN14295) |
| 4 | Cyber Security (IS014740) | 11 | Virus Protection & Response (IS014217) |
| 5 | Western NY Economic Development Fund (FIN14241) | 12 | Power System Operations/Energy Control Center (OPR14200) |
| 6 | ITAC Process/IT Capital Projects (IS014701) | 13 | General Controls over SCADA - BG (IS014760) |
| 7 | Generation Resource Management (FIN14106) | 14 | Energy Efficiency Projects – Statewide Program (FIN14305) |

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► The following reflects the status of audits in the 2015 IA Plan:

Business Unit	Total # of Audits	Audit Planning	Fieldwork In Progress	Reporting In Progress	Not started	Issued
Business Services	10	1	3		6	-
Economic Development & Efficiency	1	1				-
Enterprise Shared Services	16	6	1	1	8	-
Law Department	1	1				-
Operations	6	1			5	-
Public & Regulatory Affairs	1	1			1	-
Total 2015 Audits	35	10	4	1	20	0

► Changes to IA Plan:

Business Unit	Audit Name	Change	Reason	Initial Start	Est. Start
Business Service	Meter to Cash	Timing	Changes in auditee's Department	Q1	Q3
Economic Development & Efficiency	Energy Settlements, Scheduling and Load Forecasting	Timing	Changes in auditee's Department	Q2	Q3
Enterprise Shared Services	CIP VERSION 5 Transition and Implementation Plan	Name, Timing	Scope to include broader CIP conversion plan	Q1	Q2
Enterprise Shared Services	Network ITGC	Timing	Dependent on Network Discovery Audit	Q1	Q2
Enterprise Shared Services	Access Control Repository	Timing	Scoping discussions	Q1	Q2

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Staffing

- **Implementation timeline: April 2015**
 - Team onboarding materials for Internal Audit specific procedures. For example: time-keeping on projects, industry training material, internal audit tool, among others

Execution

- **Implementation timeline: March 2015**
 - Opening Meeting Presentations
 - Customer Feedback Survey
 - Report format enhancements. For example: ratings assigned at findings and report level and adding timelines for addressing the recommendations (in prior reports, this was done after reports)

Governance

- **Implementation timeline: March 2015**
 - Audit Committee Charter Finalization
 - Internal Audit Charter Finalization

Appendix A – 2014 IA Plan

Ref.	Audit #	Audit	Business Unit	Audit Type
Fieldwork Complete – Report Pending Issuance: 8				
1	FIN14105	Energy Efficiency Operations – Built Smart NY	Economic Development & Energy Efficiency	Operational/Financial
2	OPR14002	Public Authorities Law Compliance	Law/Various	Operational/Financial
3	IS014720	IT Incident Response Plan	Enterprise Shared Services	Information Technology
4	IS014710	Infrastructure Virtualization	Enterprise Shared Services	Information Technology
5	OPR14095	Energy Trading Process & Controls Assessment	Business Services	Operational/Financial
6	IS014207	Mobile Device Security & Controls	Enterprise Shared Services	Information Technology
7	IS014210	IT Disaster Recovery - Governance	Enterprise Shared Services	Information Technology
8	OPR14101	Headquarters Procurement	Enterprise Shared Services	Operational/Financial
Fieldwork In Progress: 2				
9	OPR14050	Human Resources Operations	Enterprise Shared Services	Operational/Financial
10	OPR14111	Quality Assurance/Code Compliance	Operations	Operational/Financial
Audit Planning In Progress: 0				
Postponed - Moved to 2015 IA Plan: 4				
11	FIN14263	NYISO Energy Settlements – Generation	Operations	Operational/Financial
12	FIN14260	Customer Load Forecasting	Economic Development & Energy Efficiency	Operational/Financial
13	IS014750	Network ITGC Review - Security & Change Management	Enterprise Shared Services	Information Technology
14	OPR14130	Succession Planning/Retention Programs	Enterprise Shared Services	Operational/Financial

Appendix A – 2014 IA Plan

Ref.	Audit #	Audit	Business Unit	Audit Type	Issuance Date
Report Issued: 25					
15	OPR14110	Environmental, Health & Safety Audit Programs	Operations	Operational/Financial	12-03-14
16	OPR14016	Physical Security – St. Lawrence	Operations	Operational/Financial	14-03-14
17	IS014730	Patch Management	Enterprise Shared Services	Information Technology	26-06-14
18	OPR14007	Revenue Requirements – Hydro Customers	Business Services	Operational/Financial	10-07-14
19	FIN14100	Headquarters Accounts Payable	Business Services	Operational/Financial	26-08-14
20	OPR14017	Central Region O&M	Operations	Operational/Financial	05-09-14
21	FIN14113	Headquarters ProCard Expenses	Various	Operational/Financial	09-09-14
22	FIN14120	Cash Management & Treasury Operations	Business Services	Operational/Financial	23-10-14
23	OPR14070	Operational Planning - Asset Investment Planning	Operations	Operational/Financial	28-10-14
24	FIN14950	Purchasing/Warehousing – Niagara	Enterprise Shared Services	Operational/Financial	10-11-14
25	FIN14600	Purchasing/Warehousing – St. Lawrence	Enterprise Shared Services	Operational/Financial	10-11-14
26	OPR14090	Social Media Governance	Enterprise Shared Services	Operational/Financial	10-11-14
27	FIN14241	Western NY Economic Development Fund	Economic Development & Energy Efficiency	Operational/Financial	01-12-14
28	IS014217	Virus Protection & Response	Enterprise Shared Services	Information Technology	10-12-14
29	OPR14012	Enterprise Risk	Business Services	Operational/Financial	19-12-14
30	FIN14106	Generation Resource Management	Operations/Energy Resource Management	Operational/Financial	19-12-14
31	FIN14626	Customer Revenues - Niagara	Business Services	Operational/Financial	23-12-14
32	OPR14006	Northern Region O&M	Operations	Operational/Financial	02-01-15
33	OPR14120	Ethics & Claims Management	Law	Operational/Financial	09-01-15
34	FIN14305	Energy Efficiency Projects – Statewide Program	Economic Development & Energy Efficiency	Operational/Financial	09-01-15

Appendix A – 2014 IA Plan

Ref.	Audit #	Audit	Business Unit	Audit Type	Issuance Date
Report Issued: 25 (Cont'd)					
35	IS014701	ITAC Process/IT Capital Projects	Enterprise Shared Services	Information Technology	15-01-15
36	IS014223	General Controls over SCADA - BG	Enterprise Shared Services	Information Technology	27-02-15
37	IS014740	Cyber Security	Operations/Enterprise Shared Services	Information Technology	01-03-15
38	OPR14200	Power System Operations/Energy Control Center	Operations	Operational/Financial	04-03-15
39	FIN14295	SENY Cost of Service/ Long Term Agreements	Business Services	Operational/Financial	05-03-15

Appendix B – 2015 IA Plan

Ref.	Audit #	Audit	Business Unit	Audit Type
Report Issued: 0				
Fieldwork Complete – Report Pending Issuance: 1				
1	IS015380	IT Project Management Office ('PMO')	Enterprise Shared Services	Audit
Fieldwork In Progress: 4				
2	IS015320	Cyber Security - Network Discovery	Enterprise Shared Services	Audit
3	TBD	Vendor Contracts Audit	Business Services	Audit
4	FIN15440	Strategic Plan Governance and Execution	Business Services	Consultative
5	FIN15450	Cost Accounting Study	Business Services	Consultative
Audit Planning In Progress: 10				
6	FIN15400	Compensation & Benefits	Enterprise Shared Services	Audit
7	IS015330	CIP VERSION 5 Transition and Implementation Plan	Enterprise Shared Services	Audit
8	TBD	Fraud Awareness Risk Assessment	Law Dep't	Consultative
9	FIN15260	Energy Settlements, Scheduling and Load Forecasting	Economic Development & Efficiency	Audit
10	FIN15410	Meter to Cash	Business Services	Audit
11	IS015750	Network ITGC	Enterprise Shared Services	Audit
12	IS015340	Access Control Repository	Enterprise Shared Services	Audit
13	IS015310	Cyber Security - Maturity Assessment	Enterprise Shared Services	Audit
14	OPR15003	NERC CIP 5 Collaboration	Operations	Audit
15	IS015350	Data Loss Prevention	Enterprise Shared Services	Audit

Appendix B – 2015 IA Plan

Ref.	Audit #	Audit	Business Unit	Audit Type
Planning not started: 19				
16	IS015390	Information Management	Enterprise Shared Services	Audit
17	OPR15140	Fleet Operations	Enterprise Shared Services	Audit
18	OPR15240	IT/OT Integration at Sites	Enterprise Shared Services	Consultative
19	OPR15200	Y49 Cables	Operations	Audit
20	OPR15210	Contractor Tenure	Business Services	Audit
21	FIN15420	Budgeting and Forecasting	Business Services	Audit
22	OPR15220	Construction Projects	Business Services	Audit
23	FIN15900	Finance & Accounting Niagara	Business Services	Audit
24	FIN15251	Purchasing/Warehousing - BG	Business Services	Audit
25	IS015360	Ariba Procurement Solution	Business Services	Consultative
26	IS015116	Asset Accounting / Maximo Post Implementation	Enterprise Shared Services	Audit
27	FIN15430	Energy Efficiency Controls	Economic Development & Efficiency	Consultative
28	OPR15230	O&M Cross Functionality	Operations	Consultative
29	IS015720	Incident Response Plan Phase 2	Enterprise Shared Services	Audit
30	IS015370	NYP&A Customer Portal	Enterprise Shared Services	Audit
31	FIN15115	Travel & Entertainment	Enterprise Shared Services	Audit
32	OPR15250	FERC Dam Safety	Operations	Audit
33	OPR15009	Licensing Operations	Public & Regulatory Affairs	Audit
34	OPR15900	Physical Security	Operations	Audit
35	OPR15130	HR Succession Planning	Operations	Consultative