



**NY Power
Authority**

Audit Committee Meeting Internal Audit Update

07/30/2015

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Executive Summary

- 2014 Status: All 2014 audit reports have been issued.
- 2015 Status: 11 of 33 audits have been issued as of 7/15/15.

2015 Internal Audit Report	Report Rating	
Cyber Security – BG Operational Technology Network Discovery (IS015320)	Unsatisfactory	
IT Project Management Office (IS015380)	Improvement Needed	
Strategic Plan Governance & Execution (FIN15440)	Improvement Needed	
Records Management (IS015390)	Improvement Needed	
Fleet Operations (OPR15140)	Improvement Needed	
Customer Energy Solution (CES) Cost Accounting Future State Assessment (FIN15450)	Improvement Needed	
Construction Projects (OPR15220)	Improvement Needed	
Cyber Security – Maturity Assessment with IT (IS015310)	Improvement Needed	
Compensation and Benefits (FIN15400)	Satisfactory	
Finance & Accounting Niagara (FIN15900)	Good	
Fraud Awareness Risk Assessment (OPR15260)	N/A – Consulting Project	

- IA staff has been engaged in approximately 14 consulting and partnering arrangements that will result in documented feedback or real time verbal feedback.
- Consulting Project requests exceed staff availability. Projects are prioritized based on risk and impact to organization.

Status of 2015 IA Plan

- The following reflects the status of audits in the 2015 IA Plan. Refer to next slides for further explanation:

2015 Audit Status	7/15/15
Total 2015 Audit Reports*	33*
Total Reports Completed on 3/26/15	0
Audit Reports Issued (refer to slide 2)	11
Open Audits at 7/13/15	22
Reports in Process Access Control Repository, O&M Cross Functionality, Budgeting & Forecasting, First Energy	4
Audits Fieldwork In Progress Physical Security, Licensing Operations, Contractor Tenure, Energy Efficiency Controls	4
Audit Planning In Progress Purchasing/Warehousing – BG, Cyber Security – Maturity Assessment with OT, Asset Accounting/Maximo Post Implementation, FERC Dam Safety, Incident Response Plan Phase 2, NERC CIP V5 Policy and Procedures Assessment, Disposal of Personal Property, Energy Settlements, Scheduling and Load Forecasting, Travel and Entertainment	9
Audit Planning Not Started Data Loss Prevention, Meter to Cash, Bulk Electric System Cyber System Categorization, Enterprise Architecture Review, HR Succession Planning	5

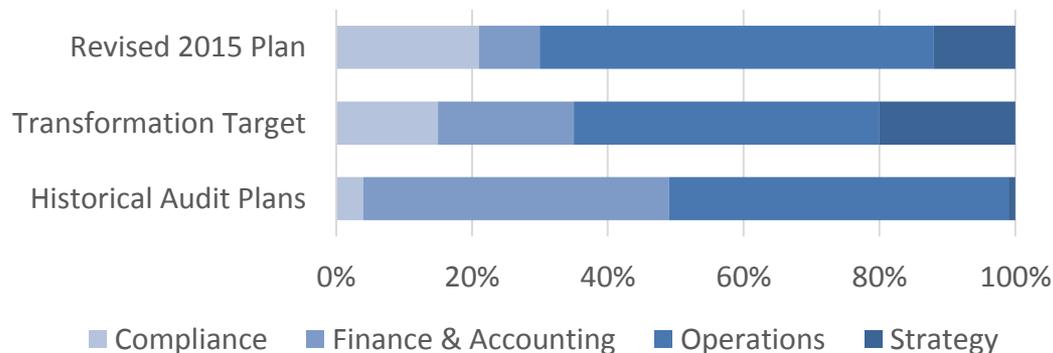
*Note – Total audit reports reflect changes presented on Slide 4.

Changes to 2015 IA Plan

- Operational, Strategic, Compliance, Finance and IT audits are continuously evaluated for emerging risks through participation in work streams and discussions with leadership. As a result, the following changes have been made to the 2015 IA:

2015 Audit Status	7/15/15
Open 2015 Audit Committee Meeting 3/26/15	35
Audits Added to 2015 IA Plan Disposal of Personal Property, Enterprise Architecture Review, Cyber Security-Maturity Assessment (C2M2) with OT,	+3
Audit Removed from 2015 IA Plan (note: these audits are not depicted in 2015 IA Plan) Y49 Cables, Network ITGC, IT/OT Integration at Sites	-3
Audits Moved to 2015 IA Plan NYPA Customer Portal, Ariba Procurement Solution	-2
Total 2015 Reports	33

Audit Allocation by Business Unit



Changes to 2015 IA Plan

➤ The following reflects changes to the 2015 IA Plan:

Business Unit	Audit Name	Change	Rationale	Est. Start	Impact to IA Plan
Business Services	Meter to Cash	Timing	Process and organizational changes.	Q3	0
Economic Development & Energy Efficiency	Energy Settlements, Scheduling and Load Forecasting	Timing	Process and organizational changes.	Q4	0
Enterprise Shared Services	Information Management	Name	Name changed to Records Management to reflect detailed scope.	Completed	0
Operations	Y49 Cables	Removed from Plan	Enterprise Risk is monitoring this process as such IA is dedicating resources to other risks.	N/A	-1
Business Services	Contractor Tenure	Changed to Consulting Arrangement	During 2015, IA will monitor progress, obtain an understanding of changes and provide insight to process owners as applicable as well as evaluate control design through issuance of a control design assessment. Due to significant process changes in these areas, IA will perform operating effectiveness test work in FY2016.	2016	0
Economic Development & Energy Efficiency	Energy Efficiency Controls	Changed to Consulting Arrangement		2016	0
Business Services	Succession Planning	Changed to Design Review		2016	0
Finance	Disposal of Personal Property	New	Audit has been included due to newly identified risk as part of the Office of State Comptroller Audit.	Q3	+1

Changes to 2015 IA Plan

Business Unit	Audit Name	Change	Rationale	Est. Start	Impact to IA Plan
Enterprise Shared Services	Network ITGC	Removed from Plan	Audit eliminated from 2015 IA plan due to re-prioritization of emerging risks.	N/A	-1
Enterprise Shared Services	Ariba Procurement Solution	Postponed: Scope, timing	Project start date has not been defined by Management. Hours have been reallocated.	N/A	-1
Business Services	NYPA Customer Portal - Energy Efficiency	Postponed: Scope, timing	Project start date has not been defined by Management. Hours have been reallocated.	TBD	-1
Enterprise Shared Services/ Operations	IT/OT Integration at Sites*	Removed from Plan	Audit eliminated from 2015 IA plan due to re-prioritization of emerging risks.	Q4	-1
Enterprise Shared Services/ Operations	Enterprise Architecture Review	New	New audit based on IT-refresh.	Q4	+1
Operations	NERC CIP 5 Collaboration*	Scope	Name changed to NERC CIP V5 Policy and Procedures Assessment. New audit to assess the overall CIP V5 organizational structure. The scope is focused on discussion with process owners.	Q3	0
Operations	Cyber Security - Maturity Assessment (C2M2)	Scope	Cyber Security - Maturity Assessment (C2M2) with IT. Original audit was split into two audits. One for each impacted department.	Q3	+1
Operations	Cyber Security - Maturity Assessment (C2M2)*	New	Cyber Security - Maturity Assessment (C2M2) with OT. Previous assessment only focused on IT.	Q3	+1
Enterprise Shared Services	CIP VERSION 5 Transition and Implementation Plan*	Name, Timing	Name changed to BES (Bulk Electric System) Cyber System Categorization to reflect changes in scope. The scope is focused on discussion with process owners.	Q3	0

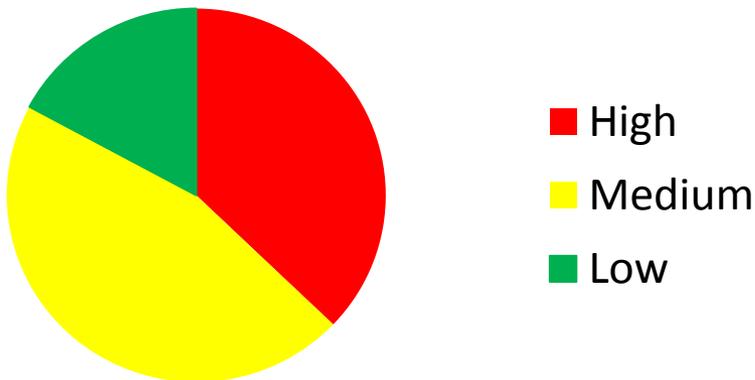
*Denote hour reallocation from NYPA Custom Portal and Ariba Procurement audits.

Status of 2015 Audit Recommendations

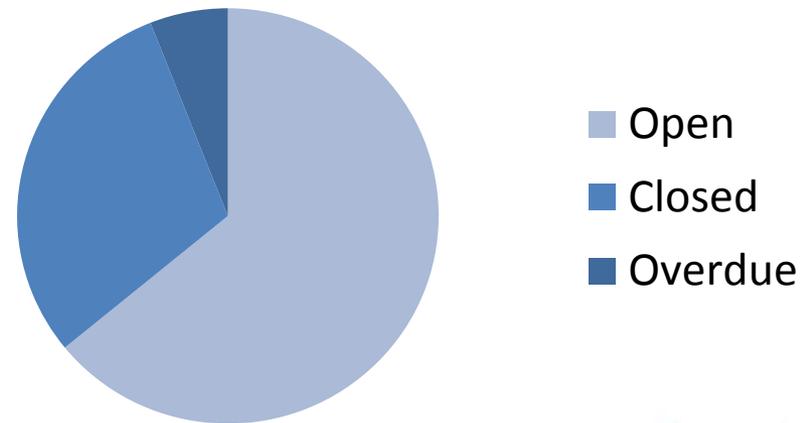
- Below is the status of the 2015 recommendations per rating of the individual findings. As ratings have been established for 2015 reports onwards, recommendations prior to 2015 do not include monitoring of the recommendations per ratings.

2015 Remediation	Total	High	Medium	Low
At 3/26/15	0	0	0	0
Added in Period	35	13	16	6
Closed in Period	0	0	0	0
Open @ End of Period	37	13	16	8

2015 Open Recommendations



2014 & Prior Open Recommendations



*Outstanding management action plans show up as in progress in lieu of overdue. Extension of recommendation can be requested by stakeholder and are evaluated by IA.

Ongoing Department Transformation

Key People Actions

- Based on CAE analysis of resources, six additional headcount were requested and approved by CEO. Team is actively engaged in recruiting process. As of 7/15/15, three additional offers have been made (Manager, Team Lead and Senior Auditor)
- New organizational design has been created
- Since 3/26/15, one Director, two Team Leads and one Senior Auditor have been hired. Vacancies include one Audit Director – IT, one Audit Manager, one Team Lead, three Senior Auditors, and four Auditors
- Revised job descriptions, roles, and competency maps for each level
- Performed assessment of current staffing against competencies
- Revised critical hiring needs and commenced recruitment
- Communicated revised organizational chart and announced new hires
- Developed core on-boarding materials
- Commenced on-boarding of new hires

Ongoing Department Transformation

Key Process Actions

- Performed enhanced risk assessment for FY15 internal audit plan
- Enhancing risk assessment, audit planning and execution approach
- Enhanced quality review process
- Revised Internal Audit charter (consent agenda)
- Revised department templates
- Enhanced reporting (executive summaries) and rating process
- Deployed new reporting and ratings
- Executing 2015 internal audit plan
- Revised AC communications and reporting

Technology

- Commenced documenting requirements needed for technology solutions
- Effort has been expanded to other risk management units (RMUs) to evaluate if synergy can be achieved

Appendix A – 2015 IA Plan

	Audit #	Audit	Business Unit	Audit Type	Date Issued
Report Issued: 11					
1	IS015380	IT Project Management Office (PMO)	Enterprise Shared Services	Audit	5-13-15
2	FIN15440	Strategic Plan Governance and Execution	Business Services	Consultative	5-21-15
3	FIN15400	Compensation & Benefits	Enterprise Shared Services	Audit	6-04-15
4	IS015320	Cyber Security - Network Discovery	Enterprise Shared Services	Audit	6-09-15
5	OPR15140	Fleet Operations	Enterprise Shared Services	Audit	6-10-15
6	FIN15450	Cost Accounting Study	Business Services	Consultative	6-12-15
7	IS015390	Records Management	Enterprise Shared Services	Audit	6-26-15
8	OPR15220	Construction Projects	Business Services	Audit	7-10-15
9	OPR15260	Fraud Awareness Risk Assessment	Law Department	Consultative	7-14-15
10	IS015310	Cyber Security - Maturity Assessment with IT	Enterprise Shared Services	Audit	7-15-15
11	FIN15900	Finance & Accounting Niagara	Business Services	Audit	7-15-15
Fieldwork Complete – Report Pending Issuance: 4					
12	CON15001	First Energy	Business Services	Audit	
13	IS015340	Access Control Repository	Enterprise Shared Services	Audit	
14	FIN15420	Budgeting and Forecasting	Business Services	Audit	
15	OPR15230	O&M Cross Functionality	Operations	Consultative	
Fieldwork In Progress: 4					
16	OPR15900	Physical Security	Operations	Audit	
17	OPR15009	Licensing Operations	Public & Regulatory Affairs	Audit	
18	OPR15210	Contractor Tenure	Business Services	Audit	
19	FIN15430	Energy Efficiency Controls	Economic Development & Efficiency	Consultative	

Appendix A – 2015 IA Plan

	Audit #	Audit	Business Unit	Audit Type	Date Issued
Audit Planning In Progress: 9					
20	FIN15251	Purchasing/Warehousing - BG	Business Services	Audit	
21	IS015400	Cyber Security – Maturity Assessment with OT	Enterprise Shared Services	Audit	
22	IS015116	Asset Accounting/Maximo Post Implementation	Enterprise Shared Services	Audit	
23	OPR15250	FERC Dam Safety	Operation	Audit	
24	IS015720	Incident Response Plan Phase 2	Enterprise Shared Services	Audit	
25	OPR15003	NERC CIP V5 Policy and Procedures Assessment	Operations	Audit	
26	FIN15460	Disposal of Personal Property	Economic Development & Efficiency	Audit	
27	FIN15260	Energy Settlements, Scheduling and Load Forecasting	Economic Development & Efficiency	Audit	
28	FIN15115	Travel & Entertainment	Enterprise Shared Services	Audit	
Planning not started: 5					
29	IS015350	Data Loss Prevention	Enterprise Shared Services	Audit	
30	FIN15410	Meter to Cash	Business Services	Audit	
31	IS015330	BES (Bulk Electric System) Cyber System Categorization	Enterprise Shared Services	Audit	
32	IS015410	Enterprise Architecture Review	Enterprise Shared Services	Consultative	
33	OPR15130	HR Succession Planning	Operations	Consultative	