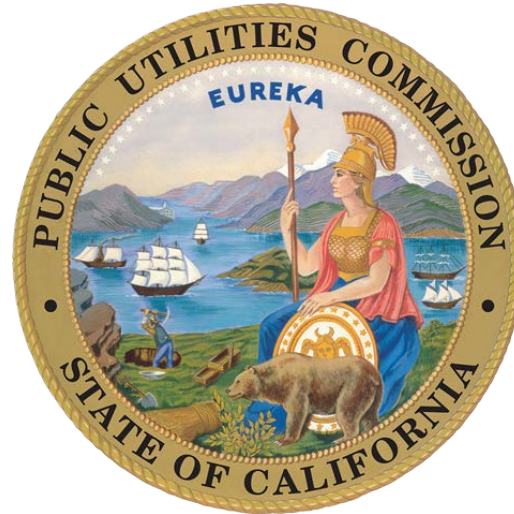




ERCO & Utility Audits



Barbara Owens
Director of Enterprise Risk and Utility Audits





Agenda

- Enterprise Risk-
 - Status
- Utility Audits-
 - Audit Planning
- Audit Follow Up-
 - Recommendations continue to be implemented





Enterprise Risk

Status of Enterprise Risk Assessment





Enterprise Risk Process

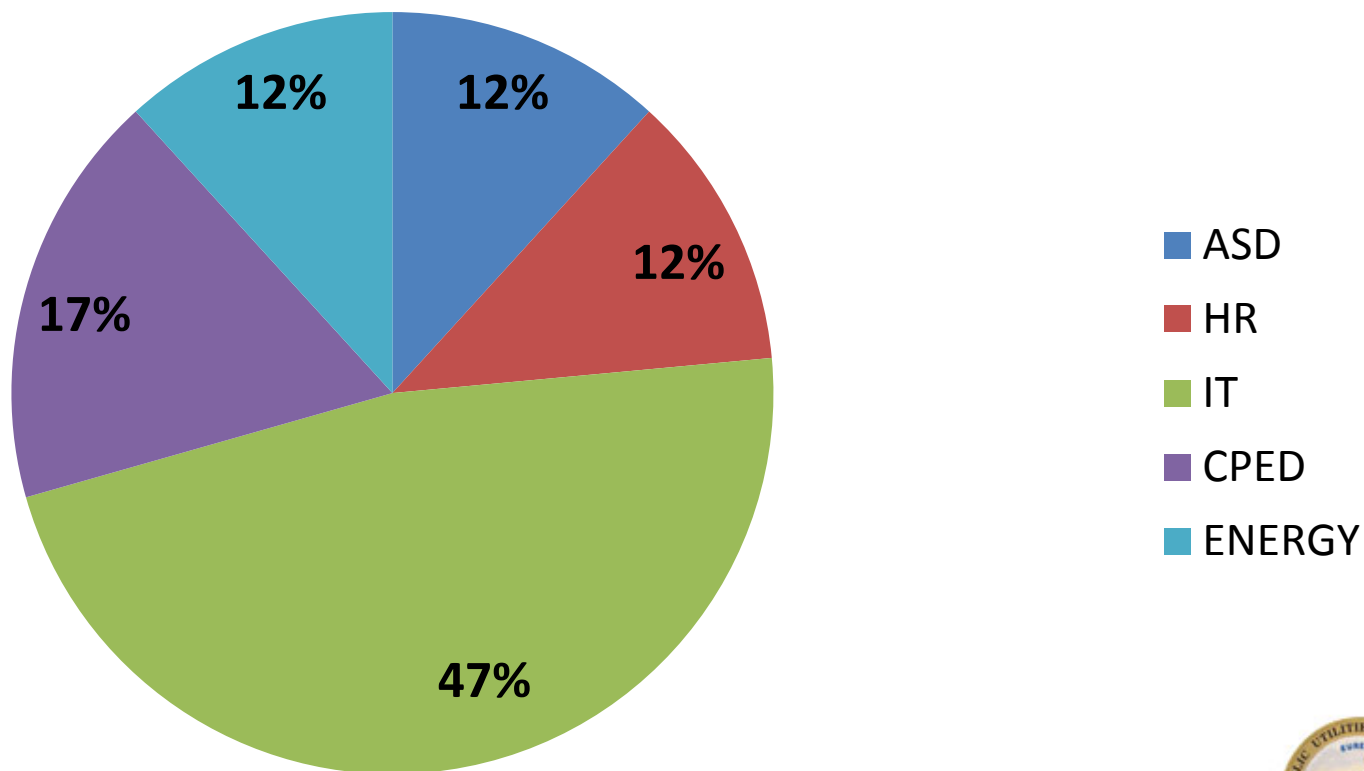
- Performed in compliance with State Leadership Accountability Act.
- Risk surveys sent to staff and management
- Met twice with management teams.
 - Once to explain the risk matrix and terminology
 - Discuss results of matrix.
- Compiled all risks into a risk register to track progress or risk remediation.





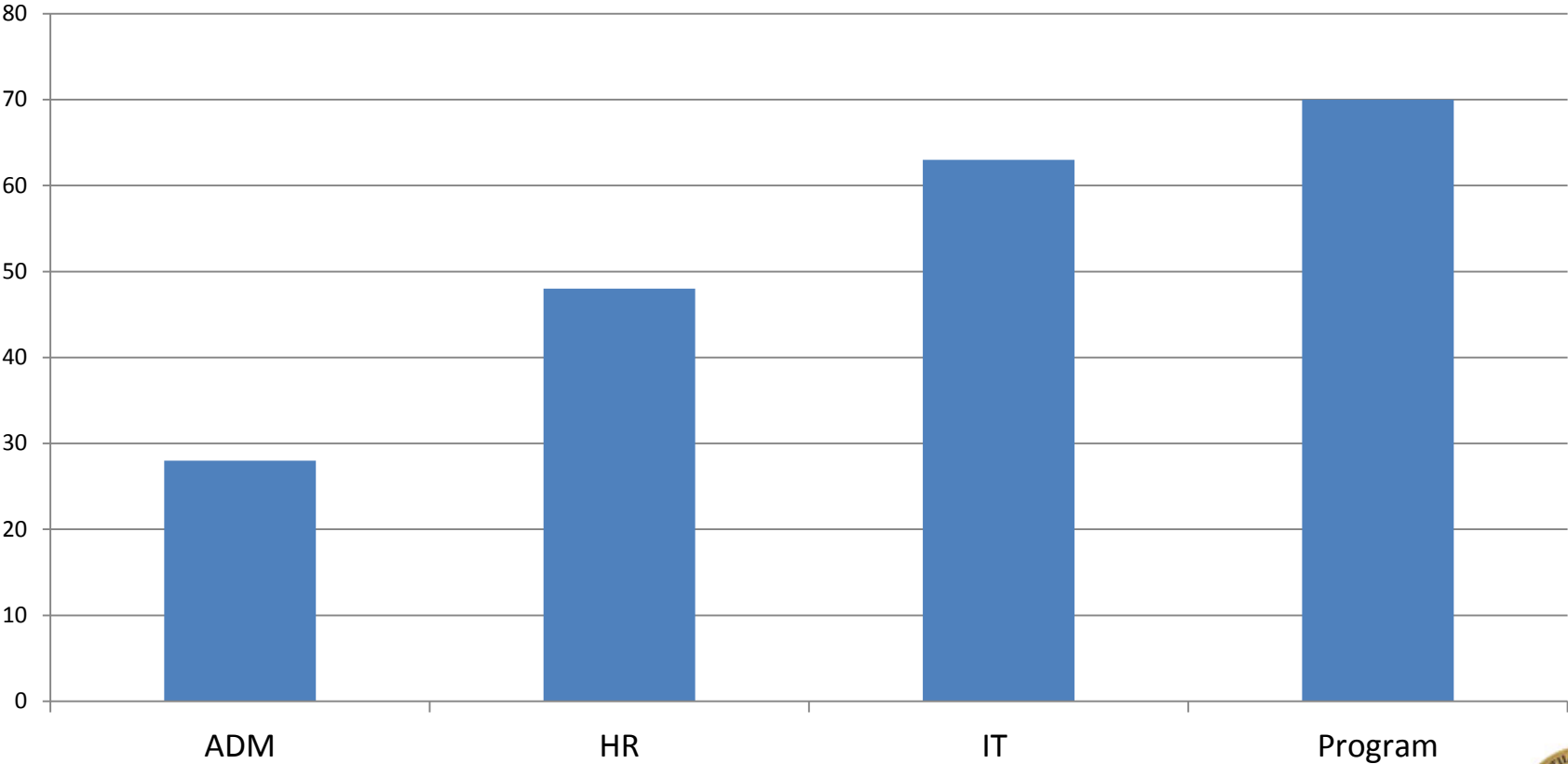
Risk Assessment Results

Highest Ranked Risks by Division



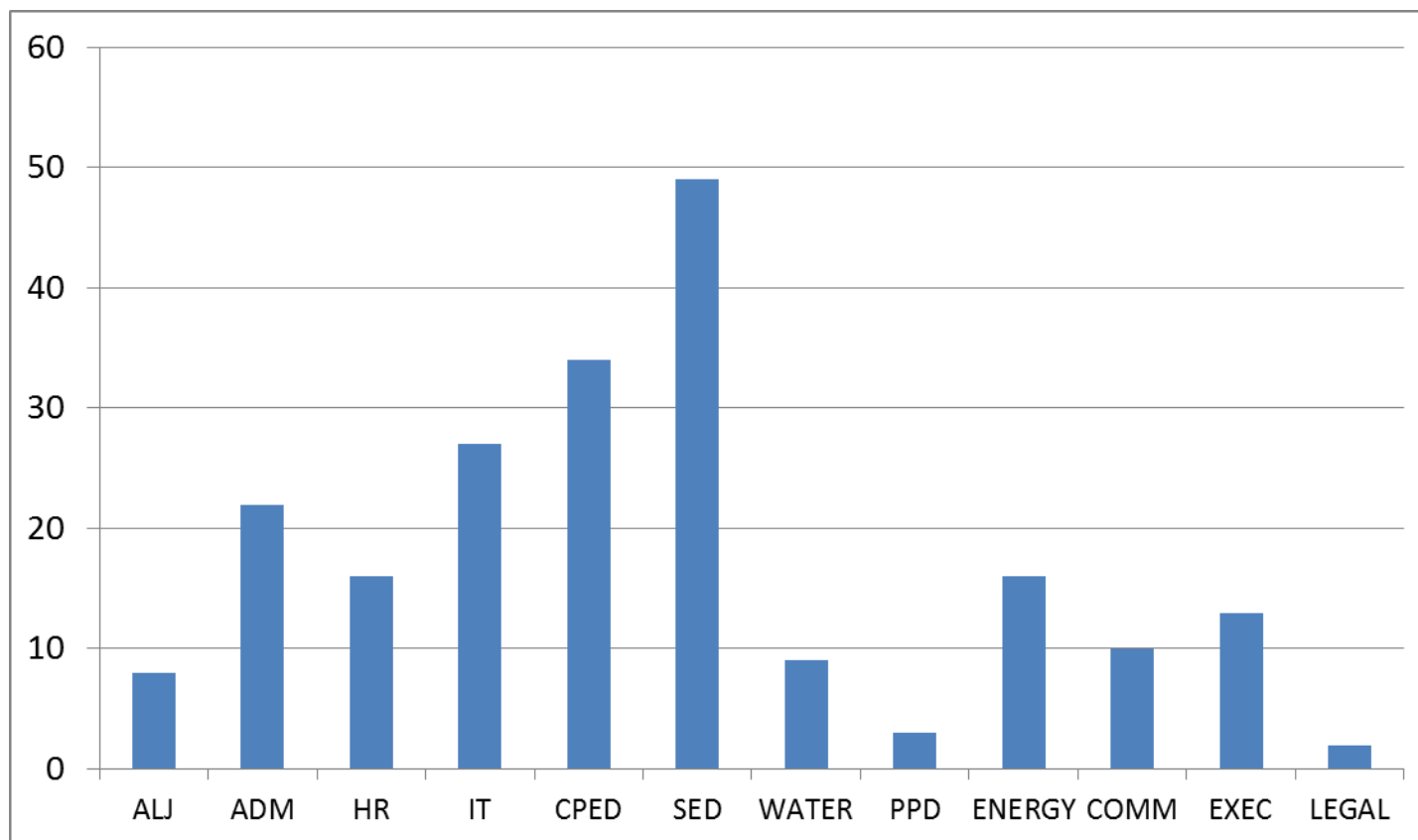


Total Risks by Area





Risks Reported by Division





ERM Results

- Listed over 200 different risks
- Only 39 ranked from High to High-Medium
- Developed a risk register to monitor the High and Medium risks
- Combined risks of similar makeup
- Requested input from management regarding mitigation activities.





Enterprise Risk and Compliance

- Development of new Enterprise Risk and Compliance Committee.
 - Representative from each division
 - Adoption of Enterprise Risk Framework
 - Develop risk intake process
- Implementing new software to track risks and compliance issues.





State Leadership Accountability Act

- Met requirement and approved by the Department of Finance
- Posted to our internet website as required
- Next update will be provided to Department of Finance on 6/30/2018





Utility Audits

Audit Planning





Utility Audits

- Growing body of responsibility
 - Public Purpose Program Audits
 - New Decisions requesting more audits
 - Assisting Divisions with scoping out audits to contract with other entities
 - Overseeing IOU audits that have been contracted out to develop scope of work
 - Class A Water IOUs
 - Growing number of Balancing Accounts





Utility Audits

Current Audits

- Energy Efficiency
- Balancing Accounts
- Water
- Telco
- Energy Procurement

Audits Planned

- Balancing Accounts
- Water
- Telco
- DDTP
- Lifeline
- EPIC
- Energy Procurement





Audit Follow up

External and Internal Audits





Audit Follow-up

- State Auditor –
 - 63 Audit findings since 2012
 - 29 Partially or Unresolved Audit findings
 - ALJ- 2
 - IT -7
 - ENERGY-3
 - CPED- 8
 - LEGAL-6
 - ADMIN-3





Audit Follow-up

- Other External Entities
 - DGS Audit Report
 - 9 Open Findings for ASD
 - SPB
 - 3 Open Findings for HR





Audit Follow up

- Internal Audits
 - ESAP & CARE audits have been contracted out to ensure financial and compliance audit is adequately performed.
 - Records and Document Management Program being implemented at the time with the collection of required DGS inventory forms.





Audit Follow up

- High Cost Fund A
 - 274 Audits will be contracted out
- High Cost Fund B
 - 274 Audits will be contracted out
 - Recommendation by Communications Division regarding refund of money.

