



FINANCE COMMITTEE MEETING AGENDA

March 8, 2016

6:00 P.M. – 1201 S. Washington Ave.
Lansing, MI - REO Town Depot
Board of Water & Light Headquarters

Call to Order

Roll Call

Public Comments on Agenda Items

1. Committee Meeting Minutes of 1/12/16.....TAB 1
2. Financial Update.....TAB 2
3. Budget Process Update.....INFO ONLY
4. Financial Summary Section Overview (*Ratios*).....TAB 3
5. External Audit RFP and Staff Recommendations/ResolutionTAB 4
6. Internal Audit Status ReportTAB 5
7. Public Comment

Other

Adjourn

FINANCE COMMITTEE

January 12, 2016

The Finance Committee of the Lansing Board of Water and Light met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 7:15 p.m. on Tuesday, January 12, 2016.

Finance Committee Chairperson Ken Ross called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Ken Ross, Dennis M. Louney, Tracy Thomas, David Price. Also, present Commissioners Mark Alley, Tony Mullen, Sandra Zerkle and Non-Voting Members Michael Froh (Meridian Township), Bill Long (Delta Township).

Absent: Commissioner Nelson (East Lansing).

The Corporate Secretary declared a quorum.

Public Comments

None

Approval of Minutes

Motion by Commissioner Louney, Seconded by Commissioner Price, to approve the Finance Committee meeting minutes of November 10, 2015.


Action: Motion Carried

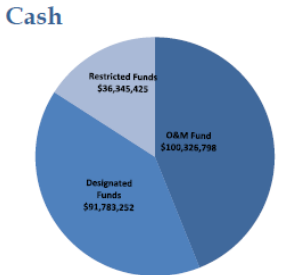
November YTD Financial Summary

Heather Shawa-DeCook, Chief Financial Officer (CFO) discussed BWL’s November month-end-close 2015 YTD Financial Summary, covering the following:

- Cash
- Ratios
- Budget Status YTD
- Employee Data

Financial Summary - November 2015





	Month End	Target
Days Cash on Hand	183	150-249
Credit Rating	AA-	AA-
Debt Service Coverage - Rating Agencies	1.74	2.00-2.49
Debt Service Coverage - Bond Covenants	2.41	1.25

The Days Cash on Hand and Debt Service Coverage - Rating Agencies target ranges are provided by Moody's as expected performance for a AA- rated electric utility with generation.

Income Statement YTD

	Actual YTD	YTD Budget	Difference	%	Actual Prior YTD	Difference	%
Retail	\$ 142,652,881	\$ 142,859,664	(206,783)	0%	\$ 127,488,131	\$ 15,164,750	12%
Wholesale	\$ 14,269,733	\$ 19,590,274	(5,320,541)	-27%	\$ 14,106,930	\$ 162,803	1%
Total Revenue	\$ 156,922,614	\$ 162,449,938	(5,527,324)	-3%	\$ 141,595,062	\$ 15,327,553	11%
Operating Expenses	\$ 127,321,997	\$ 141,022,659	(13,700,662)	-10%	\$ 125,047,932	\$ 2,274,065	2%
Non Operating	\$ (14,184,484)	\$ (15,368,700)	1,184,216	-8%	\$ (13,519,882)	\$ (664,602)	5%
Net Income	\$ 15,416,133	\$ 6,058,579	9,357,554	154%	\$ 3,027,248	\$ 12,388,885	409%
Projected FY 2016 Net Income	\$ 7,366,605						

Budget Status YTD

O&M Budget YTD (excluding fuel)

	Actual YTD	YTD Budget	Difference	%
	\$ 54,685,692	\$ 62,422,055	(7,736,363)	-12%

Capital Budget YTD

	Actual YTD	YTD Budget	Difference	%
	\$ 15,719,630	\$ 24,176,683	(8,457,053)	-35%

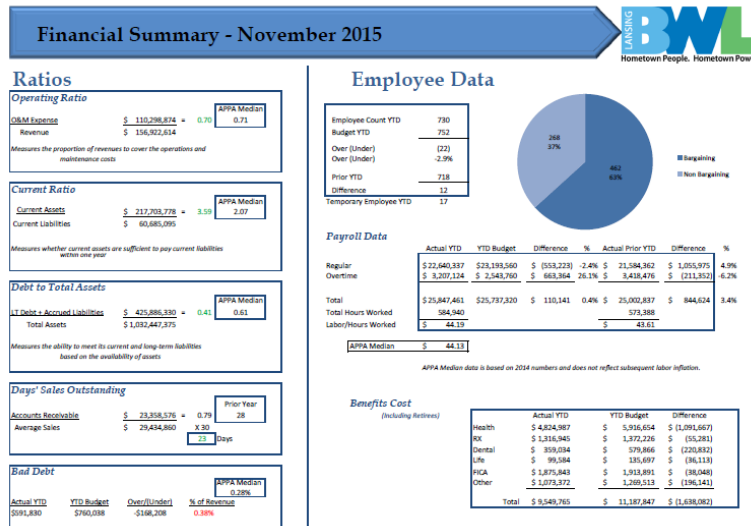
Adjusted Net Income Return

	Actual YTD	YTD Budget	Target
	2.94%	1.66%	6.18%

Adjusted Net Income Return = Actual YTD Net Income Increased for Interest Expense / Net Fixed Assets + Inventory

Debt Service Coverage - Rating Agencies = (Projected Net Income + Depreciation Expense + Interest Expense + Fixed Obligations*) / (Debt Service + Fixed Obligations)

*Fixed obligations represent Belle River Debt Service



Finance Chairperson Ken Ross asked Ms. Shawa-DeCook to clarify the factors contributing to wholesale income being down by almost \$5 million dollars for Income YTD, to which Ms. Shawa-DeCook explained that this was due to BWL's Belle River location experiencing unplanned outages, as well as that wholesale sales prices have been lower than budgeted. Additionally Chairperson Ross asked Ms. Shawa-DeCook to expound on the Net Income YTD, to which Ms. Shawa-DeCook explained that BWL is at operating income of \$15.4 million, compared to budgeted \$6 million, thus beating budget by over \$9 million.

There was a lengthy discussion regarding the Capital Budget Status YTD, to which General Manager Peffley and CFO Shawa-DeCook answered all presented questions.

Commissioner Louney commended Ms. Shawa-DeCook on creating a great synopsis of the financial summary.

Finance Chair Ross, asked that the overtime actual to budget be further explained, as it is significantly over budget current year to date. General Manager Peffley explained that one contributing factor is that the BWL has had a hard time staffing Eckert Power Station with trained operators. Operator positions take two years to fully train the operators and while in training we are required to have a fully trained operator side by side. General Manager Peffley also stated that the Line department is experiencing higher OT costs with recent retirements and a competitive recruitment market for journeyman positions.

There was a discussion regarding succession planning. Upon conclusion, HR Chair Mullen requested staff provide at a future HR Committee meeting an overview of the BWL's succession plan.

General Manager Peffley stated that the increase in Net Income is not a result of cutting staff or cutting safety, but by reaping efficiency of the workforce.

FY17 Preliminary O&M/Capital Budgeting Process & Timing Overview

Heather Shawa-DeCook, Chief Financial Officer (CFO) provided a high-level overview of the FY 17 Preliminary O&M/Capital Budgeting Process & Timing. Fiscal year 2017 budget process is currently underway. The key items that the BWL is undertaking is development of a revenue budget, which consists of market operations and water departments forecasts; also, managements and directors are preparing capital budget requests.

There was a discussion regarding capital budget, its review process, as well as how it relates to rate increases.

Financial Summary Section Overview

Scott Taylor, Manager of Finance, discussed the following:

- Income Statement
- YTD Budget Status
- YTD Adjusted Net Income

Mr. Taylor stated that the Income Statement YTD provides a high-level view of revenues, expenses, and net income. The budget-to-actual column provides the best information; however, a comparison to the prior year is presented as well to provide another perspective. The revenue and expense sections are each broken into two parts because they have different factors affecting them. This section helps the BWL see where it is and where it may end up at year-end.

Income Statement YTD

	Actual YTD	YTD Budget	Difference	%	Actual Prior YTD	Difference	%
Retail	\$ 142,652,881	\$ 142,859,664	(206,783)	0%	\$ 127,488,131	\$ 15,164,750	12%
Wholesale	\$ 14,269,733	\$ 19,590,274	(5,320,541)	-27%	\$ 14,106,930	\$ 162,803	1%
Total Revenue	\$ 156,922,614	\$ 162,449,938	(5,527,324)	-3%	\$ 141,595,062	\$ 15,327,553	11%
Operating Expenses	\$ 127,321,997	\$ 141,022,659	(13,700,662)	-10%	\$ 125,047,932	\$ 2,274,065	2%
Non Operating	\$ (14,184,484)	\$ (15,368,700)	1,184,216	-8%	\$ (13,519,882)	\$ (664,602)	5%
Net Income	\$ 15,416,133	\$ 6,058,579	9,357,554	154%	\$ 3,027,248	\$ 12,388,885	409%

Projected FY 2016 Net Income	\$ 7,366,605
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Mr. Taylor moreover provided highlights on the Budget Status YTD, as it highlights the O&M Budget. Mr. Taylor stated that in the event, that the financial results are not looking good for the year this is the area the BWL looks at first to make cuts or adjustments to help finish the year better. Fuel is excluded because it is driven by generation needs and cannot be controlled in the same manner as the other costs. The Capital budget has an impact on cash flow for the year and the BWL wants to be able to monitor progress throughout the year on capital spending.

Budget Status YTD

O&M Budget YTD (excluding fuel)

Actual YTD	YTD Budget	Difference	%
\$ 54,685,692	\$ 62,422,055	(7,736,363)	-12%

Capital Budget YTD

Actual YTD	YTD Budget	Difference	%
\$ 15,719,630	\$ 24,176,683	(8,457,053)	-35%

Furthermore, Mr. Taylor reviewed the Adjusted Net Income Return Section of the budget as it shows how the BWL is doing relative to our overall target of 6.18% approved by the Board. The return has two primary purposes; the first is to cover the cost of bond interest expense and the second is to have funds available to replace fixed assets as they reach the end of their useful life.

Adjusted Net Income Return

Actual YTD	YTD Budget	Target
2.94%	1.66%	6.18%

*Adjusted Net Income Return - Actual YTD Net Income increased for interest expense
Net Fixed Assets + Inventory*

There was an extensive discussion, with Commissioner Alley concluding that there are lots of ways to get to the 6.18% target rate, as it can be a combination of raising rates and cutting costs. Commissioner Alley expressed interest in continued benchmarking to show whether the BWL is running as efficiently as it should be.

There was discussion regarding the established Net Income Rate on Return percentage and the desire to discuss the reassessment of the percentage at a future meeting.

Internal Audit Open Management Responses

Heather Shawa-DeCook, Chief Financial Officer (CFO) provided an update on the Management's response to Internal Audits. Ms. Shawa-DeCook covered the following issues and its status:

STATUS OF MANAGEMENT RESPONSES TO INTERNAL AUDITS AS OF 12/31/15
In Accordance with Board Resolution #2014-07-05

Open Issues:

12	Record Retention	Internal Audit found that records on hand did not always correspond with the Record Retention Schedule, namely, a portion of I-9 forms and some asbestos bills of lading.	March 2014	Human Resources	I-9 forms are on file for all active employees, with the exception of three employees with situations expected to be resolved by early January 2016. An appropriate retention schedule for the asbestos bills of lading will be determined and updated as part of the overall review of the Record Retention Schedule. Enterprise Content Management anticipates an updated schedule will be provided for executive management review by 1/31/16, followed by filing for State Administrative Board approval. The State of Michigan approval process is expected to take approximately three months.
13	Record Retention	The Internal Auditor determined that records on hand in departments did not always correspond with the Record Retention Schedule.	March 2014	Enterprise Content Management	Enterprise Content Management is reviewing the existing Record Retention Schedule with the appropriate departments and cataloging all proposed revisions. It is anticipated that an updated schedule will be provided for executive management review by 1/31/16, followed by filing for State Administrative Board approval. State of Michigan approval process is expected to take approximately three months.
17	Close the Books	The Internal Auditor recommended that consideration be given to the use of a general accounting manual.	August 2014	General Accounting	A General Accounting Procedure Manual is being developed, with expected completion by 12/31/16.
26	Management of Mobile Devices	The Internal Auditor noted that guidelines for mobile device management should be documented.	Sept 2015	Information Technology	Documentation of guidelines on the use of mobile devices continues, with anticipated completion moving from 12/31/15 to 3/31/16, due to a preliminary review by the Enterprise Technology Team determining the need for further refinement.
27	Management of Mobile Devices	The Internal Auditor recommended encrypting data on all remaining laptops and smart phones.	Sept 2015	Information Technology	Data on any mobile devices in need of encryption can and will be identified once the mobile device usage guidelines referred to under issue #26 have been established. Completion by 6/30/16 is anticipated.
28	Management of Mobile Devices	Internal Audit questioned whether contract terms and conditions covering data loss and manipulation are sufficient.	Sept 2015	General Counsel	Updated procurement policy was approved by the Board on 11/17/15. Procurement procedures can now be accordingly updated. A full review of procurement procedures is underway, with a new anticipated completion date of 4/1/16 (previously 12/31/15). The new date is to allow sufficient time for a thorough review of the procedures, from the date updated policy was available (which was later than originally anticipated).

29	Management of Mobile Devices	Internal Audit recommended further consideration of procuring software with remote cleaning capabilities.	Sept 2015	Information Technology	Once any data accessed via mobile devices is determined to be in need of encryption (i.e., once issue #27 is addressed), it can be determined to what extent procuring and implementing software with remote cleaning capabilities would be cost-beneficial. It is anticipated that this issue will be addressed by 6/30/16.
30	Management of Mobile Devices	Internal Audit recommended disabling data ports on mobile devices.	Sept 2015	Information Technology	Any needed disabling of data ports will be complete by 6/30/16.
31	Outage Management System	The Internal Auditor found that procurement procedures regarding technical evaluation during the RFP process need clarification.	Oct 2015	Purchasing	Updated procurement policy was approved by the Board on 11/17/15. Procurement procedures can now be accordingly updated. A full review of procurement procedures is underway, with a new anticipated completion date of 4/1/16 (previously 12/31/15). The new date is to allow sufficient time for a thorough review of the procedures, from the date updated policy was available (which was later than originally anticipated).
33	Outage Management System	The audit recommended more specific test criteria, testing performed by the call processing vendor, development of test scripts, and a narrative of test results.	Oct 2015	Information Technology	Management is consulting with an industry expert to review and validate the OMS stress test template. Due to difficulty retaining a qualified vendor, our targeted completion is changing from 12/31/15 to 6/30/16.
34	Training & Development	Internal Audit supports plans for a new database for tracking training and use of standardized criteria for periodic training course review and training of trainers, on an organization-wide basis.	Dec 2015	Organizational Training & Development	An action plan to fully centralize training processes is expected to be in place by 3/1/16, including implementation of a new "LMS" database and training course review process.
35	Training & Development	Employee time which can be categorized as a form of training time is not always identified for inclusion in the Employee Development balanced scorecard measure.	Dec 2015	Organizational Training & Development	Refresher training on the proper procedures for reporting training time will be provided to training staff by 3/1/16. In addition, management will consider including plant orientation and on-the-job training in the Employee Development balanced scorecard measure.
36	Training & Development	End-of-course evaluations are not always completed by attendees and Organizational Training & Development does not always provide a written summary analysis of evaluations back to trainers, particularly if there are no suggested improvements to consider.	Dec 2015	Organizational Training & Development	Refresher training including review of expectations for course evaluation/feedback processes will be provided to all trainers by 3/1/16.

Closed Issues (since 10/30/15 report): None

Ms. Shawa-DeCook stated that Records Retention Open issues numbers 12 and 13 have been extended until end of January, at which time the executive team will receive the same for review, at which time the State of Michigan will review and approve which typically is a 90+ day process.

There has been no change on item number 17, Use of General Accounting Manual. Staff is expecting to have this by the end of calendar year 2016.

Ms. Shawa-DeCook stated that open issue items 26 through 30, are related to management of mobile devices, recommendations were specifically for determining and documenting guidelines for mobile devices. Staff is in process of developing this; however, it is likely that an extension until end of March for completion will be necessary.

Open issues item numbers 31 and 32 are related to the Outage Management system. Key items recommended were to update procurement procedures, which are currently in place; however, an extension to have an update is needed until April 1st.

Open Issue items 34 through 36 are related to Training and Development, with audit recommendations to fully centralize training process, documentation and records. The BWL is in process of implementing Learning Management System (LMS), which should be online in March. Additionally, staff is working on proper recording of training time; with refresher training so all employees understand requirements.

Commissioner Zerkle raised the question about the 90-day limit for management responses to audit recommendations that she stated is required by Resolution. In response, Internal Auditor Perkins stated that he would research the issue and report to the Commissioner any needed clarifications.

Public Comment

None

Other

General Manager Peffley congratulated Ms. Lori Pung on her promotion of Manager of General Accounting.

Excused Absence

Motion by Commissioner Louney, Seconded by Commissioner Price, to excuse Commissioner Non-Voting Member Nelson from tonight's meeting.

Adjourn

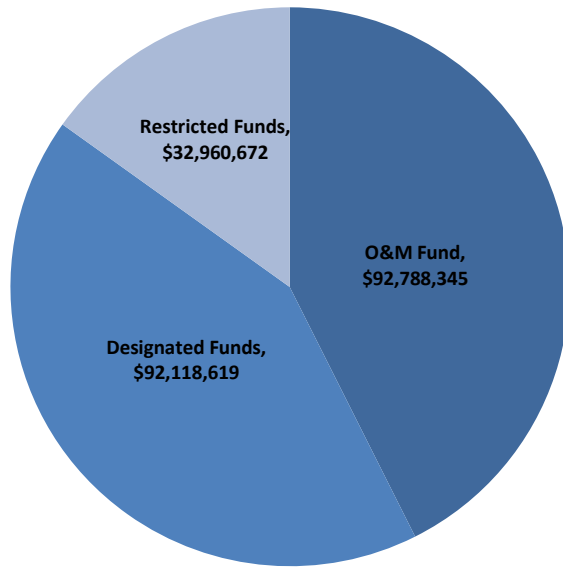
On Motion by Commissioner Price, Seconded by Thomas, the meeting adjourned at 8:43 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

Financial Summary - January 2016



Cash



Total Cash: \$217,867,636

	Month End	Target
Days Cash on Hand	175	150-249
Credit Rating	AA-	AA-
Debt Service Coverage - Rating Agencies	1.79	2.00-2.49
Debt Service Coverage - Bond Covenants	2.52	1.25

The Days Cash on Hand and Debt Service Coverage - Rating Agencies target ranges are provided by Moody's as expected performance for a AA- rated electric utility with generation.

Debt Service Coverage - Rating Agencies - $\frac{\text{Projected Net Income} + \text{Depreciation Expense} + \text{Interest Expense} + \text{Fixed Obligations}^*}{\text{Debt Service} + \text{Fixed Obligations}}$

*Fixed obligations represent Belle River Debt Service

Income Statement YTD

	Actual YTD	YTD Budget	Difference	%	Actual Prior YTD	Difference	%
Retail	\$ 198,196,368	\$ 198,313,250	(116,882)	0%	\$ 183,467,982	\$ 14,728,386	8%
Wholesale	\$ 19,576,952	\$ 28,495,517	(8,918,565)	-31%	\$ 20,138,921	\$ (561,969)	-3%
Total Revenue	\$ 217,773,319	\$ 226,808,767	(9,035,448)	-4%	\$ 203,606,903	\$ 14,166,417	7%
Operating Expenses	\$ 180,141,331	\$ 199,093,235	(18,951,904)	-10%	\$ 178,597,723	\$ 1,543,608	1%
Non Operating	\$ (18,893,021)	\$ (21,408,045)	2,515,024	-12%	\$ (17,419,319)	\$ (1,473,702)	8%
Net Income	\$ 18,738,967	\$ 6,307,487	12,431,480	197%	\$ 7,589,861	\$ 11,149,106	147%

Projected FY 2016 Net Income \$ 10,245,736

Budget Status YTD

O&M Budget YTD (excluding fuel)

Approved Budget	Actual YTD	YTD Budget	Difference	%
\$ 151,856,345	\$ 79,396,461	\$ 87,805,168	(8,408,707)	-10%
% of Approved Budget	52%	58%		

Capital Budget YTD

Approved Budget	Actual YTD	YTD Budget	Difference	%
\$ 65,071,605	\$ 20,926,004	\$ 34,897,352	(13,971,348)	-40%
% of Approved Budget	32%	54%		

Adjusted Net Income Return

Actual YTD	YTD Budget	Target
3.65%	2.02%	6.18%

Adjusted Net Income Return - $\frac{\text{Actual YTD Net Income increased for interest expense}}{\text{Net Fixed Assets} + \text{Inventory}}$

Financial Summary - January 2016



Ratios

Operating Ratio

O&M Expense	\$ 156,296,408	=	0.72	APPA Median	0.71
Revenue	\$ 217,773,319				

Measures the proportion of revenues to cover the operations and maintenance costs

Current Ratio

Current Assets	\$ 206,232,701	=	4.74	APPA Median	2.07
Current Liabilities	\$ 43,494,383				

Measures whether current assets are sufficient to pay current liabilities within one year

Debt to Total Assets

LT Debt + Accrued Liabilities	\$ 407,062,020	=	0.40	APPA Median	0.61
Total Assets	\$ 1,016,945,901				

Measures the ability to meet its current and long-term liabilities based on the availability of assets

Days' Sales Outstanding

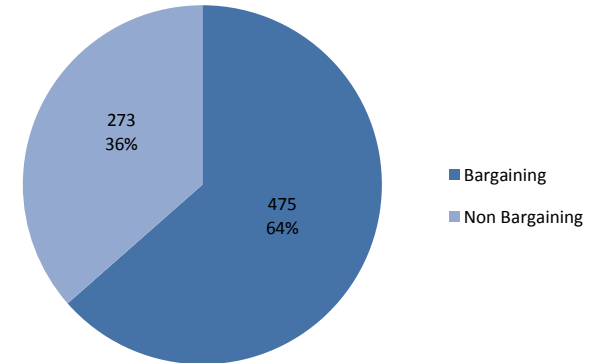
Accounts Receivable	\$ 24,382,174	=	0.80	Prior Year	25
Average Sales	\$ 30,425,353	X	31		
				25	Days

Bad Debt

Actual YTD	YTD Budget	Over/(Under)	% of Revenue	APPA Median
\$894,196	\$1,076,694	-\$182,498	0.41%	0.28%

Employee Data

Employee Count YTD	748
Budget YTD	753
Over (Under) #	(5)
Over (Under) %	-0.7%
Prior YTD	720
Difference	28
Temporary Employee YTD	28



Payroll Data

	Actual YTD	YTD Budget	Difference	%	Actual Prior YTD	Difference	%
Regular	\$ 31,209,963	\$ 31,728,026	\$ (518,063)	-1.6%	\$ 29,794,674	\$ 1,415,289	4.8%
Overtime	\$ 4,337,794	\$ 3,484,552	\$ 853,242	24.5%	\$ 4,606,076	\$ (268,282)	-5.8%
Total	\$ 35,547,757	\$ 35,212,578	\$ 335,179	1.0%	\$ 34,400,750	\$ 1,147,007	3.3%
Total Hours Worked	776,278				759,898		
Labor/Hours Worked	\$ 45.79				\$ 45.27		

APPA Median	\$ 44.13
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APPA Median data is based on 2014 numbers and does not reflect subsequent labor inflation.

Benefits Cost

(Including Retirees)

	Actual YTD	YTD Budget	Difference
Health	\$ 7,643,330	\$ 8,021,492	\$ (378,162)
RX	\$ 1,896,532	\$ 1,863,513	\$ 33,019
Dental	\$ 528,134	\$ 787,471	\$ (259,337)
Life	\$ 155,378	\$ 184,280	\$ (28,902)
FICA	\$ 2,635,594	\$ 2,646,083	\$ (10,489)
Other	\$ 1,644,080	\$ 2,090,667	\$ (446,587)
Total	\$ 14,503,049	\$ 15,593,506	\$ (1,090,457)

Ratios

Operating Ratio

$$\frac{\text{O\&M Expense}}{\text{Revenue}} = \frac{\$ 156,296,408}{\$ 217,773,319} = 0.72$$

APPA Median
0.71

Measures the proportion of revenues to cover the operations and maintenance costs

Current Ratio

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{\$ 206,232,701}{\$ 43,494,383} = 4.74$$

APPA Median
2.07

Measures whether current assets are sufficient to pay current liabilities within one year

Debt to Total Assets

$$\frac{\text{LT Debt + Accrued Liabilities}}{\text{Total Assets}} = \frac{\$ 407,062,020}{\$ 1,016,945,901} = 0.40$$

APPA Median
0.61

Measures the ability to meet its current and long-term liabilities based on the availability of assets

Days' Sales Outstanding

$$\frac{\text{Accounts Receivable}}{\text{Average Sales}} = \frac{\$ 24,382,174}{\$ 30,425,353} = 0.80$$

Prior Year
25

25 Days

Bad Debt

<u>Actual YTD</u>	<u>YTD Budget</u>	<u>Over/(Under)</u>	<u>% of Revenue</u>
\$894,196	\$1,076,694	-\$182,498	0.41%

APPA Median
0.28%

PROPOSED RESOLUTION

Lansing Board of Water & Light External Auditor Recommendation

WHEREAS, Lansing City Charter Section 3-404.1 requires an independent audit of all accounts of the City government, including the Board of Water and Light (BWL), at the close of each fiscal year, and all such audits shall be made by a Certified Public Accountant designated by the City Council; and

WHEREAS, BWL staff engaged in its normal public procurement process for the purpose of soliciting and evaluating proposals from a variety of independent public accounting firms that have municipal utility audit experience to perform an audit of the BWL as required by Lansing City Charter Section 3-404 for fiscal years ending June 30 on the following respective years: 2016, 2017, 2018, 2019, and 2020; and

WHEREAS, based on the public procurement evaluation of the proposals received, the BWL staff recommends the firm of Baker Tilly to perform these BWL audits; and

RESOLVED, that the Board of Commissioners support BWL staff's recommendation;

FURTHER RESOLVED, the Board of Commissioners recommends that Lansing City Council approve and designate Baker Tilly to perform the annual financial audit for each of the fiscal years ending June 30 on the following respective years: 2016, 2017, 2018, 2019, and 2020 in accordance with Lansing City Charter 3-404.1; and

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to submit this resolution on behalf of the Board of Commissioners to City Council requesting their approval of Baker Tilly as recommended by the Board of Commissioners.

Staff Comments: BWL staff has used their municipal utility industry knowledge and expertise to search for and evaluate qualified firms. Based on the results of this search, staff provides this recommendation for consideration of the Board and, if approved, the City Council.

Internal Audit Status Report

Presented by:

Phil Perkins, Director of Internal Audit
Finance Committee Meeting
March 2016

Overview

- FY 2016 Audit Plan Progress Report
- FY 2017 Audit Planning & Risk Assessment

FY 2016 Audit Plan Progress Report

Engagements Completed:

1. Training & Development Audit
2. Hiring Process Audit
3. Surprise Cash Count #1
4. Time Reporting Reviews #1 and 2
5. Vehicle Time Reporting Review #1

Engagements in Progress:

1. IT – Change Management Audit (90% complete)
2. Selected CRT/MPSC/BWL Recommendations (90% complete)
3. Billing Audit (just underway)

FY 2016 Audit Plan Progress Report, cont'd.

Engagements Remaining:

1. IT Security Policies
2. Surprise Cash Count #2
3. Vehicle Time Reporting Review #2

Other:

1. Annual Risk Assessment/Audit Planning for FY 2017
2. Other as needed

Approved FY2016 Audit Plan

Planned Audits:	Completion Status
Follow-up of Selected CRT/MPSC/BWL Recs.	90% complete
Billing	Started 3/16
IT – Information Security Policies	Est Start 4/16
Training & Development	Complete
Hiring Process (replaced Safety Mgt)	Complete
IT – Manage Changes	90% complete
Other Engagements:	
Surprise Cash Counts (2)	1 of 2 completed
Time Reporting Reviews (2)	2 of 2 completed
Central Maintenance & Fleet Vehicle Time Reporting	1 of 2 completed
Other Consulting (NERC/CIP Compliance, IRP/Strat Plan)	No engagements to date

FY 2017 Audit Planning & Risk Assessment

1. Meetings with Executives and Staff to discuss risks and potential audit topics.
2. Risk assessments for each of 100-plus auditable activities at BWL.
3. Consideration of rotational audits, audit areas with risk/scoping assessments, first-time audits, etc.
4. Draft audit plan will be presented at May or July Finance Committee meeting for approval.