



FINANCE COMMITTEE MEETING AGENDA

January 12, 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 11/10/15.....**TAB 1**
2. November YTD Financial Summary.....**TAB 2**
3. FY17 Preliminary O&M/Capital Budgeting Process & Timing Overview**INFO ONLY**
4. Financial Summary Section Overview**TAB 3**
(Income Statement, Budget Status, and Adjusted Net Income Return)
5. Internal Audit Open Management Responses**TAB 4**
6. Public Comment

Other

Adjourn

FINANCE COMMITTEE

November 10, 2015

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 6:28 p.m. on Tuesday, October 10, 2015.

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, David Price and Alternate Member Sandra Zerkle. Also, present Commissioners Mark Alley. Non-Voting Members present: Michael Froh (Meridian Township), Bill Long (Delta Township) and Bob Nelson (East Lansing).

Absent: Commissioner Tracy Thomas

The Corporate Secretary declared a quorum.

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Louney, to approve the Finance Committee meeting minutes of October 20, 2015.

Action: Motion Carried

BWL Finance Committee Oversight/Scope & Current Reporting

Chairperson Ken Ross informed the Committee that the Oversight/Scope & Current Reporting document was created and is being presented for edification purposes based on the scope of the Finance Committee, as contained in the BWL's Rules and Procedures. The document outlines (ten) areas of oversight, as well as reports that are coming before the committee and on what frequency.

September Financial Summary

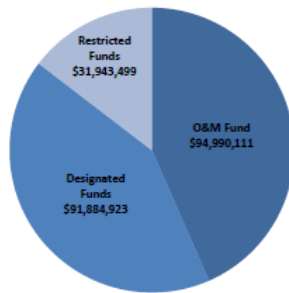
Heather Shawa-DeCook, Chief Financial Officer (CFO) discussed BWL's September 30th Financial Scorecard, covering the following:

- Cash
- Income Statement YTD
- Budget Status YTD
- Adjusted Net Income Return
- Ratios
- Employee Data

Financial Summary - September 2015



Cash



Total Cash: \$218,818,532

	Month End	Target
Days Cash on Hand	177	150-249
Credit Rating	AA-	AA-
Debt Service Coverage - Rating Agencies	1.66	2.00-2.49
Debt Service Coverage - Bond Covenants	2.27	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	\$ 89,172,257	\$ 89,542,131	(369,874)	0%	\$ 79,308,260	\$ 9,863,997	12%
Wholesale	\$ 8,880,637	\$ 11,952,795	(3,072,158)	-26%	\$ 9,893,295	\$ (1,012,658)	-10%
Total Revenue	\$ 98,052,894	\$ 101,494,927	(3,442,033)	-3%	\$ 89,201,556	\$ 8,851,338	10%
Operating Expenses	\$ 74,423,581	\$ 83,433,665	(9,010,084)	-11%	\$ 72,499,575	\$ 1,924,006	3%
Non Operating	\$ (8,327,470)	\$ (9,494,322)	1,166,852	-12%	\$ (8,979,490)	\$ 652,020	-7%
Net Income	\$ 15,301,843	\$ 8,566,940	6,734,903	79%	\$ 7,722,490	\$ 7,579,353	98%

Projected FY 2016 Net income \$ 3,489,781

Budget Status YTD

O&M Budget YTD (excluding fuel)

	Actual YTD	YTD Budget	Difference	%
	\$ 29,181,800	\$ 35,501,771	(6,319,971)	-18%

Capital Budget YTD

	Actual YTD	YTD Budget	Difference	%
	\$ 8,676,127	\$ 11,915,727	(3,239,600)	-27%

Adjusted Net Income Return

	Actual YTD	YTD Budget	Target
	2.57%	1.69%	6.18%

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

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

*Fixed obligations represent Belle River Debt Service

Financial Summary - September 2015



Ratios

Operating Ratio

O&M Expense	\$ 64,219,923	=	0.65	APPA Median 0.71
Revenue	\$ 98,052,894			

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

Current Ratio

Current Assets	\$ 207,862,563	=	3.90	APPA Median 2.07
Current Liabilities	\$ 53,233,279			

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

Debt to Total Assets

LT Debt + Accrued Liabilities	\$ 417,499,390	=	0.41	APPA Median 0.61
Total Assets	\$ 1,023,946,147			

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

Days' Sales Outstanding

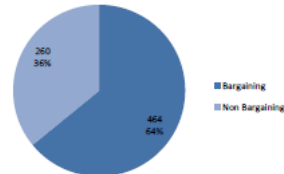
Accounts Receivable	\$ 24,913,485	=	0.76	Prior Year 31
Average Sales	\$ 32,864,788	X 30		33 Days

Bad Debt

Actual YTD	YTD Budget	Over/(Under)	% of Revenue	APPA Median
\$414,874	\$443,382	-\$28,508	0.42%	0.28%

Employee Data

Employee Count YTD	724
Budget YTD	753
Over (Under)	(29)
Prior YTD	709
Difference	15



Payroll Data

	Actual YTD	YTD Budget	Difference	Actual Prior YTD	Difference	%
Regular	\$ 12,380,003	\$ 12,620,317	\$ (240,314)	\$ 11,709,593	\$ 670,410	5.7%
Overtime	\$ 1,705,522	\$ 1,423,315	\$ 282,207	\$ 1,607,964	\$ 97,558	6.1%
Total	\$ 14,085,525	\$ 14,043,632	\$ 41,893	\$ 13,317,557	\$ 767,968	5.8%
Total Hours Worked	308,769			308,659		
Labor/Hours Worked	\$ 45.62			\$ 43.15		

APPA Median \$ 44.13

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	\$ 2,596,043	\$ 3,308,788	\$ (712,745)
RX	\$ 689,373	\$ 767,393	\$ (78,020)
Dental	\$ 182,783	\$ 324,280	\$ (141,497)
Life	\$ 46,784	\$ 75,886	\$ (29,102)
FICA	\$ 1,047,342	\$ 1,070,311	\$ (22,969)
Other	\$ 384,742	\$ 709,954	\$ (325,212)
Total	\$ 4,947,067	\$ 6,256,612	\$ (1,309,545)

*APPA Median Source is the APPA Selected Financial and Operating Ratios of Public Power Systems, 2014 Data. Specifically utilities with over 100,000 Customers.

Ms. Shawa-DeCook stated that last month, Scott Taylor, Manager of Finance, provided the Committee with specifics on BWL's Cash Balance. In the month of January, the Administration will provide reports on the Income Statement year-to-date, Budget year-to-date and the Adjusted Net Income Return. In addition, the Ratio section of the budget will be covered the following month with the final presentation being the Employee Data section.

Procurement Policy Revision (Resolution)

Heather Shawa-DeCook, Chief Financial Officer (CFO) introduced Bruce Cook, Manager of Purchasing, Warehousing and Fleet Services, who assisted in providing the Committee information, about the recommended proposed changes to the current Procurement Policy. A Resolution was also presented for consideration to support the proposed changed procurement policy.

There was a lengthy discussion regarding the proposed changes to the Procurement Policy.

Motion by Commissioner Price, Seconded by Commissioner Louney, to forward the Procurement Policy to the full Board for Consideration.

Action: Motion Carried

Status of Management Response to Internal Audits as of 10/30/15

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 10/30/15

In Accordance with Board Resolution #2014-07-05

Updates in red

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
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	Human Resources is in the process of ensuring that I-9 forms are on file for all active employees, with an expected completion date of 12/31/15. 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 <u>1/31/16</u> .
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 <u>1/31/16</u> .
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 <u>12/31/16</u> .
26 <i>NEW</i>	Management of Mobile Devices	The Internal Auditor noted that guidelines for mobile device management should be documented.	Sept 2015	Information Technology	Guidelines on use of mobile devices are being documented, with completion anticipated by 12/31/15.
27 <i>NEW</i>	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 <i>NEW</i>	Management of Mobile Devices	Internal Audit questioned whether contract terms and conditions covering data loss and manipulation are sufficient.	Sept 2015	Information Technology	Any needed updating of contract terms and conditions will be complete by 12/31/15.
29 <i>NEW</i>	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 <i>NEW</i>	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 <i>NEW</i>	Outage Management System	The Internal Auditor found that procurement procedures regarding technical evaluation during the RFP process need clarification.	Oct 2015	Information Technology	A full review of purchasing policy is underway, with an anticipated completion date of 12/31/15.

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
33 NEW	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 create an OMS stress test template, reviewing vendor capacity reports, and issuing a new procedure requiring a narrative of test results and documented business owner acceptance of test criteria and results. Completion is targeted for 12/31/15.

Closed Issues (since 7/31/15 report):

15	Accounts Payable	The audit revealed the existence of more than 14,000 vendor master entries, some no longer needed.	June 2014	Accounts Payable	The IT Department determined which vendor entries should be blocked on SAP due to inactivity and blocked them from use.
16	Accounts Payable	The Goods Receipt/Invoice Receipt account balance was found to be higher than in previous years. Internal Audit recommends that management focus on resolving mismatched items in this account and clear unresolved documents older than a particular age.	June 2014	Accounts Payable	Accounts Payable cleared older items by working with departments to resolve goods and invoice receipts older than 15 months and reducing the occurrence of invoices 45 days or older. To reduce the recurrence of these types of issues, a refresher training course on the system receiving function was developed. In addition, automated email notification functionality was made available in October 2016, which will further assist with addressing this issue.
20	Materials Inventory Management	The Internal Auditor found access to two inventory-related SAP system transaction types to be excessive.	Jan 2015	Purchasing & Warehousing	Unnecessary access has been removed. Purchasing & Warehousing has also taken it upon itself to develop an additional control, in the form of a periodic report run to monitor a particular situation where duties cannot always be adequately segregated due to limited availability of backup personnel in non-routine instances.
23	Annual Projects Management	Internal Audit determined that the project close-out process did not always include a documented narrative explaining why actual costs exceeded estimates.	July 2015	Customer Projects, Electric System Integrity, and Water Distribution	The project close-out process was enhanced by developing a form and procedure requiring a narrative explanation when project costs exceed estimates by a threshold of 15% and \$50,000.
24	Annual Projects Management	Internal Audit determined that the project close-out process did not always identify use of contingency amounts.	July 2015	Customer Projects, Electric System Integrity, and Water Distribution	The project close-out process was enhanced by the development of a form and procedure requiring identification of the use of contingency amounts when project costs exceed estimates by a threshold of 15% and \$50,000.
32 NEW	Outage Management System	Internal Audit deemed pre-implementation testing to be insufficient.	Oct 2015	Information Technology	Development of the Enterprise Technology Team has served to address this issue. The Team's responsibilities include regular project monitoring and review and formal acceptance of project deliverables.

Ms. Shawa-DeCook addressed a typo in the status column of issue number 16, under closed items, whereby it reads "...functionality was made available in October 2016," as it should read "October 2015."

Internal Audit Status Report

Phil Perkins, Internal Auditor, updated the Board of the Fiscal Year 2016 Audit Plan progress. Mr. Perkins' discussion reflected the following:

Approved FY2016 Audit Plan

Planned Audits:	Completion Status
Follow-up of Selected CRT/MPSC/BWL Recs.	Est Start Date 1/16
Billing	Est Start Date 4/16
IT – Information Security Policies	Est Start Date 2/16
Training & Development	Complete
Hiring Process (replaced Safety Mgt)	33% complete
IT – Manage Changes	10% complete
Other Engagements:	
Surprise Cash Counts (2)	1 of 2 completed
Time Reporting Reviews (2)	1 of 2 completed
Central Maintenance & Fleet Vehicle Time Reporting	50% complete
Other Consulting (NERC/CIP Compliance, IRP/Strat Plan)	No engagements to date



Chair Ross suggested that the Internal Auditor evaluate whether it was prudent and he had available resources to conduct a cyber-security audit in this cycle.

Internal Auditor Perkins replied that a full-blown cyber-security audit including attempts to penetrate the BWL network would need to be performed by an outside party with such expertise. He noted that an IT Security Policies audit is on the schedule for FY 2016 and that cyber-security is high on the risk assessment list for continued audit work in the foreseeable future.

Public Comment

None

Other

Commissioner Robert Nelson (East Lansing), spoke about the bill insert that BWL electric customers receive as it relates to Public Act 95 of 2013, which protects customers from shut off during the winter season. Mr. Nelson stated his concern about the literature/insert not being as informative as it could be.

After a lengthy discussion regarding the insert language Finance Chairperson Ken Ross reminded the Committee that the Board's duty is not to micromanage the Administration with writing of text. Chair Ross urged management to develop any appropriate changes that would address raised concerns and possibly those changes could be presented to the Committee.

Excused Absence

Motion by Commissioner Louney, Seconded by Commissioner Price, to excuse Commissioner Thomas from tonight's meeting.

Adjourn

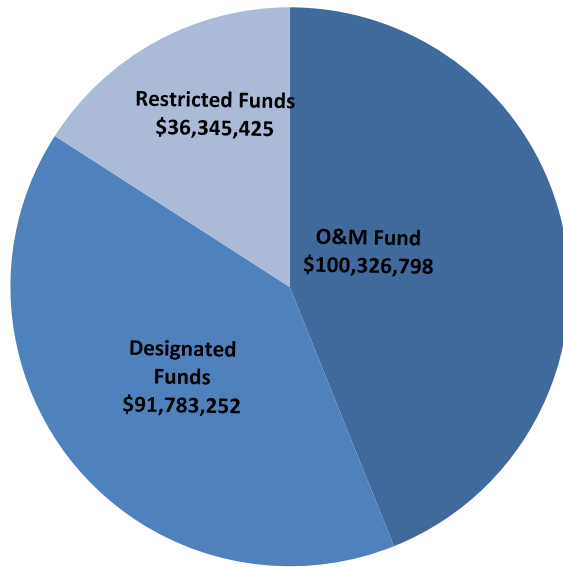
On Motion by Commissioner Louney, Seconded by Price, the meeting adjourned at 7:18 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

Financial Summary - November 2015



Cash



Total Cash: \$228,455,475

	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.

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

Financial Summary - November 2015



Ratios

Operating Ratio

O&M Expense	\$ 110,298,874	=	0.70	APPA Median	0.71
Revenue	\$ 156,922,614				

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

Current Ratio

Current Assets	\$ 217,703,778	=	3.59	APPA Median	2.07
Current Liabilities	\$ 60,685,095				

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

Debt to Total Assets

LT Debt + Accrued Liabilities	\$ 425,886,330	=	0.41	APPA Median	0.61
Total Assets	\$ 1,032,447,375				

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

Days' Sales Outstanding

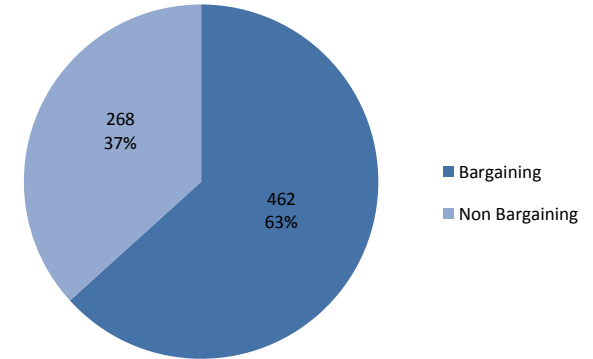
Accounts Receivable	\$ 23,358,576	=	0.79	Prior Year	28
Average Sales	\$ 29,434,860	X	30		
				23	Days

Bad Debt

Actual YTD	YTD Budget	Over/(Under)	% of Revenue	APPA Median
\$591,830	\$760,038	-\$168,208	0.38%	0.28%

Employee Data

Employee Count YTD	730
Budget YTD	752
Over (Under)	(22)
Over (Under)	-2.9%
Prior YTD	718
Difference	12
Temporary Employee YTD	17



Payroll Data

	Actual YTD	YTD Budget	Difference	%	Actual Prior YTD	Difference	%
Regular	\$ 22,640,337	\$ 23,193,560	\$ (553,223)	-2.4%	\$ 21,584,362	\$ 1,055,975	4.9%
Overtime	\$ 3,207,124	\$ 2,543,760	\$ 663,364	26.1%	\$ 3,418,476	\$ (211,352)	-6.2%
Total	\$ 25,847,461	\$ 25,737,320	\$ 110,141	0.4%	\$ 25,002,837	\$ 844,624	3.4%
Total Hours Worked	584,940				573,388		
Labor/Hours Worked	\$ 44.19				\$ 43.61		

APPA Median \$ 44.13

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	\$ 4,824,987	\$ 5,916,654	\$ (1,091,667)
RX	\$ 1,316,945	\$ 1,372,226	\$ (55,281)
Dental	\$ 359,034	\$ 579,866	\$ (220,832)
Life	\$ 99,584	\$ 135,697	\$ (36,113)
FICA	\$ 1,875,843	\$ 1,913,891	\$ (38,048)
Other	\$ 1,073,372	\$ 1,269,513	\$ (196,141)
Total	\$ 9,549,765	\$ 11,187,847	\$ (1,638,082)

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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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*

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 <i>NEW</i>	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 <i>NEW</i>	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 <i>NEW</i>	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