



Public Utilities Commission of Ohio

Renewable Energy Audit

Audit Period: July through December 2013

Results Summary:

Objective	Conclusion
Receipt and Review Process	Well-Controlled with Improvement Needed
Facility Certification Process	Well-Controlled

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Executive Summary

Background

The Public Utilities Commission of Ohio's (PUCO) Renewable Energy Resource Generating Facility Application for Certification program allows residential and commercial entities to apply for certification to be eligible to receive credit for producing electricity from renewable sources. PUCO reviews certification applications against requirements in statute and commission standards. Approximately 6,800 applications have been submitted since inception of the program in 2009. Eight applications have been denied in the life of the program. For the audit period July through December 2013, approximately 350 applications were submitted with none being denied during the period.

During the audit, OIA identified opportunities for the Public Utilities Commission of Ohio to strengthen internal controls and improve business operations. This audit conforms to the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank Public Utilities Commission of Ohio staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties

Scope and Objectives

OIA staff was engaged to perform assurance work related to the controls over the Renewable Energy Resource Generating Facility Application for Certification process. This work was completed March through May 2014. The scope of this audit included key processes of the certification program for the period July through December 2013, but did not include a review of the processes once an application was denied. The audit objectives included the following:

- Evaluate the design and effectiveness of controls over the application receipt and review process.
- Evaluate the design and effectiveness of controls over the facility certification process.

Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. There were no high or moderate observations identified as a result of this audit. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.



Appendix A – Classification of Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Improvement Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Major Improvement Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

Classification of Audit Observations

Rating	Description of Factors	Reporting Level
Low	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
Moderate	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
High	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee