



Public Utilities Commission Annual Report Filing Process Audit

Audit Period: January 2014 through December 2014

Results Summary:

Objective	Conclusion*
Initial Utility Registration Process	Well-Controlled with Improvement Needed
Filing / Receipt Process	Well-Controlled with Improvement Needed

* Please refer to Appendix A for classification of audit objective conclusions.



Executive Summary

Background

The Public Utilities Commission of Ohio (PUCO) requires all jurisdictional regulated entities granted a PUCO certificate to file an annual report, regardless if the entity conducted operations or generated revenue in Ohio during the reporting year. Exceptions to the reporting requirement are granted to facilities certified through PUCO as an Ohio Renewable Energy Resource Generating (REN) facility. All annual reports should display gross revenues (fees or commissions) on all intrastate transactions. Beginning FY2013, the utilities were required to submit their annual reports electronically through an online portal on PUCO's website. Once submitted, the annual report is archived and posted on PUCO's website for public access. The annual report filing period is late January through April 30th. During the 2014 filing period, approximately 1400 entities submitted an annual report, with approximately \$23.4 billion total intrastate gross revenues reported.

During the audit, OIA identified opportunities for PUCO to strengthen internal controls and improve business operations. OIA conforms with the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank PUCO 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 an assurance audit related to the controls over the agency's utility annual report submission process. The scope of the engagement did not include the assessment fee process which is audited by the Auditor of State. This work was completed December 2014 through February 2015. The audit period covered January through December 2014. The objectives of this audit included the following areas:

- Evaluate the design and effectiveness of the controls over the initial utility registration process.
- Evaluate the design and effectiveness of the controls over the annual report filing/receipt 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 risk observations on this engagement. 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.

Based on the review, OIA identified efficiencies associated with the online portal which is used by the utility entities to register and submit the annual reports. Detailed recommendations have been provided in a separate communication to management entitled 'Other Considerations for Management's Attention'.



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