

Exhibit to Agenda Item #10

Provide the Board with an informational presentation on the 2021 Audit and Quality Services Plan.

Board of Directors Meeting

Thursday, January 21, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Agenda

Internal Auditors

- Governance Role and Value

Internal Audit at SMUD

Annual Disclosures

Noteworthy Items

Key Focus Areas for 2021

Questions

Internal Auditors Governance Role and Value

The Auditor Role in Governance

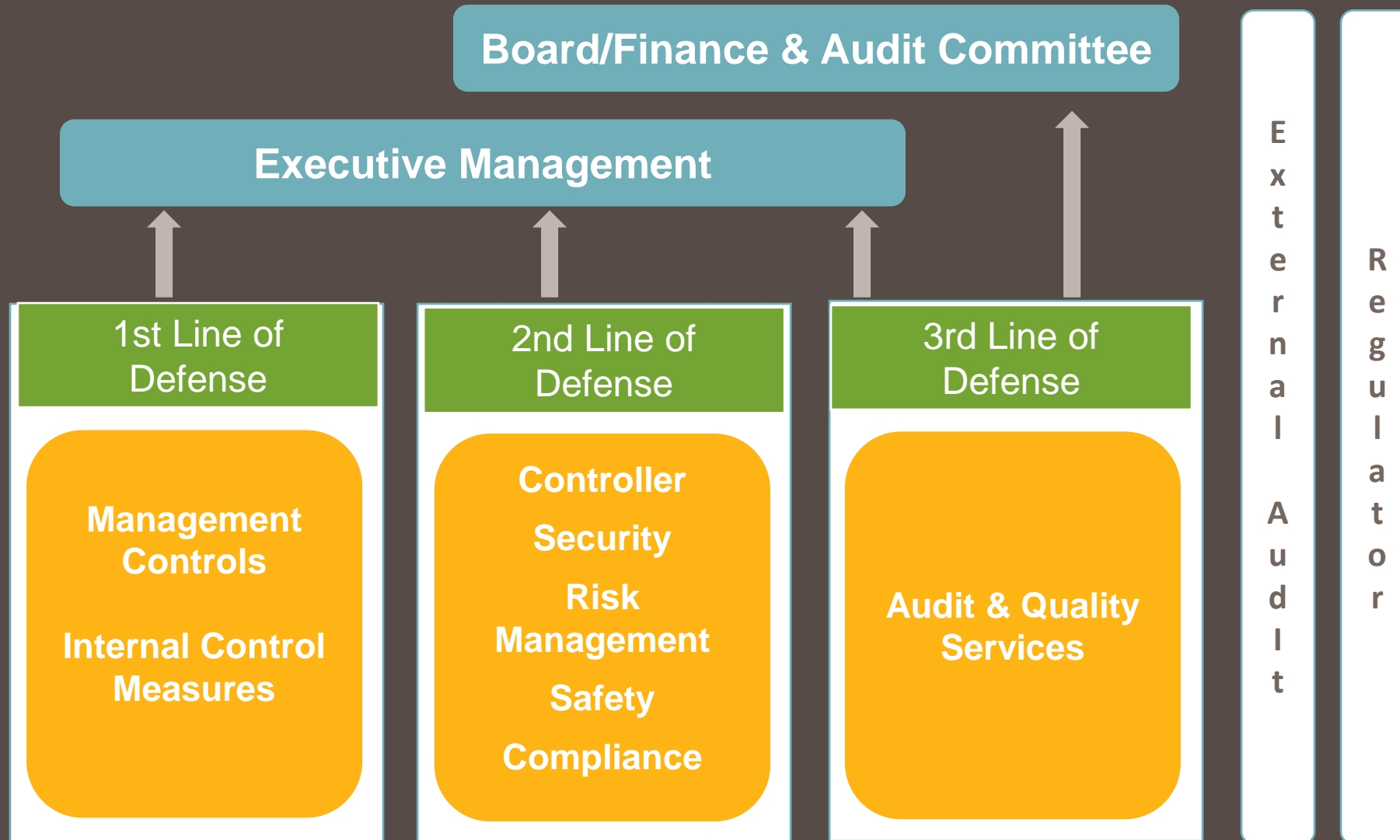
- Objective assurance and insight on the effectiveness and efficiency of risk management, internal control and governance processes
- Assurance is provided through assessing and reporting on the effectiveness of processes
- Insights provide positive change and enhance and protect organizational value

Value Proposition

- Help SMUD improve governance, manage risks, and implement controls to more effectively achieve its goals.
- Provides the Board and Executive management with independent and objective assessments



The Three Lines of Defense



Internal Audit Vision

Our Vision

- Valued business partner
- Continuous improvement and innovation
- High performing, risk intelligent team



Trusted Audit Partner

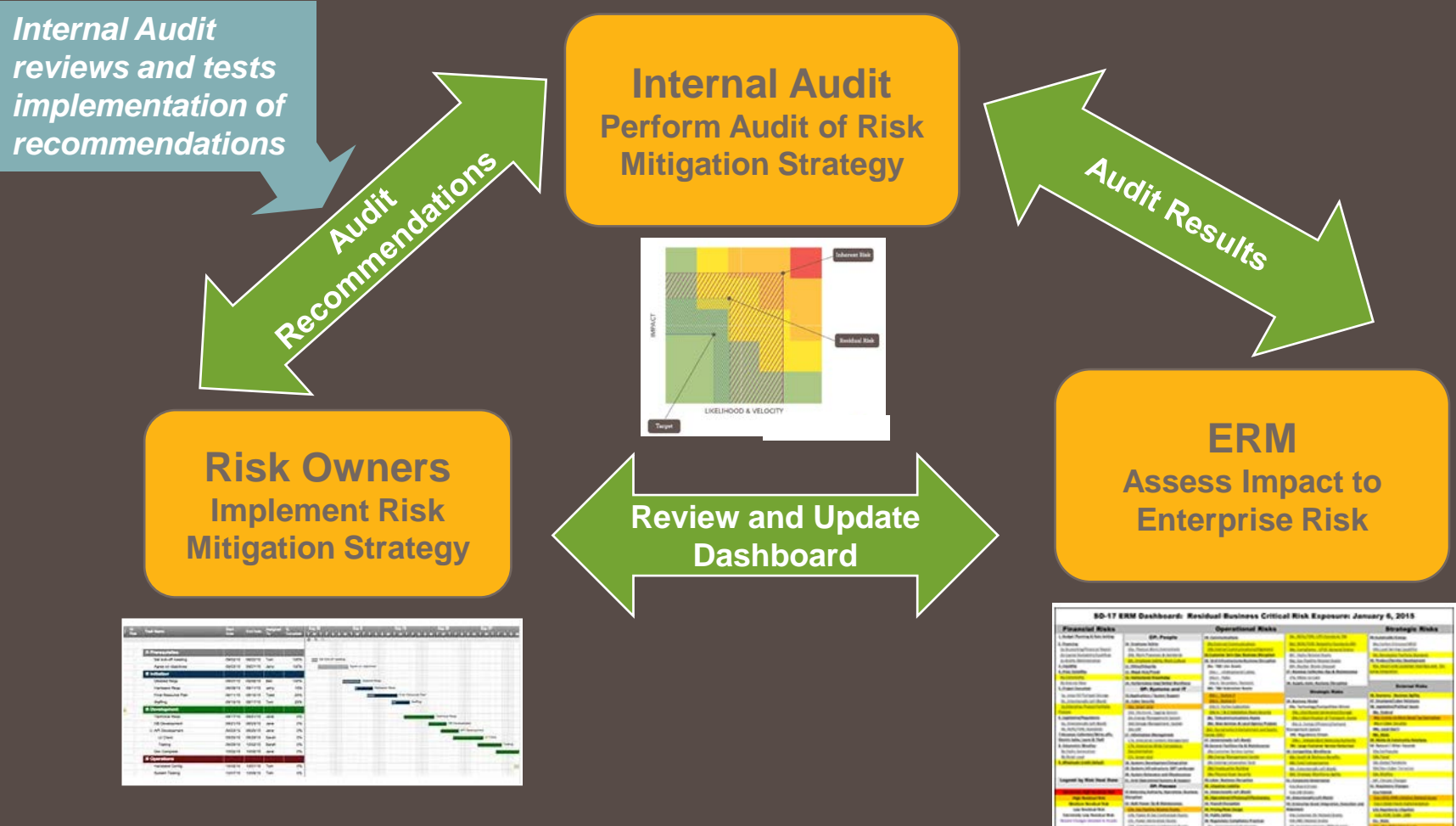
Internal Audit at SMUD

Board-Internal Auditor Relationship (BL-3)

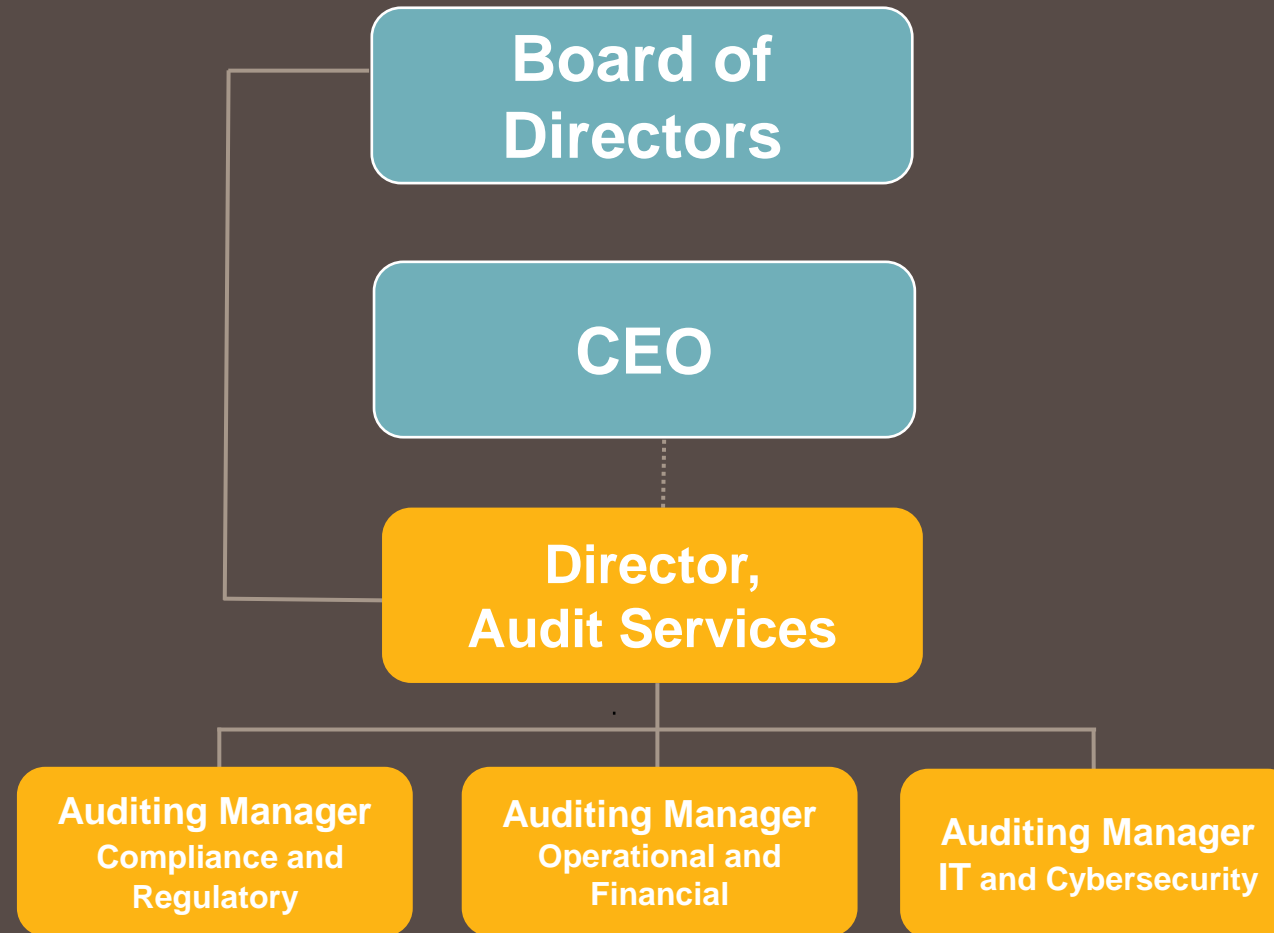


- **Reviewing accuracy of the Strategic Direction Monitoring Reports**
- **Assessing efficiency and effectiveness**
 - Operations/processes
 - Internal controls
 - Financial controls
- **Verifying compliance**
 - Applicable laws and regulations
 - Policies and procedures
- **Conducting special projects, investigations and advisory services**

Internal Audit and ERM – Audit Results



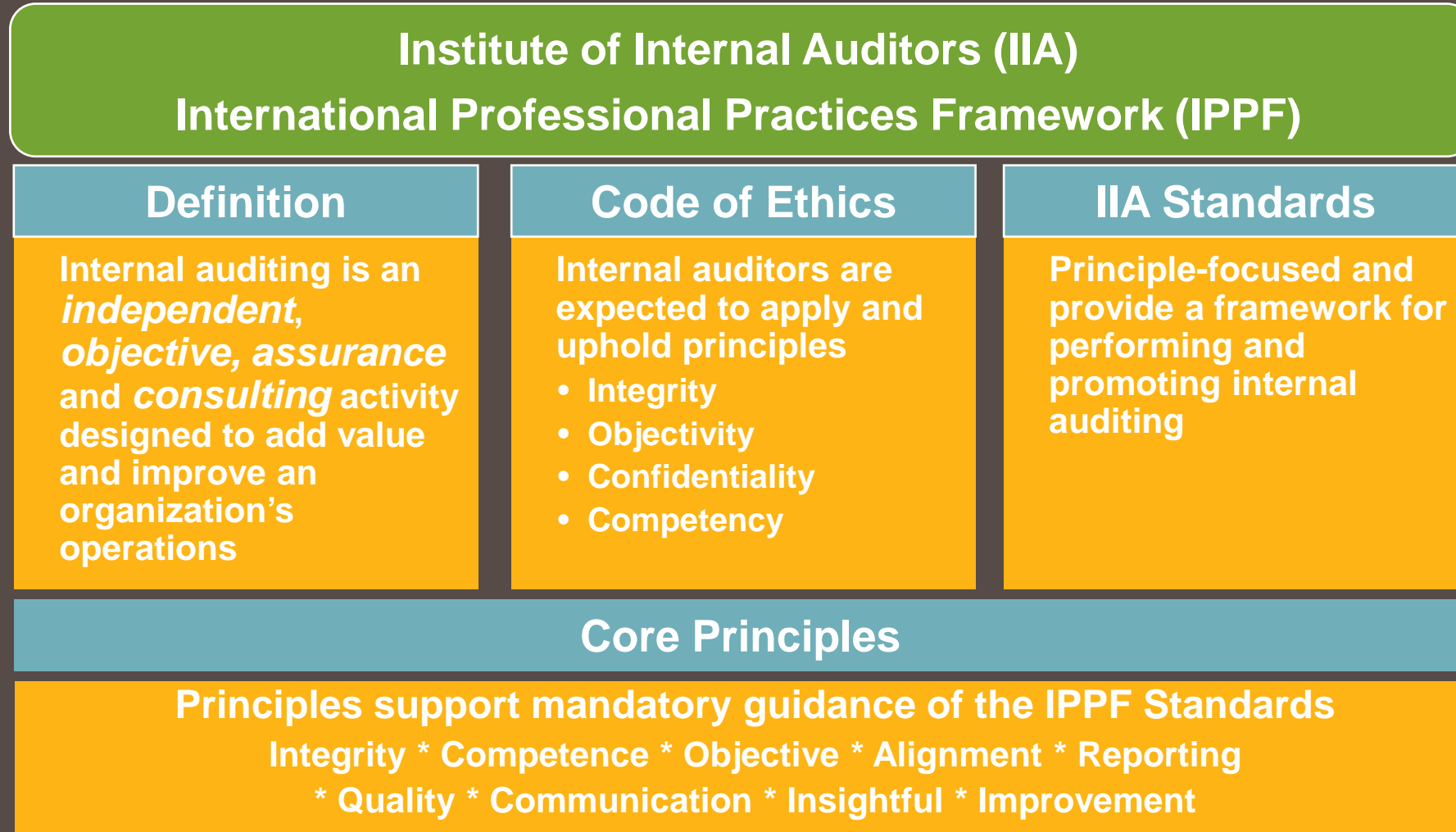
Reporting Relationship & Organization



Purpose, Authority & Responsibility

Purpose	Authority	Responsibility
<ul style="list-style-type: none">• Independent appraisal function• Assist Board and Management to effectively carry out duties and responsibilities and meet business objectives• Audit, provide recommendations, consult and advise	<ul style="list-style-type: none">• Unlimited access to all of SMUD• Direct access to the Finance and Audit Committee• Allocate resources, select audits and scope to accomplish audit objectives• Obtain necessary assistance	<ul style="list-style-type: none">• Submit to Finance and Audit Committee the annual audit plan• Report results and recommendations of each audit• Conduct special projects, audits and advisory services, investigations• Maintain an improvement program

Internal Audit Professionalism



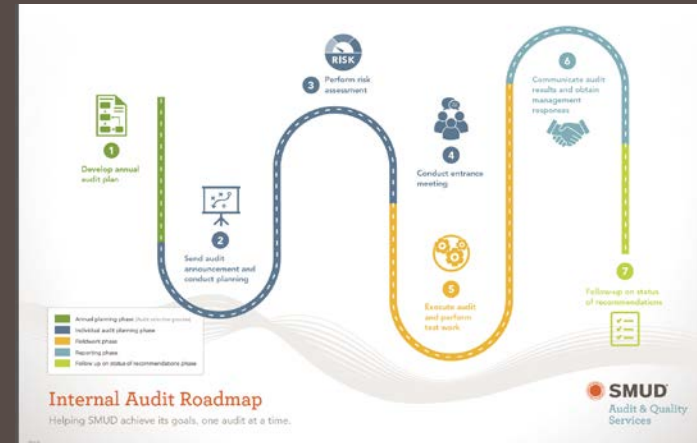
Noteworthy Items

Non Audit Work

- COVID-19 response effort, including labor and non-labor submittals to FEMA for reimbursement
- Enterprise project management project support
- Net Energy Metering successor rate support

Trusted Audit Partner

- Audit guide to educate and assist customers in understanding the audit process and our mutual roles
- Communication templates to provide clear information and a consistent experience



2021 Audit Plan – Key Focus Areas

Board Monitoring Reports

Cloud Services

Ethics

Low Carbon Fuel Standard Program

Sustainable Communities

Transmission Maintenance Inspection Program

Vendor Master File

Questions?