

Exhibit to Agenda Item #6

Provide the Board with an informational presentation on Internal Audit and the 2024 Annual Plan.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, January 16, 2024, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Agenda

- Governance & Internal Audit
- Internal Audit at SMUD
- Annual Disclosures
- Key Focus Areas for 2024
- Questions

Governance & Internal Audit

Governance

The combination of processes and structures designed to help SMUD achieve its goals. Those processes and structures inform, direct, manage, and monitor the activities of SMUD

Internal Audit

Internal auditing identifies the risks that could keep SMUD from achieving its goals, making sure leaders know about these risks, and recommending improvements to help reduce the risks

Our assurance services give the Board confidence about SMUD's governance, risk management and control processes



Internal Audit Vision

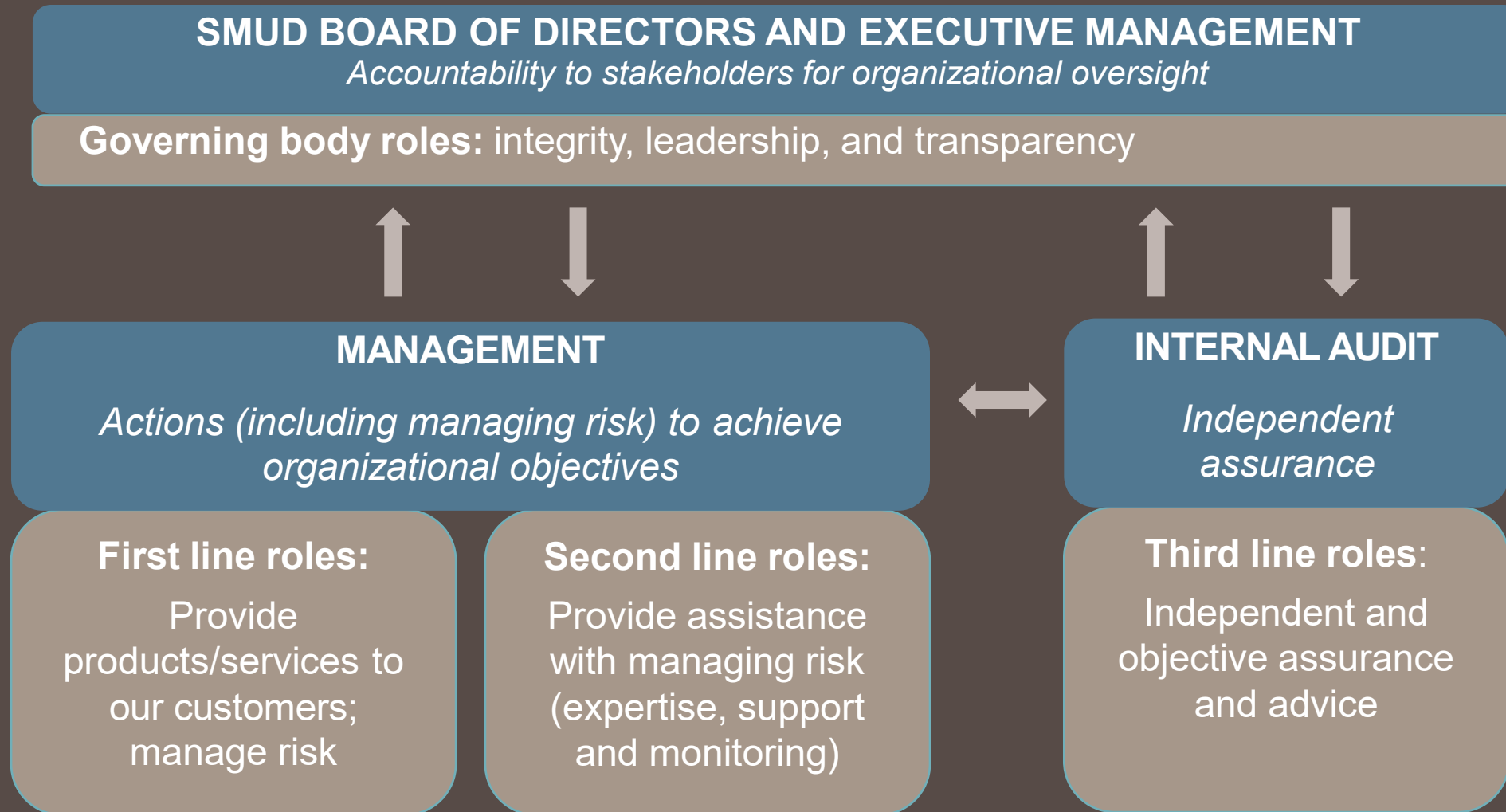
Vision – Trusted Audit Partner

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

Working collaboratively builds trust and results in a more effective audit process



Three Lines Model



Board-Internal Auditor Relationship

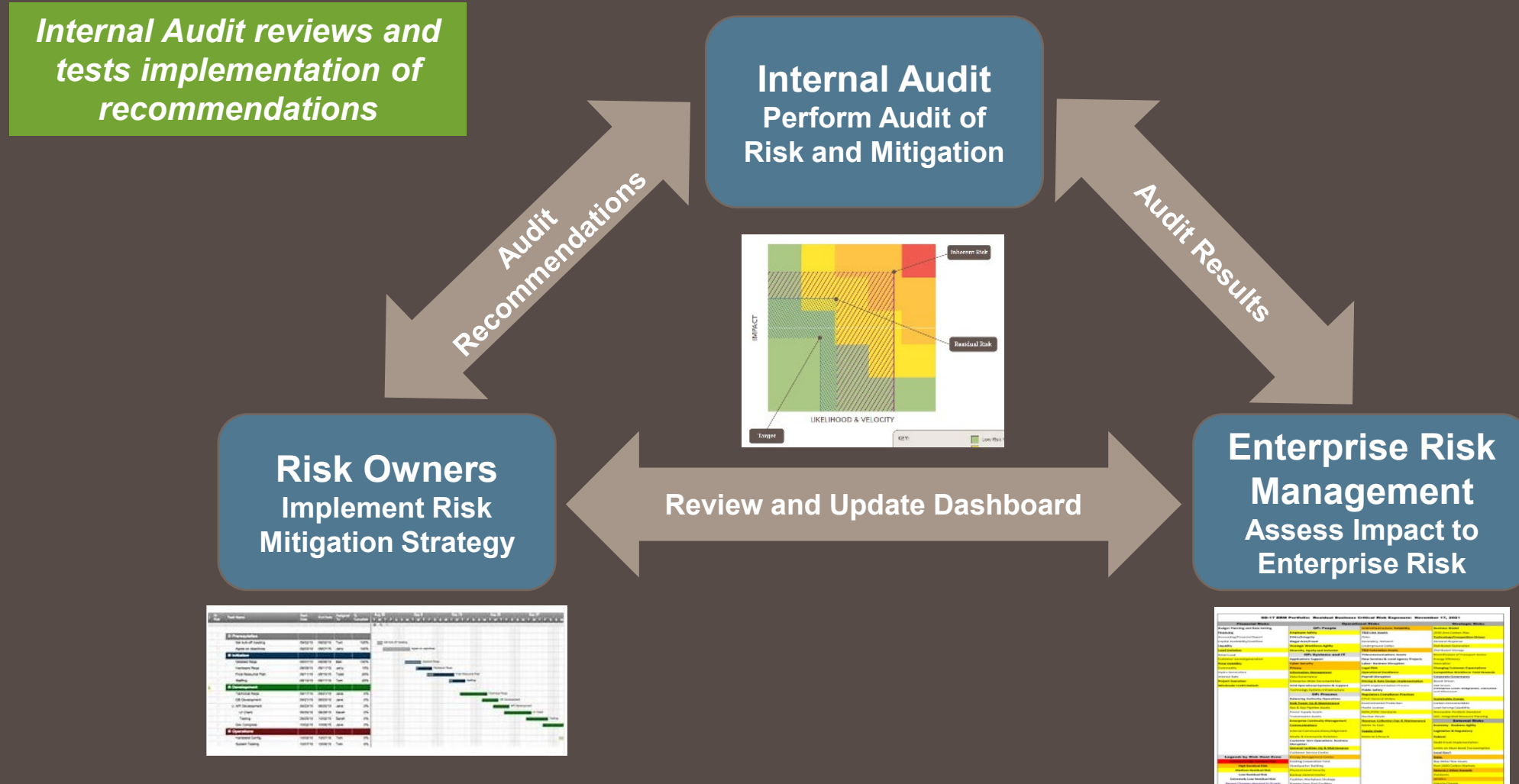
The Board-Staff Linkage BL-3 establishes Internal Audit's role

- **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**

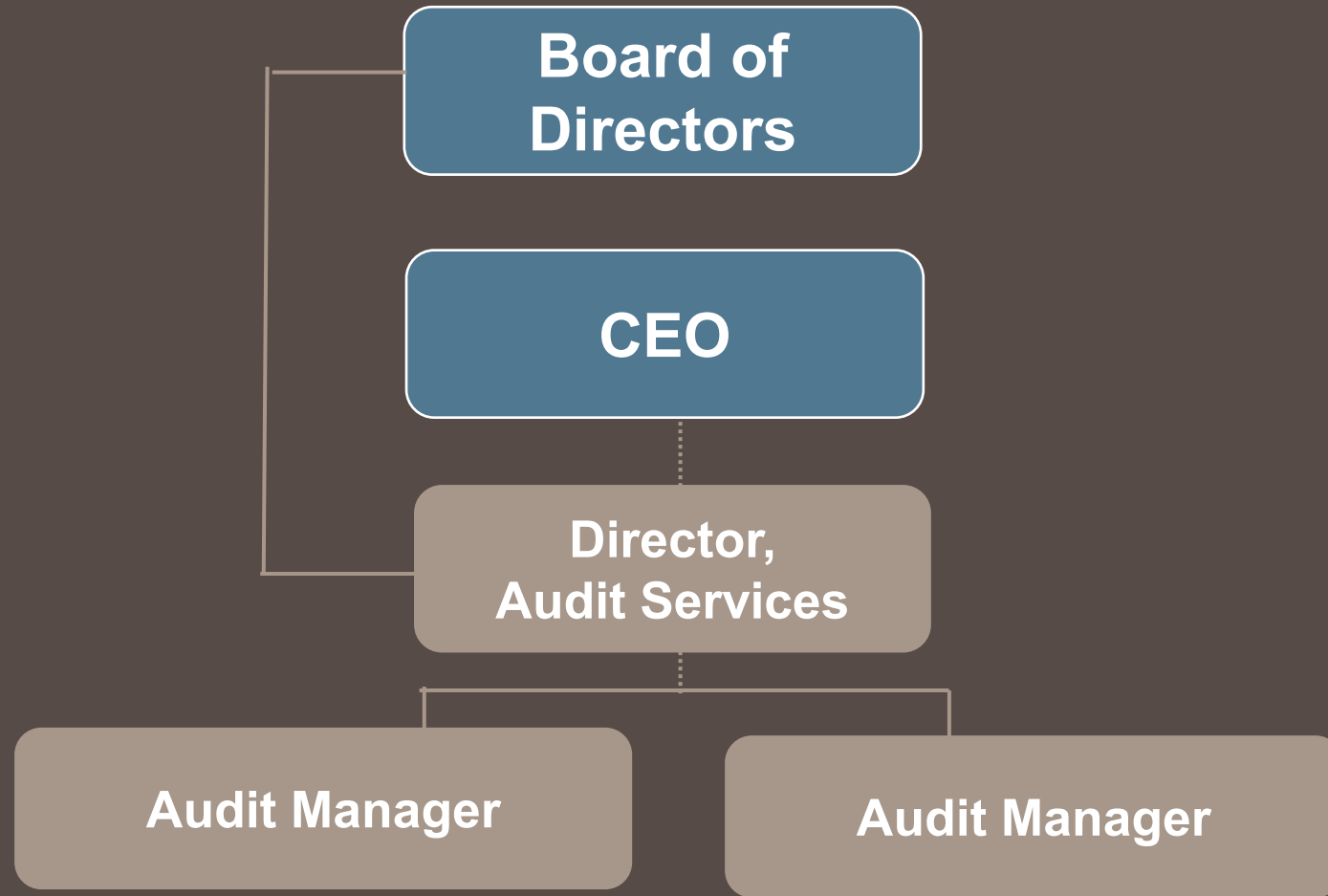
BL-3 Purpose, Authority & Responsibility

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

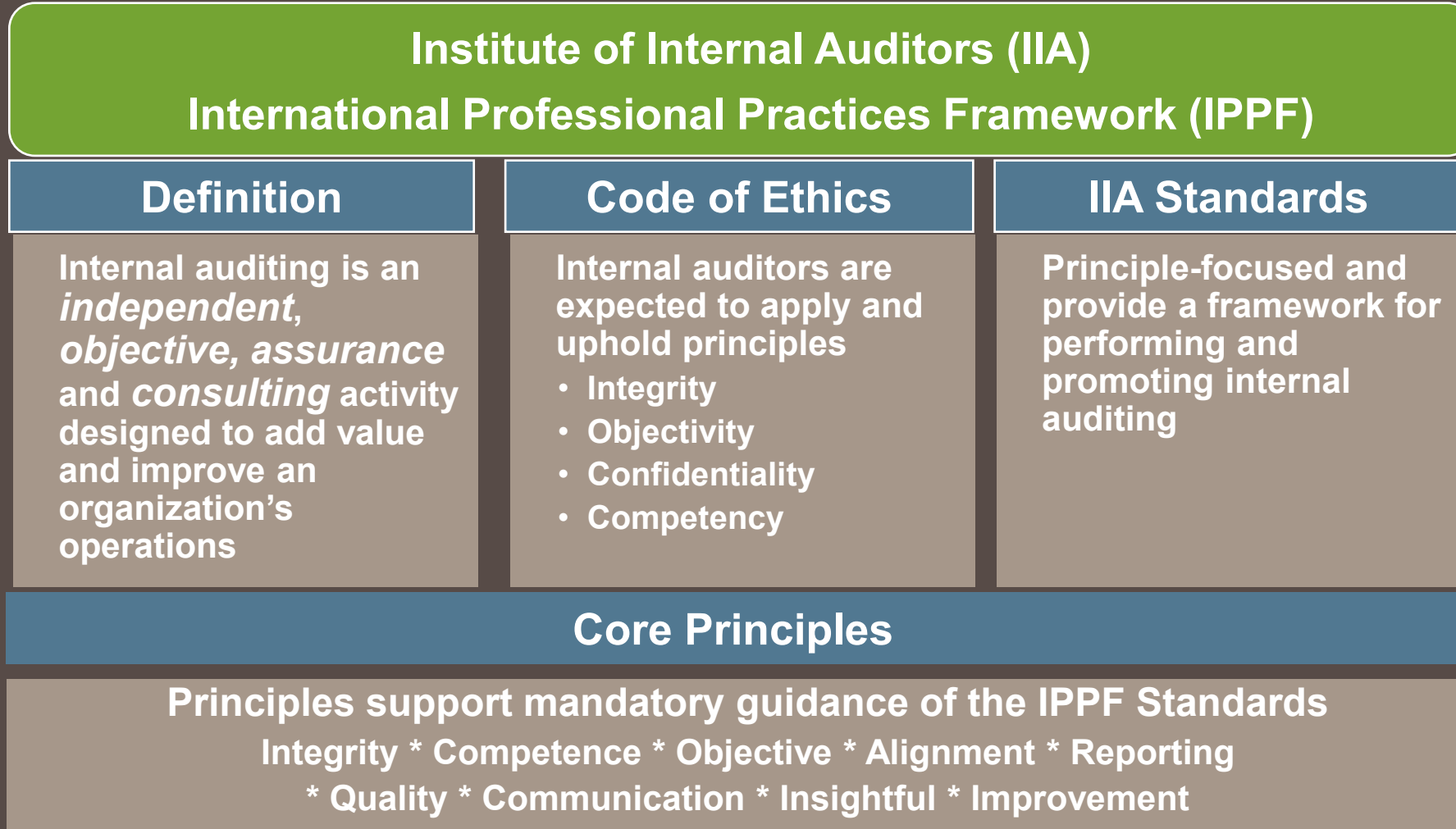
Internal Audit & Enterprise Risk Management – Audit Results



Reporting Relationship & Organization



Internal Audit Professionalism



2024 Audit Plan – Key Focus Areas

- Board Monitoring Reports
- Asset Replacement
- Fall Protection
- Grants Management
- IT Project Management
- Personal Protective Equipment