**NES Power Board - Audit Committee**
**August 26, 2026**
**Executive Summary – Internal Audit**

**Internal Audit Status**

| Nashville Electric Service<br>Internal Audit Status Report<br>As of August 26, 2026 | |
|---|---|
| **CURRENT AUDITS** | |
| **Audit Description** | **Date Started** |
| Storm Expenditures (FY26) | April 2026 |
| Meter to Cash (FY26) | April 2026 |
| Network and Cybersecurity - Corporate (FY26) | May 2026 |
| Purchased Power and TVA Programs | July 2026 |
| Capital Projects and Capitalization Process | August 2026 |
| Q4 FY26 Follow-Up and Remediation | August 2026 |
| **UPCOMING AUDITS** | |
| **Audit Description** | **Scheduled Start Date** |
| Corporate Governance and Legal | September 2026 |
| Infrastructure Design, and Construction | September 2026 |
| Q1 FY27 Follow-Up and Remediation | October 2026 |
| Travel Expenses | November 2027 |
| Property, Plant, and Equipment | Janaury 2027 |
| Board, Executive, and Employee Accounts | January 2027 |
| Q2 FY27 Follow-Up and Remediation | January 2027 |
| Timekeeping and Payroll | March 2027 |
| Vegetation Management Lifecycle | March 2027 |
| Cybersecurity Operations | April 2027 |
| Q3 FY27 Follow-Up and Remediation | April 2027 |
| Information Technology (IT) Department Controls | May 2027 |
| Emergency Response Plan and Outage Reporting | May 2027 |
| Meter Reading and Meter Maintenance | May 2027 |
| **NON-AUDIT SERVICES** | |
| **Service Description** | **Status/Scheduled Date** |
| Enterprise Risk Management Assistance | |
| ServiceNow Integrated Risk Management (IRM) Assistance | In-Process |
| Fraud Risk Assessment | In-Process |
| Oracle Time and Labor Implementation Project | In-Process |
| **Completed AUDITS** | |
| **Audit Description** | **Completion Date** |
| Physical Security and Employee Safety (FY26) | August 2026 |

**<u>Summary of Audit Reports Issued</u>**

Baker Tilly Advisory Group, LP completed certain internal audit services for Nashville Electric Service (NES) for the following audits.

**Audit: FY26 Physical Security and Employee Safety**

Scope of work included a review of physical security and employee safety policies and procedures, facility access controls, employee and contractor background checks, emergency response procedures, safety training, and accident and incident reporting. Our fieldwork was performed December 2025 through March 2026. The audit covered the period from November 1, 2024 through October 31, 2025. Our primary objective was to independently and objectively test and assess the internal controls related to Physical Security and Employee Safety.

Based on the scope of the audit, the following table portrays the number of audit findings by response priority. Red reflects audit findings that are considered high response priority, yellow reflects audit findings of medium response priority, and green reflects findings of low response priority.

| Internal Audit Area | High | Medium | Low |
|---|---|---|---|
| Unsecured Sensitive Data in Badge System | - | 1 | - |
| Unnecessary Badge Access | - | 1 | - |
| Untimely Safety Incident Reporting and Reviews | - | - | 1 |
| Lack of Drug Testing Compliance Threshold Reconciliation | - | - | 1 |
| Unperformed Security Rounds | - | - | 1 |
| Out of Date Training Source Document | - | - | 1 |
| **Total** | **-** | **2** | **4** |