

Background

WECC uses the internal controls assessment to determine whether a Registered Entity has designed and put in place effective internal controls to mitigate risks specific to that entity. The assessment is one part of WECC's risk-based compliance monitoring approach.

Audit Timeline with Internal Controls



Process Overview

1. Before WECC schedules an audit, it develops an entity-specific Compliance Oversight Plan (COP) based on many factors (e.g., ERO-wide risks, regional risks, entity footprint, topology, geographic location, potential noncompliance (PNC) history).
2. Using the entity-specific risks in the COP, WECC develops an audit scope. WECC also populates the Internal Controls Data Collection Template (ICDCT) with risk categories and control objectives to review during the upcoming audit.
3. About nine months before the audit start date, WECC informs the Registered Entity of the upcoming audit date.
4. Six months before the audit start date, WECC management calls the Registered Entity personnel to discuss the audit scope and other audit-related matters.
5. Shortly after the pre-audit call, WECC sends the ICDCT to the Registered Entity as a request for information (RFI) (via the Secure Workspace). The RFI consists of:
 - a. The ICDCT; and
 - b. A request for the entity's enterprise-wide internal controls program document(s), if any, to allow WECC to evaluate the quality of the entity's overall internal controls program (not specific internal controls).
6. Four months before the audit start date, the Registered Entity returns the completed ICDCT to WECC describing its internal controls to mitigate the risks and accomplish the control objectives.

Note: Instead of providing a completed ICDCT, an entity may describe its controls in a format it already uses (e.g., a database printout, risk matrix, spreadsheet).

7. The completed ICDCT should contain a description of the entity's internal controls design and implementation. WECC staff will use the ICDCT to prepare for the upcoming audit as the next step in the assessment.

Note: All SME interviews will be part of the normal audit process.

8. Two months before the audit start date, the Registered Entity submits its Reliability Standard Audit Worksheets (RSAW) and compliance evidence.
9. During the audit:
 - a. Auditors interview Registered Entity SMEs, evaluate processes, review evidence, etc. for compliance and internal controls.
10. At the end of the on-site audit, WECC presents its conclusions (recommendations, areas of concern, positive observations) and gives feedback on the effectiveness of the entity's risk mitigation (again, Recommendations, Areas of Concern, Positive Observations).
11. Two months after the audit, WECC issues the Audit Report.
12. Six months after issuing the Audit Report, WECC issues a revised COP.



Resources

- For questions or comments:
 - InternalControls@wecc.org
- [Internal Controls in the CMEP](#)