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# **Compliance Audit Closing Presentation**

**Reliability & Security Oversight**

**Electric Reliability  
& Security for the West**

# Partnership

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“The bulk power system is the most 'complex machine in the world.' Its reliable planning and operation require the coordinated efforts of hundreds of stakeholders across a large geographical and multi-national footprint.”

—Melanie M. Frye, President and CEO, WECC

# Inputs to Audit

**Evidence Provided**



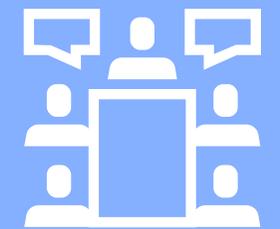
**Compliance Narratives**



**Site Visits & Onsite Activities**



**Interviews**



**Request for Information Responses**



# Practices and Controls Assessment

**Information  
on Your  
Controls**



**WECC Tests  
the Controls**



**Feedback:**

- Areas of Concern
- Recommendations
- Positive Observations





# Audit Conclusions Terms

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- No Finding
  - A determination that there is reasonable assurance that there is no instance of noncompliance with a Reliability Standard or Requirement.
- Potential Noncompliance
  - A determination that there is a possible failure to comply with a Reliability Standard or Requirement.
- Open Enforcement Action
  - A potential noncompliance already identified and in the process of being mitigated. This may involve review of ongoing mitigation action(s) taken by the Registered Entity to correct or prevent recurrence of noncompliance for a Reliability Standard or Requirement.

# Audit Conclusions Terms Cont.



## Areas of Concern

A situation that, if not addressed, could develop into future noncompliance or risk to the BPS. Ineffective or nonexistent internal controls may contribute to an area of concern.



## Recommendations

Suggested improvements in the compliance program, control-related processes, procedures, or tools to enhance the reliability, security, or resiliency of the BES.



## Positive Observations

A conclusion reached during an audit that relates favorably with respect to the quality of the registered entity's processes, controls, or corporate culture of compliance.



# Audit Conclusions

## Risk Area: Sample Targeted Risk Area

Audit Objective	Applicable Scope	Findings	Practices and Controls Assessment
Sample Audit Objective	Standard Requirement	NF, PNC, OEA, NA	REC, AOC, POS
	Standard Requirement	NF, PNC, OEA, NA	REC, AOC, POS



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# What Happens Next

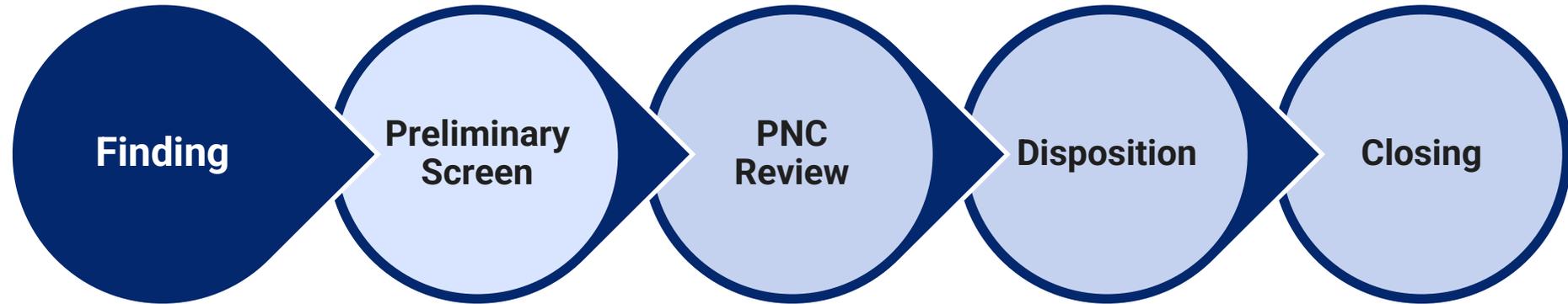


## Next Steps

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- Finalize working papers
- Debrief internal WECC groups
- Draft audit report
- Post audit follow up
- Process audit findings

# Enforcement Process



- WECC creates a finding in Align with PNC information as known at audit closing

# Enforcement Process



- The PNC passes the preliminary screen unless WECC determines it is a duplicate of an open previously reported noncompliance of the same standard requirement
- Upon passing of a PNC, the Registered Entity can develop and submit mitigation to address the noncompliance
- If there is a disagreement with the audit finding or additional evidence is located after the audit, submit a Finding Update in Align
- Include a written description of your position and upload any PNC related evidence to the SEL

# Enforcement Process



- The PNC must contain all the elements below:
  - \* **Detailed description of the noncompliance**
  - \* **Duration of the noncompliance (start and end date)**
  - \* **Extent of condition**
  - \* **Root Cause**
  - \* **Risk assessment**
  - \* **Mitigation activities**
- Report any element that is unavailable at the audit close in Align as a Finding Update
- Upload applicable evidence for Finding Updates to the SEL
- The assigned Risk Mitigation Engineer (RME) and Attorney Case Manger (ACM) will collaborate on developing the case, and the Registered Entity may hear from both at different times for more information

# Enforcement Process



- The ACM will determine and complete the final disposition method (e.g., CE, FFT, Settlement)

# Enforcement Process



- Closing occurs when the disposition is accepted by FERC; mitigation has been completed, verified as complete (when applicable), and closed in Align; and upon completion of all enforcement activities associated with the noncompliance, e.g., payment of penalties and completion of non-monetary penalties per the settlement agreement



# Enforcement Resources

**Align Self-Report and Mitigation User Guide**  
WECC Enforcement and Mitigation  
Last revised: December 8, 2023

**Align Self-Report and Mitigation User Guide**

Use this guide when entering a potential noncompliance (PNC) in Align. For more information on submitting Self-Reports and Mitigation, please see the [NERC Registered Entity Self-Report and Mitigation Plan User Guide](#).<sup>1</sup>

**Fields on the Finding Form in Align**

The Finding form in Align is where a registered entity can Self-Report or Self-Log a PNC. An asterisk at the end of the field name indicates a required field.

**General Information**

Field Name	Description
Registration	Populates with NERC Compliance Registry (NCR) information for the selected registered entity.
Applicable Requirement	Populates with the selected Standard and Requirement; select the applicable <b>current effective Standard</b> and Requirement, even if the PNC began under an earlier version.
Applicable Part(s)	Prepopulates with all parts; remove any that do not apply to the PNC.
Applicable Reliability Function	Prepopulates with NCR's registered functions; remove any that do not apply to the PNC.
Region—Jurisdiction in which the potential noncompliance occurred	Prepopulates with Compliance Enforcement Authority (CEA) associated with the NCR (i.e., WECC).
Other Region—Jurisdiction(s) where you are reporting this Potential Noncompliance	[Dropdown Field] Select all other applicable regions.

<sup>1</sup> <https://www.nerc.com/pa/comp/CE/Enforcement%20Actions%20DL/Registered%20Entity%20Self-Report%20and%20Mitigation%20Plan.pdf>

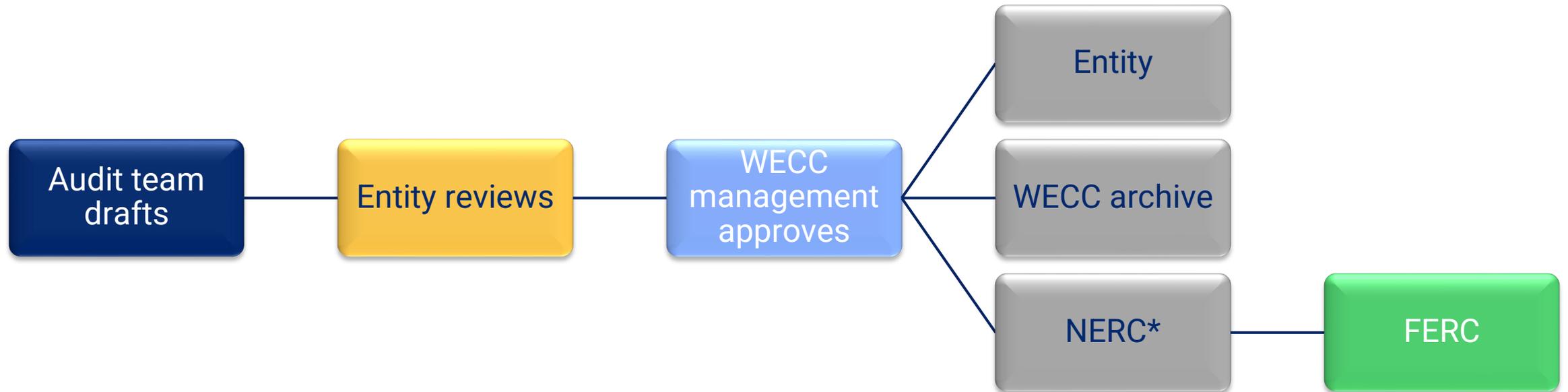
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www.wecc.org

- For assistance on the level of details needed for Enforcement to process PNCs, review the [Enforcement Fundamentals Presentation \(262 pages\)](#), [Self-Report and Mitigation Checklist](#), as well as NERC’s [Registered Entity Self-Report and Mitigation Plan User Guide](#) (nerc.com).
- Consider attending NERC Self-Report and Mitigation Training

## Next Steps—Open Enforcement Action

- If additional Scope was determined during audit, and it requires changes to:
  - \* Detailed description of the noncompliance
  - \* Duration of the noncompliance (start and end date)
  - \* Extent of condition
  - \* Root Cause
  - \* Risk assessment
  - \* Mitigation activities
- Submit a Finding Update for any information or analysis that was not provided to the audit team
- If mitigation differs, contact your Risk and Mitigation Engineer; they can return Mitigation for editing

# Audit Report



\*NERC will post the public audit report to the NERC website.  
All CIP information will be redacted from the public report.

# Post-audit Meeting

- Approximately 90 days after the audit, WECC offers a meeting to discuss audit conclusions
  - Opportunity to clarify any observation language, if needed
  - Update WECC on your actions or plans
  - Review questions your staff may have



# Audit Feedback Form

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- Please take a few minutes to provide your feedback
- NERC Post Audit Feedback Survey
  - <https://www.surveymonkey.com/r/PJS7KDX>



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