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Compliance Audit Opening Presentation

Reliability & Security Oversight

**Electric Reliability
& Security for the West**



Compliance Authority





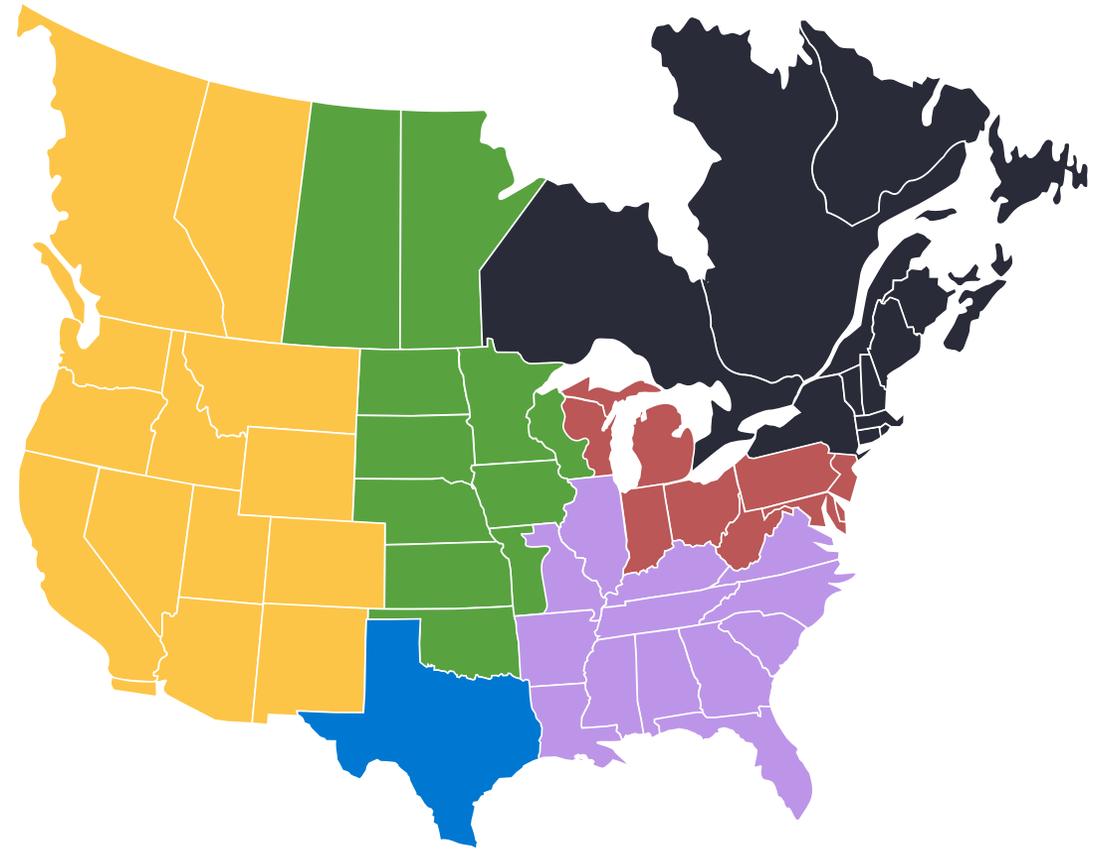
Mission



To effectively & efficiently mitigate risks to the reliability & security of the Western Interconnection's Bulk Power System

WECC's Footprint

All or part of 14 Western states, the provinces of British Columbia and Alberta, and part of Baja California Norte, Mexico.



Foundational Audit Practices



Intent of Audit

- Analyze internal controls to assess an entity's ability to identify and mitigate risks
- Strengthen knowledge of Reliability Standards
- Identify and share best practices
- Enhance partnership and trust
- Feedback for future improvement





Audit Objectives

Risk Area: Sample Targeted Risk Area

Audit Objective	Standard Title	Standard Requirement
Sample Audit Objective	Standard Title: Standard	Requirement
	Standard Title: Standard	Requirement

**Audit scope may expand to include additional requirements.*

Inputs to Audit

Evidence Provided



Compliance Narratives



Site Visits & Onsite Activities



Interviews



Request for Information Responses



Audit Schedule



All evidence must be submitted by close of business the day before the closing



Audit Conclusions: Findings

- 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 Conclusion 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.

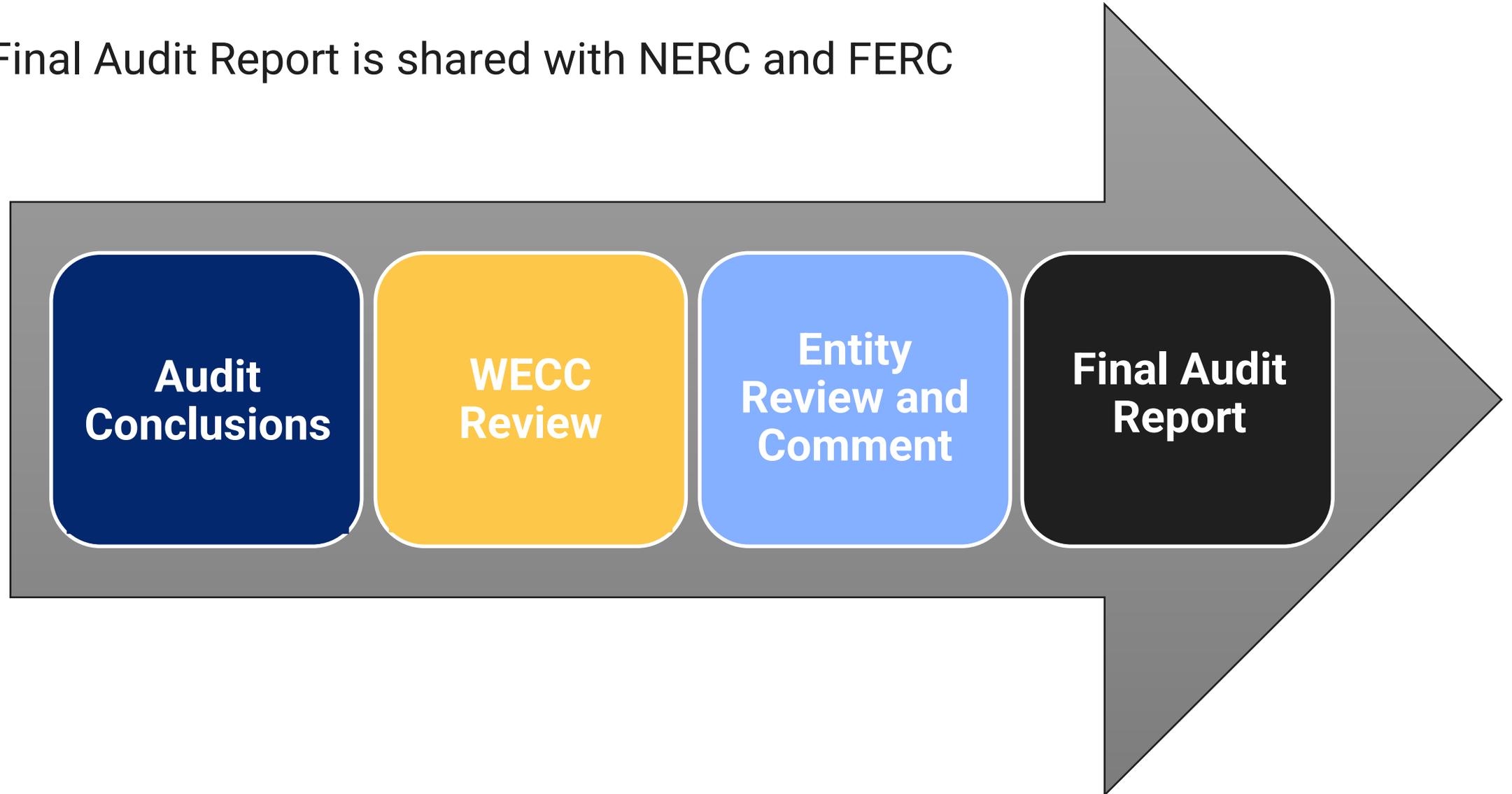


Positive Observations

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 Report

- Final Audit Report is shared with NERC and FERC





Confidentiality

- WECC will treat all information it collects during the audit process as Confidential Information in accordance with Section 1500 of the NERC Rules of Procedure
- Your organization should mark as confidential any information it submits to WECC that it believes contains Confidential Information, as described in Section 1500
- WECC shares Confidential Information with NERC. WECC must also disclose confidential information to FERC upon request and notice to the entity.
 - Markings preserved



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Introductions



Observers from FERC or NERC

- Primary purpose is to review WECC's audit process
- All audit evidence provided to the auditors will be shared with the observers
- FERC and NERC observers are also required to maintain the confidentiality of audit information



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