Compliance Audit Report
Public Version

Covanta Fairfax, Inc.
NCR01211
August 26-28, 2009

Confidential Information (including Privileged and Critical Energy Infrastructure Information) – Has Been Removed

October 19, 2009

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EXECUTIVE SUMMARY

Covanta Fairfax, Inc. (CFI) was audited on August 26-28, 2009 for compliance with the requirements contained in the currently mandatory and enforceable reliability standards in the 2009 NERC Compliance Monitoring and Enforcement Program (CMEP) that are applicable to CFI's registered functions. CFI is registered with SERC Reliability Corporation (SERC) as a Generator Operator (GOP) and Generator Owner (GO). Fourteen standards were selected and identified to CFI as subject to review during this audit. The audit focused on documents and other evidence provided to SERC by the staff of CFI, as well as evidence obtained through system observation and inspection. The findings of the audit are based on the state of compliance and current mitigation activity at the time of the audit, and do not reflect past compliance activities or activities that will be completed in the future.

CFI staff was requested to provide valid evidence of meeting each and every applicable requirement and sub-requirement contained in each standard that had been previously identified by SERC Compliance staff to CFI as subject to this audit. CFI staff responded by providing evidence in the form of reports, procedures, studies, and other documents. CFI staff then cited specific portions of the evidence that demonstrated compliance. This evidence and the citations were documented and evaluated by the audit team to assess the level of compliance. If all of the requirements and sub-requirements of an audited standard were met, then CFI was judged to be compliant. Likewise, if any of the requirements or sub-requirements were not fully met, then CFI was judged to have a possible violation of the standard. A score of 100% is required for compliance.

The audit team determined that CFI does not own or operate any Special Protection Systems and therefore, PRC -017 was not applicable.

CFI was found to be in compliance with all but one of the standards that were audited. The audit team identified possible violations of PRC-005-1 - Transmission and Generation Protection System Maintenance and Testing, Requirements 1 and 2. For R1, the audit team cited a possible violation of a documentation gap between the corporate documents in place in June 2007, and CFI's current documents, regarding the intervals for their instrument transformers, DC control circuitry, and associated communication systems. For R2, the audit team cited a possible violation because CFI staff was unable to produce a required battery testing report.

This audit report includes information concerning CFI's missing requirements for the possible compliance violations. This information will be used to help determine the severity level of sanctions and penalties. The possible compliance violations will be processed through the SERC CMEP. Any further actions related to possible compliance violations will be handled through that process.

The link to the Covanta Fairfax, Inc. NOP can be viewed here.

AUDIT PROCESS

The compliance audit process steps are detailed in the NERC CMEP. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

Objectives

All registered entities are subject to audit for compliance with all reliability standards applicable to the functions for which the entity is registered.[1] The audit objectives are:

- Independently review CFI's compliance with the requirements of the reliability standards that are applicable to CFI based on the CFI registered functions.
- Validate compliance with applicable reliability standards from the NERC 2009 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Document CFI's compliance culture.

Scope

The scope of the audit of CFI included all monitored standards that are in the NERC 2009 CMEP. Based on the confirmed registration of CFI, the 14 reliability standards previously indentified were the focus of the compliance audit. Of these, one standard, PRC-017-0, was not applicable and is detailed in the Audit Results section.

Note: For the 2009 compliance program, the monitoring period for the compliance audit will generally be the lesser of: 1) Date of registration to current date; 2) Date of last audit or spot check to current date; or, 3) June 25, 2007 (this was originally a QF facility) to current date. The monitoring period is not limited to the time period for which penalties and sanctions are assessed.

Confidentiality and Conflict of Interest

Code of conduct documentation for the SERC staff was provided to CFI in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were also provided. CFI was given an opportunity to object to an audit team member on the basis of a possible conflict of interest, or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. CFI accepted the audit team member participants with no objections.

On-site Audit

CFI was contacted by letter on February 27, 2009 by SERC staff. The letter provided CFI with their initial notification of their upcoming audit in 2009, and the desire to schedule audit dates that would be acceptable to both parties. SERC staff then provided formal acknowledgement of the scheduled audit dates and requested that CFI both verify their currently registered functions and complete and return an attached Pre-Audit Survey within 30 days.

On June 3, 2009, SERC staff forwarded an Audit Detail Letter to CFI, again confirming the scheduled audit dates and confirming CFI's registered functions within SERC. The Audit Detail Letter also provided CFI with notice of the Standards in Audit Scope, Proposed Audit Schedule, Audit Team Roster (with industry affiliations), and requested that CFI Subject Matter Experts responsible for and knowledgeable of compliance submittals be available for interview during the audit. In addition to the Audit Detail Letter, CFI was provided with a Non-Disclosure Agreement Signature Verification for audit team members, a list of Documentation and Evidence Requirements, and Questionnaire/Reliability Standard Auditor Worksheets (QRSAWs) for each standard to be audited.

[1] North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

Interviews with SMEs were requested, in conjunction with documented evidence, to provide the audit team with additional information or clarification as a basis for professional judgment when validating compliance with reliability standards.

Methodology

A team of auditors was identified and conducted the audit of CFI. The standards were grouped and scheduled for review to make the most efficient use of CFI staff's time. The Audit Team Leader (ATL) initiated dialogue on each standard requirement and requested compliance evidence. This evidence, and CFI's staff responses, was documented. CFI staff was requested to show valid evidence of meeting each applicable requirement and sub-requirement contained in the 14 standards that had been previously identified by SERC to CFI as subject to this audit. CFI staff responded by providing evidence in the form of reports, procedures, studies, and other documents. CFI staff would then cite specific portions of the evidence that demonstrated compliance.

This evidence and the citations were documented by the audit team scribe on the QRSAWs, and were evaluated by the audit team for the level of compliance and agreement with the requirement. Discrepancies between the requirement and the evidence provided were the subject of dialogue among the team members and CFI staff until it was determined whether each requirement was met by the cited evidence or other evidence offered.

Once all the evidence was presented and discussed, if CFI did not provide sufficient evidence to support a finding of compliance, then a possible violation would have been identified by the team and CFI staff would have been informed.

Audit Overview

The audit team arrived at the CFI offices at 2:55 PM, August 26, 2009. At 3:17 PM on August 26, 2009, the ATL began the session with an opening presentation. He reviewed the NERC compliance plan for 2009 in general, and how it applied to CFI specifically. The ATL introduced and reviewed the standards to be covered in the audit, and addressed both the expectations of CFI staff and the quality of evidence to be presented. The ATL also covered the basic procedure for the audit, and the bounding rules of conduct.

CFI staff made a brief presentation describing CFI's corporate structure and compliance program. The staff of CFI was introduced, and general housekeeping matters explained. The staff of CFI was excused and the audit team reviewed team assignments and a general overview for preparation of the audit activities. After a tour of the facility, the audit team left the CFI offices at 6:20 PM, August 26, 2009 to return the next day to start the review of the reliability standards in the audit scope.

Audit

The audit team arrived at the CFI office at 7:43 AM, August 27, 2009. The audit team initially reviewed the registration status of CFI with entity staff to verify applicability of each standard. Each standard's audit began with a recitation of each requirement. CFI staff then presented evidence supporting requirement compliance, or cited evidence previously provided to the audit team. At that point, the evidence was reviewed and discussed until the team reached agreement on the evidence. By audit team consensus, a determination of compliance was reached for each of the requirements and communicated to CFI staff before proceeding to the next requirement. The team scribe would record the evidence presented to satisfy the requirement, and the team's recommendation on that requirement, using the QRSAWs.

The review of all applicable standards was completed at 8:45 AM on August 28, 2009, and the audit team met to review and discuss the findings. Following these discussions, the scribe collected all notes and evidence as needed and began to finalize the QRSAWs.

Exit Briefing

The ATL presented an exit briefing to the assembled audit team and entity staff at 10:03 AM, August 28, 2009. This was followed by an informal response and questions from the CFI staff. The exit briefing summarized the team's preliminary conclusions, including any items of potential noncompliance or possible violation, with supporting information, areas of concern, any added information required, and the expected timeline for review and issuance of the audit report.

The ATL solicited both informal comments from CFI staff, along with requesting that they fill out formal feedback forms for submission to NERC and SERC.

The ATL thanked CFI staff for their cooperation and support of the audit process. CFI staff expressed their appreciation of the professional manner in which the audit was conducted.

The audit team left the CFI meeting room at 10:15 AM on August 8, 2009.

Company Profile

The Covanta Fairfax Inc. facility, known as the "I-95 Energy/Resource Recovery Facility", is a trash-burning facility that began commercial operation in June 1990. It is Covanta Energy's largest facility, processing approximately 3,000 tons per day of municipal solid waste and creating electricity via two condensing steam turbine generators. CFI became a Qualified Facility in June 2008, and now sells almost 100 MW of renewable energy to Dominion Virginia Power Company on a daily basis.

Audit Specifics

The compliance audit was conducted on August 26-28, 2009 at the CFI offices in Lorton, VA.

Audit Team

Audit Team Role	Title	Company
Lead	Senior Compliance Auditor	SERC
Member	Compliance Auditor	SERC

CFI Audit Participants

Title	Organization
VP, Maintenance/Asset Reliability	Covanta Energy
VP, Regional Operations (Mid Atlantic)	Covanta Energy
NERC/Asset Compliance Specialist	Covanta Energy
Facility Manager	Covanta Fairfax
Chief Engineer	Covanta Fairfax

AUDIT RESULTS

The audit team reviewed documents provided by CFI prior to the audit, as requested in the Documentation and Evidence Requirements section of CFI's Compliance Audit Certification

Letter. Pre-audit review of these documents, and of currently open or recently closed mitigation plans (none found), helped to establish the audit team's focus during the audit.

The audit team reviewed the evidence provided by CFI to substantiate compliance with each standard requirement. The team requested clarification and/or additional supporting and corroborating evidence, as required, to obtain sufficient and appropriate evidence to support a determination of compliance.

In instances where the evidence provided by CFI represented multiple facilities and/or large quantities of equipment, the audit team haphazardly selected evidence samples, from the different facilities and/or equipment, to facilitate a consensus agreement of the team whether CFI is, in the team's professional judgment, satisfactorily meeting the requirements of the standard or is in possible violation of the requirement.

If the audit team determined that the evidence provided by CFI was insufficient or inappropriate to substantiate a determination of compliance, the team immediately informed CFI's Subject Matter Expert of this fact. Additionally, the Audit Team Lead, through coordination with CFI's audit coordinator, ensured that CFI's management was made aware of the potential for a finding of a possible violation in each instance, and of the basis for the team's determination.

The Audit Team Lead clearly identified the team's findings of compliance and basis for their findings, areas of concern, and available remedies in an exit presentation to CFI's management on completion of the audit.

The audit team documented their review and determination of compliance of each standard requirement on QRSAWs. CFI's policies, procedures, screenshots, operator logs, audio clips, correspondence and other evidence presented, as well as auditor comments and determinations of compliance documented on the QRSAWs, were used in formulating this report.

The audit team found CFI to be in compliance with all but one of the standards that were audited. The audit team identified possible violations of PRC-005-1 - Transmission and Generation Protection System Maintenance and Testing, Requirements 1 and 2. See Findings table for more details.

Prior to being forwarded to SERC's Manager of Compliance Audits for review and approval as SERC's Final Confidential Non-Public Audit Report of CFI, the content and accuracy of this report:

- Is reviewed and commented on by all audit team members
- Is reviewed by CFI's management for correction and comment, and
- Is reviewed and approved by the Audit Team Lead.

Upon final disposition of any possible violations determined by the audit team, and redaction of appropriate information contained herein, this report will be reviewed and approved by SERC's Vice President and Director of Compliance before being issued as SERC's Final Public Audit Report of CFI.

Findings

Reliability Standard	Requirement	Finding
BAL-001-0a	R1.	N/A
BAL-001-0a	R2.	N/A
BAL-001-0a	R3.	N/A
BAL-001-0a	R4.	N/A
BAL-002-0	R1.	N/A
BAL-002-0	R2.	N/A
BAL-002-0	R3.	N/A
BAL-002-0	R4.	N/A
BAL-002-0	R5.	N/A
BAL-002-0	R6.	N/A
BAL-003-0a	R1.	N/A
BAL-003-0a	R2.	N/A
BAL-003-0a	R3.	N/A
BAL-003-0a	R4.	N/A
BAL-003-0a	R5.	N/A
BAL-003-0a	R6.	N/A
BAL-004-0	R1.	N/A
BAL-004-0	R2.	N/A
BAL-004-0	R3.	N/A
BAL-004-0	R4.	N/A
BAL-005-0b	R1.	N/A
BAL-005-0b	R2.	N/A
BAL-005-0b	R3.	N/A
BAL-005-0b	R4.	N/A
BAL-005-0b	R5.	N/A
BAL-005-0b	R6.	N/A
BAL-005-0b	R7.	N/A
BAL-005-0b	R8.	N/A
BAL-005-0b	R9.	N/A
BAL-005-0b	R10.	N/A
BAL-005-0b	R11.	N/A
BAL-005-0b	R12.	N/A
BAL-005-0b	R13.	N/A
BAL-005-0b	R14.	N/A
BAL-005-0b	R15.	N/A
BAL-005-0b	R16.	N/A
BAL-005-0b	R17.	N/A
BAL-006-1	R1.	N/A
BAL-006-1	R2.	N/A
BAL-006-1	R3.	N/A
BAL-006-1	R4.	N/A

Reliability Standard	Requirement	Finding
BAL-006-1	R5.	N/A
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
CIP-002-1 through CIP-009-1		N/A
COM-001-1	R1.	N/A
COM-001-1	R2.	N/A
COM-001-1	R3.	N/A
COM-001-1	R4.	N/A
COM-001-1	R5.	N/A
COM-001-1	R6.	N/A
COM-002-2	R1.	Compliant
COM-002-2	R2.	N/A
EOP-001-0	R1.	N/A
EOP-001-0	R2.	N/A
EOP-001-0	R3.	N/A
EOP-001-0	R4.	N/A
EOP-001-0	R5.	N/A
EOP-001-0	R6.	N/A
EOP-001-0	R7.	N/A
EOP-002-2	R1.	N/A
EOP-002-2	R2.	N/A
EOP-002-2	R3.	N/A
EOP-002-2	R4.	N/A
EOP-002-2	R5.	N/A
EOP-002-2	R6.	N/A
EOP-002-2	R7.	N/A
EOP-002-2	R8.	N/A
EOP-002-2	R9.	N/A
EOP-003-1	R1.	N/A
EOP-003-1	R2.	N/A
EOP-003-1	R3.	N/A
EOP-003-1	R4.	N/A
EOP-003-1	R5.	N/A
EOP-003-1	R6.	N/A
EOP-003-1	R7.	N/A
EOP-003-1	R8.	N/A
EOP-004-1	R1.	N/A
EOP-004-1	R2.	N/A
EOP-004-1	R3.	N/A
EOP-004-1	R4.	N/A

Reliability Standard	Requirement	Finding
EOP-004-1	R5.	N/A
EOP-005-1	R1.	N/A
EOP-005-1	R2.	N/A
EOP-005-1	R3.	N/A
EOP-005-1	R4.	N/A
EOP-005-1	R5.	N/A
EOP-005-1	R6.	N/A
EOP-005-1	R7.	N/A
EOP-005-1	R8.	N/A
EOP-005-1	R9.	N/A
EOP-005-1	R10.	N/A
EOP-005-1	R11.	N/A
EOP-006-1	R1.	N/A
EOP-006-1	R2.	N/A
EOP-006-1	R3.	N/A
EOP-006-1	R4.	N/A
EOP-006-1	R5.	N/A
EOP-006-1	R6.	N/A
EOP-008-0	R1.	N/A
EOP-009-0	R1.	N/A
EOP-009-0	R2.	N/A
FAC-001-0	R1.	N/A
FAC-001-0	R2.	N/A
FAC-001-0	R3.	N/A
FAC-002-0	R1.	N/A
FAC-002-0	R2.	N/A
FAC-003-1	R1.	N/A
FAC-003-1	R2.	N/A
FAC-003-1	R3.	N/A
FAC-003-1	R4.	N/A
FAC-008-1	R1.	Compliant
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
FAC-010-1	R1.	N/A
FAC-010-1	R2.	N/A
FAC-010-1	R3.	N/A
FAC-010-1	R4.	N/A
FAC-010-1	R5.	N/A
FAC-011-1	R1.	N/A
FAC-011-1	R2.	N/A

Reliability Standard	Requirement	Finding
FAC-011-1	R3.	N/A
FAC-011-1	R4.	N/A
FAC-011-1	R5.	N/A
FAC-013-1	R1.	N/A
FAC-013-1	R2.	N/A
FAC-014-1	R1.	N/A
FAC-014-1	R2.	N/A
FAC-014-1	R3.	N/A
FAC-014-1	R4.	N/A
FAC-014-1	R5.	N/A
FAC-014-1	R6.	N/A
INT-001-3	R1.	N/A
INT-001-3	R2.	N/A
INT-003-2	R1.	N/A
INT-004-2	R1.	N/A
INT-004-2	R2.	N/A
INT-005-2	R1.	N/A
INT-006-2	R1.	N/A
INT-007-1	R1.	N/A
INT-008-2	R1.	N/A
INT-009-1	R1.	N/A
INT-010-1	R1.	N/A
INT-010-1	R2.	N/A
INT-010-1	R3.	N/A
IRO-001-1	R1.	N/A
IRO-001-1	R2.	N/A
IRO-001-1	R3.	N/A
IRO-001-1	R4.	N/A
IRO-001-1	R5.	N/A
IRO-001-1	R6.	N/A
IRO-001-1	R7.	N/A
IRO-001-1	R8.	Compliant
IRO-001-1	R9.	N/A
IRO-002-1	R1.	N/A
IRO-002-1	R2.	N/A
IRO-002-1	R3.	N/A
IRO-002-1	R4.	N/A
IRO-002-1	R5.	N/A
IRO-002-1	R6.	N/A
IRO-002-1	R7.	N/A
IRO-002-1	R8.	N/A
IRO-002-1	R9.	N/A

Reliability Standard	Requirement	Finding
IRO-003-2	R1.	N/A
IRO-003-2	R2.	N/A
IRO-004-1	R1.	N/A
IRO-004-1	R2.	N/A
IRO-004-1	R3.	N/A
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	N/A
IRO-005-1	R1.	N/A
IRO-005-1	R2.	N/A
IRO-005-1	R3.	N/A
IRO-005-1	R4.	N/A
IRO-005-1	R5.	N/A
IRO-005-1	R6.	N/A
IRO-005-1	R7.	N/A
IRO-005-1	R8.	N/A
IRO-005-1	R9.	N/A
IRO-005-1	R10.	N/A
IRO-005-1	R11.	N/A
IRO-005-1	R12.	N/A
IRO-005-1	R13.	Compliant
IRO-005-1	R14.	N/A
IRO-005-1	R15.	N/A
IRO-005-1	R16.	N/A
IRO-005-1	R17.	N/A
IRO-006-3	R1.	N/A
IRO-006-3	R2.	N/A
IRO-006-3	R3.	N/A
IRO-006-3	R4.	N/A
IRO-006-3	R5.	N/A
IRO-006-3	R6.	N/A
IRO-014-1	R1.	N/A
IRO-014-1	R2.	N/A
IRO-014-1	R3.	N/A
IRO-014-1	R4.	N/A
IRO-015-1	R1.	N/A
IRO-015-1	R2.	N/A
IRO-015-1	R3.	N/A
IRO-016-1	R1.	N/A
IRO-016-1	R2.	N/A
MOD-006-0	R1.	N/A

Reliability Standard	Requirement	Finding
MOD-006-0	R2.	N/A
MOD-007-0	R1.	N/A
MOD-007-0	R2.	N/A
MOD-010-0	R1.	N/A
MOD-010-0	R2.	N/A
MOD-012-0	R1.	N/A
MOD-012-0	R2.	N/A
MOD-016-1	R1.	N/A
MOD-016-1	R2.	N/A
MOD-016-1	R3.	N/A
MOD-017-0	R1.	N/A
MOD-018-0	R1.	N/A
MOD-018-0	R2.	N/A
MOD-019-0	R1.	N/A
MOD-020-0	R1.	N/A
MOD-021-0	R1.	N/A
MOD-021-0	R2.	N/A
MOD-021-0	R3.	N/A
NUC-001-1	R1.	N/A
NUC-001-1	R2.	N/A
NUC-001-1	R3.	N/A
NUC-001-1	R4.	N/A
NUC-001-1	R5.	N/A
NUC-001-1	R6.	N/A
NUC-001-1	R7.	N/A
NUC-001-1	R8.	N/A
NUC-001-1	R9.	N/A
PER-001-0	R1.	N/A
PER-002-0	R1.	N/A
PER-002-0	R2.	N/A
PER-002-0	R3.	N/A
PER-002-0	R4.	N/A
PER-003-0	R1.	N/A
PER-004-1	R1.	N/A
PER-004-1	R2.	N/A
PER-004-1	R3.	N/A
PER-004-1	R4.	N/A
PER-004-1	R5.	N/A
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R4.	N/A

Reliability Standard	Requirement	Finding
PRC-001-1	R5.	Compliant
PRC-001-1	R6.	N/A
PRC-004-1	R1.	N/A
PRC-004-1	R2.	Compliant
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Possible Violation
PRC-005-1	R2.	Possible Violation
PRC-007-0	R1.	N/A
PRC-007-0	R2.	N/A
PRC-007-0	R3.	N/A
PRC-008-0	R1.	N/A
PRC-008-0	R2.	N/A
PRC-009-0	R1.	N/A
PRC-009-0	R2.	N/A
PRC-010-0	R1.	N/A
PRC-010-0	R2.	N/A
PRC-011-0	R1.	N/A
PRC-011-0	R2.	N/A
PRC-015-0	R1.	N/A
PRC-015-0	R2.	N/A
PRC-015-0	R3.	N/A
PRC-016-0	R1.	N/A
PRC-016-0	R2.	N/A
PRC-016-0	R3.	N/A
PRC-017-0	R1.	N/A
PRC-017-0	R2.	N/A
PRC-018-1	R1.	N/A
PRC-018-1	R2.	N/A
PRC-018-1	R3.	N/A
PRC-018-1	R4.	N/A
PRC-018-1	R5.	N/A
PRC-018-1	R6.	N/A
PRC-021-1	R1.	N/A
PRC-021-1	R2.	N/A
PRC-022-1	R1.	N/A
PRC-022-1	R2.	N/A
TOP-001-1	R1.	N/A
TOP-001-1	R2.	N/A
TOP-001-1	R3.	Compliant
TOP-001-1	R4.	N/A
TOP-001-1	R5.	N/A
TOP-001-1	R6.	Compliant

Reliability Standard	Requirement	Finding
TOP-001-1	R7.	Compliant
TOP-001-1	R8.	N/A
TOP-002-2	R1.	N/A
TOP-002-2	R2.	N/A
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	N/A
TOP-002-2	R5.	N/A
TOP-002-2	R6.	N/A
TOP-002-2	R7.	N/A
TOP-002-2	R8.	N/A
TOP-002-2	R9.	N/A
TOP-002-2	R10.	N/A
TOP-002-2	R11.	N/A
TOP-002-2	R12.	N/A
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R16.	N/A
TOP-002-2	R17.	N/A
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	N/A
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-003-0	R4.	N/A
TOP-004-1	R1.	N/A
TOP-004-1	R2.	N/A
TOP-004-1	R3.	N/A
TOP-004-1	R4.	N/A
TOP-004-1	R5.	N/A
TOP-004-1	R6.	N/A
TOP-005-1	R1.	N/A
TOP-005-1	R2.	N/A
TOP-005-1	R3.	N/A
TOP-005-1	R4.	N/A
TOP-006-1	R1.	N/A
TOP-006-1	R2.	N/A
TOP-006-1	R3.	N/A
TOP-006-1	R4.	N/A
TOP-006-1	R5.	N/A
TOP-006-1	R6.	N/A
TOP-006-1	R7.	N/A

Reliability Standard	Requirement	Finding
TOP-007-0	R1.	N/A
TOP-007-0	R2.	N/A
TOP-007-0	R3.	N/A
TOP-007-0	R4.	N/A
TOP-008-1	R1.	N/A
TOP-008-1	R2.	N/A
TOP-008-1	R3.	N/A
TOP-008-1	R4.	N/A
TPL-001-0	R1.	N/A
TPL-001-0	R2.	N/A
TPL-001-0	R3.	N/A
TPL-002-0	R1.	N/A
TPL-002-0	R2.	N/A
TPL-002-0	R3.	N/A
TPL-003-0	R1.	N/A
TPL-003-0	R2.	N/A
TPL-003-0	R3.	N/A
TPL-004-0	R1.	N/A
TPL-004-0	R2.	N/A
VAR-001-1	R1.	N/A
VAR-001-1	R2.	N/A
VAR-001-1	R3.	N/A
VAR-001-1	R4.	N/A
VAR-001-1	R5.	N/A
VAR-001-1	R6.	N/A
VAR-001-1	R7.	N/A
VAR-001-1	R8.	N/A
VAR-001-1	R9.	N/A
VAR-001-1	R10.	N/A
VAR-001-1	R11.	N/A
VAR-001-1	R12.	N/A
VAR-002-1	R1.	N/A
VAR-002-1	R2.	N/A
VAR-002-1	R3.	N/A
VAR-002-1	R4.	N/A
VAR-002-1	R5.	N/A

Compliance Culture

The audit team assessed CFI's Internal Compliance Program in conjunction with the audit. Evidence reviewed in assessing the program included: CFI's Compliance Pre-Audit Survey, compliance staff organizational charts, interviews with CFI staff, and observation of staff responses in preparation for and during the audit.

Four factors that characterize a vigorous and effective compliance program are: active engagement and leadership by a company's senior management; preventive measures appropriate to the individual circumstances of the company; promptly detecting, stopping, and reporting a violation; and, ultimately fixing the problem and working to avoid future possible violations.

SERC recognizes that there isn't one standard formula for an effective compliance program, and that there will be variations in each company's program and culture based on countless factors, including the size and age of the company, as well as the nature and extent of its business. Ultimately what matters are the results, and whether the compliance program worked as it should.

The audit team determined that CFI's Internal Compliance Program documents and their staff's demonstrated compliance culture indicate an effective compliance program.