

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Appendix 4A

Audit of Regional Entity Compliance Programs

Effective January 18, 2007

Overview

The NERC process for auditing regional entity compliance programs was established to assess how the regional entity's compliance programs implement the NERC Compliance Enforcement Program and determine their effectiveness. Each year, NERC establishes which standard requirements will be placed into the compliance enforcement program. The regional entities are expected to measure compliance to these requirements and, if desired, additional requirements.

Scheduling

Each regional entity compliance program shall be audited at least once every three years. The schedule for regional entity compliance program audits is approved by NERC staff and the Compliance and Certification Committee.

The audit team consists of at least one representative from each of the following:

- NERC staff,
- Compliance and Certification Committee (one of whom shall serve as team leader), and
- Regional entity compliance manager from another regional entity.

Audit team members shall not be from the regional entity being audited.

Pre-Audit

In preparation for an audit, NERC staff develops a questionnaire that outlines the primary discussion areas to be covered during the on-site audit. The questionnaire includes a list of requested documents, some of which will be provided prior to the meeting and others to be provided and reviewed during the meeting. The questionnaire is sent to the regional entity being audited 60 calendar days in advance of the audit for completion.

Within 30 calendar days prior to the on-site audit, regional entity staff returns a completed questionnaire to NERC, along with the requested reports and documentation. NERC staff sends all of this to each of the team members 10 calendar days prior to the audit.

Audit team members make their own hotel and airline reservations for the audit. The on-site audit is typically scheduled for one and one-half calendar days.

On-Site Audit

During the on-site audit, detailed questions related to the completed questionnaire are discussed by all the participants. The team tours the facilities and meets with the regional entity staff involved in implementing the compliance enforcement program. To determine the effectiveness of the regional entity's program, NERC shall evaluate the goals, tools, and procedures of each regional entity's compliance enforcement program. The audit team debriefs the regional entity staff at the end of the audit with initial findings and preliminary recommendations.

Preparation and Posting of the Audit Report

The audit team drafts a report documenting the findings and recommendations of the audit and submits it to the regional entity within 30 calendar days after the on-site audit. The regional entity is provided with a draft of the report to verify that it accurately reflects the discussions at the on-site audit.

The regional entity has 30 calendar days to analyze each recommendation and finding and report to NERC on those it has implemented or plans to implement. If there are recommendations that the regional entity does not plan to implement, its rationale for reaching that conclusion will be provided.

NERC will issue a final report to the regional entity 45 calendar days after the draft report is issued. If the regional entity disputes a finding or recommendation it shall refer to the NERC Rules of Procedure, Sections 409–411 within 15 days of receiving the final report from NERC. Throughout this entire process, the information provided, discussions held, and the draft report will be kept confidential. The final report, along with the regional entity response to the recommendations, are posted on the NERC Web site 15 days after the final report is sent to the region or when due process is complete, whichever is greater.

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