

**NERC**

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# NERC Regional Entity Agreed Upon Procedures Spot Check Report Western Electricity Coordinating Council

**RELIABILITY | ACCOUNTABILITY**



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## Executive Summary

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### Overview

In accordance with the Federal Energy Regulatory Commission's (FERC or Commission) Order No. 672, Paragraph 773,<sup>1</sup> the North American Electric Reliability Corporation (NERC) developed a program to audit the Regional Entities' (RE) adherence to the NERC Rules of Procedures (RoP), the Compliance Monitoring and Enforcement Program (CMEP) and the requirements of the Regional Delegation Agreement (RDA). Additional requirements concerning the RE Audit Program attributes are contained in the RoP Section 402.1.3.<sup>2</sup>

The NERC RE Audit Program consisted of Agreed-Upon Procedures (AUP)<sup>3</sup> developed by NERC in partnership with an independent auditing firm, Crowe Horwath, LLP (Crowe). In 2009 and 2010, NERC completed initial audit activities of five of the eight REs.<sup>4</sup>

Following these initial audit activities, NERC reviewed lessons learned and revised the performance criteria of the RE Audit Program for efficiency and effectiveness. NERC developed the AUP Spot Check Program for the remaining three REs: Texas Reliability Entity, Inc. (Texas RE), Florida Reliability Coordinating Council, Inc., (FRCC), and Western Electricity Coordinating Council (WECC).

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<sup>1</sup> See *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, FERC Stats. & Regs., ¶ 31,204 at P 773 ("Order No. 672"), order on reh'g, FERC Stats. & Regs. ¶ 31,212 (2006) ("Order No. 672-A") ("We contemplate that a compliance audit of the ERO would typically involve an examination of the ERO's ongoing compliance with statutory and regulatory criteria for certification and its performance in carrying out its responsibility to oversee the compliance with and enforcement of Reliability Standards. The Commission, however, maintains the flexibility to determine the applicable scope of a particular audit. The Final Rule eliminates the proposed periodic Commission compliance audit of each Regional Entity. Instead, we require the ERO periodically to audit each Regional Entity's ongoing compliance with relevant statutory and regulatory criteria and performance in enforcing Reliability Standards and report the results to the Commission.").

<sup>2</sup> See NERC Rules of Procedure at § 402.1.3.

<sup>3</sup> An Attestation of an Agreed-Upon Procedure is an engagement relating to Agreed-Upon Procedures (criteria for auditing) to specified elements or accounts. Agreed-Upon Procedures are an engagement with an accounting firm that is hired to issue a report of findings (attestation) based on specified criteria. The user of the report, in this case NERC, agrees upon the procedures to be conducted by the accountant that NERC believes are suitable to the requirements. NERC takes responsibility for the adequacy of the procedures. In this engagement, the accountant does not express an opinion or negative assurance. Instead, the report is in the form of procedures and findings.

<sup>4</sup> The initial audit activities completed for five of the NERC Regional Entities include: Midwest Reliability Organization (MRO), Northeast Power Coordinating Council, Inc. (NPCC), ReliabilityFirst Corporation (RFC), SERC Reliability Corporation (SERC), Southwest Power Pool, Regional Entity (SPP). On October 21, 2010, the Commission issued an order approving NERC's pro forma Delegation Agreement, the revised Delegation Agreements with the Regional Entities, changes to the Rules of Procedure and certain Bylaws. *North American Electric Reliability Corporation*, 133 FERC ¶ 61,061 (2010). In that order, the Commission stated its expectation that the initial audits will be concluded by the end of 2011. *Id.* at P 28. The Commission also requested that NERC provide its expected completion date of the second round of audits. *Id.* The AUP reports are posted on NERC's web site. See <http://www.nerc.com/page.php?cid=3|26|349>.

NERC issued a letter and AUP Self-Certification questionnaire to Texas RE, WECC, and FRCC on November 2, 2010. The referenced REs completed and submitted their AUP Self-Certification of compliance by January 31, 2011. The AUP Self-Certification is located in Appendix A of this report.

NERC evaluated the performance of the REs by assessing their policies, procedures, evidence of performance, and interviewing subject matter experts. NERC documented the findings from the referenced AUP Spot Checks in the respective RE AUP Spot Check Exit Briefings and Audit Reports.

The NERC AUP Spot Check of WECC was held at WECC's headquarters in Salt Lake City, Utah, March 8, 2011 through March 10, 2011. The NERC Audit Team was comprised of two auditors from the Audit Assurance and Oversight Department and one attorney from the Legal Department. One of the two auditors supported the effort off-site.

WECC staff was very accommodating to the needs of the audit team. WECC staff provided all pre-audit information requested on or before the due date and worked diligently to provide supplemental information requested by the audit team while onsite, in a timely manner.

#### Findings

The NERC Audit Team identified five positive observations, no exceptions, and no recommendations. Detailed results of the NERC Audit Team findings for WECC are contained in Chapter 4 of this report.

# AUP Spot Check Development

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## AUP Spot Check Audit Plan

NERC developed an audit plan<sup>5</sup> for performing the AUP Spot Check Program (Audit Plan). The five components of the Audit Plan were:

1. Objective
2. Risk
3. Scope
4. Methodology
5. Identifying Audit Criteria

### Objective

The AUP Spot Check Objective<sup>6</sup> (Audit Objective) was to verify RE compliance with the RoP, CMEP, and RDA based on a list of common issues identified from the RE Audit Program. NERC considered significance and risk when developing its list of common issues for the AUP Spot Check Program.

### Risk

NERC's assessment of Audit Risk<sup>7</sup> identified that an assessment of the REs' processes and procedures may not detect inconsistency in the supporting evidence. Also, documents presented during the audit may contain inaccuracies.

To reduce the audit risk, the Audit Plan included:

- Self-Certification of compliance from the REs
- Review of REs Self-Certification responses and modifications to audit scope, where applicable
- Requests for information and analysis of sampled evidence
- Interviews with RE subject matter experts
- Additional requests for information, where applicable

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<sup>5</sup> See *United States Government Accountability Office Government Auditing Standards* - Chapter 7 Field Work Standards for Performance Audits-Planning.

<sup>6</sup> See *United States Government Accountability Office Government Auditing Standards* - Chapter 7 Field Work Standards for Performance Audits-Planning, Section 7.08.

<sup>7</sup> See *United States Government Accountability Office Government Auditing Standards* - Chapter 7 Field Work Standards for Performance Audits-Audit Risk, Section 7.05.

## Scope

The AUP Spot Check Scope (Audit Scope)<sup>8</sup> was developed by NERC based on the components and results of the RE Audit Program, but with a narrower focus. The Audit Scope included the following areas:

- Data Retention and Confidentiality Procedures
- Independence Procedures
  - Organizational Independence
  - Conflict of Interest
- Reporting to NERC
- Registration
- Compliance Activities
  - Compliance Audit Policies and Procedures
  - Compliance Audit Reports
  - Registered Entity Function
  - Reliability Standard Audit Worksheets Documentation
- Registered Entity Reporting
  - Self-Certification
  - Exception Reporting
  - Self-Reporting
  - Periodic Data Submittals
- Compliance Investigations
  - Compliance Violation Investigations
  - Complaints
- Notices of Violations
  - Possible Violations
  - Alleged Violations
  - Notices of Confirmed Violations
  - Dismissals
- Penalties, Sanctions, and Settlements
- Mitigation Plans

## Methodology

NERC developed its audit methodology<sup>9</sup> to support the AUP Spot Check Audit Objective (Audit Objective). The audit methodology was consistent with AUP procedures and was used both to determine and analyze the set of evidence. The methodology documentation included the AUP Spot Check Self-Certification and three requests for information prior to the onsite audit.

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<sup>8</sup> See *United States Government Accountability Office Government Auditing Standards* - Chapter 7 Field Work Standards for Performance Audits-Planning.

<sup>9</sup> See *United States Government Accountability Office Government Auditing Standards* - Chapter 7 Field Work Standards for Performance Audits-Planning, Section 7.06.

## Identifying Audit Criteria<sup>10</sup>

The criteria for the AUP Spot Check are contained within the language of RoP, CMEP and RDA. In conjunction with the Crowe AUP, NERC identified objective and quantitative language within the referenced documents to establish its evaluation criteria. NERC further evaluated the performance of the REs by identifying subjective and qualitative language within the referenced documents. NERC then analyzed and evaluated the REs evidence to determine positive observations, exceptions, and recommendations.

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<sup>10</sup> See *United States Government Accountability Office Government Auditing Standards - Chapter 7 Field Work Standards for Performance Audits-Identifying Audit Criteria*, Section 7.37.

## AUP Spot Check Implementation

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### Prior to On-site Audit

NERC analyzed WECC's completed AUP Spot Check Questionnaire prior to the onsite audit. NERC used the Crowe AUPs as a reference as well as the ROP and CMEP. NERC identified responses requiring further discussion or data request. This analysis results included:

1. Self-identified exceptions
2. Responses required further questions
3. Other items identified by NERC Audit Team

Actions completed as a result of NERC's analysis included:

1. Revised the Spot Check audit scope
2. Revised the AUP matrix
3. Developed focused audit questions
4. Identified items requiring further data
5. Revised Requests for Information (RFIs)

NERC sent WECC three RFIs on February 27, 2011. RFI Part 1 (General Sample Population) requested a listing of items from the AUP categories for random sampling of selected test items used for the audit. RFI Part 2 contained request for WECC's internal procedures. WECC provided the documentation requested outlined in RFI Part 3 when NERC identified the sample test items on February 27, 2011.

NERC referenced key documents in performing its evaluation of WECC's completed data request. NERC referred to the Crowe AUPs to ensure consistency and the RoP and CMEP to evaluate compliance.

### During and After On-site Audit

The NERC AUP Spot Check was held at WECC's headquarters, March 8, 2011 through March 10, 2011. The NERC Audit Team provided WECC an overview of the Spot Check process. The NERC Audit Team requested and received additional information and sought clarification from subject matter experts during the audit. The NERC staff held interviews with key WECC personnel to validate evidence presented.

The NERC auditors used their professional judgment,<sup>11</sup> auditing skills, and experience to determine the sufficiency of the evidence, whether the evidence was appropriate to support the findings and met the Spot Check objective.<sup>12</sup>

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<sup>11</sup> See *United States Government Accountability Office Government Auditing Standards* - Chapter 3, General Standards, Professional Judgment, Sections 3.31-3.39.

While on-site, NERC provided a status of the Spot Check to WECC's key personnel. The status update included a review of:

- Completed activities for the day
- Planned activities for the following day
- Open request for information items
- Positive observations

After completion of the on-site audit process, the Audit Team further reviewed WECC documentation prior to making a final determination of its findings. NERC performed this additional review of the evidence for sufficiency and appropriateness to provide reasonable assurance<sup>13</sup> of the findings. NERC provided WECC a final presentation of its AUP Spot Check results on June 29, 2011.

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<sup>12</sup> See *United States Government Accountability Office Government Auditing Standards* - Chapter 7 Field Work Standards for Performance Audits, Sections 7.55-7.65.

<sup>13</sup> See *United States Government Accountability Office Government Auditing Standards* - Chapter 7 Field Work Standards for Performance Audits, Reasonable Assurance, Section 7.03.

## AUP Spot Check Findings

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NERC defined three classifications of audit results, Positive Observations, Findings and Recommendations for the AUP Spot Check.

1. Positive Observations
  - Consideration of and comparison to noteworthy practices applicable to all REs
2. Findings
  - Possible exceptions where documentation was inconsistent with NERC RoP or CMEP (considerations: versions, filings and FERC Orders, and documented process exceptions)
  - Validated RE self-identified exceptions as indicated in the Self-Certifications (considerations: whether a gap existed during 2011 Spot Check as evidenced by sample and were there controls in place)
3. Recommendations
  - Variations from Crowe AUP approach, opportunities to develop controls, or need to improve documentation.

### Positive Observations

The NERC Audit Team considered certain WECC practices to be noteworthy and applicable to all of the REs.

NERC identified five positive observations:

1. WECC's legal staff analyzes FERC Orders and changes to the RoP and CMEP to identify impacts to the applicable business areas. WECC's legal staff then disseminates this information and facilitates discussions with the affected business areas to ensure understanding. WECC used this process to prepare for the 2011 RoP changes and NERC encourages WECC to continue this effort.
2. WECC initiated an *Audit Report Tracking Log* for tracking its compliance audit report development activities. The WECC audit team lead and Compliance Program Coordinator track and update each step of an audit report; from origination to final approval and posting to the NERC website. Also, WECC legal staff reviews the audit reports. If a WECC audit report is not approved and posted for reasons other than editorial, the Compliance Program Coordinator notifies the Director of Compliance of that the audit report has not been approved. A sample of WECC's *Audit Report Tracking Log* is located in Appendix B of this report.
3. WECC has a comprehensive *Annual Work History and Conflict of Interest Form*, which includes the NERC and WECC audit-related training history for its applicable employees. This form is provided to the audited registered entity following the audit initiation letter and in accordance with the NERC RoP. An example of WECC's comprehensive *Annual Work History and Conflict of Interest Form* is located in Appendix C of this report.

4. WECC's Notice of Alleged Violation and Penalty and Sanction (NAVAPS) process is well documented and includes multiple points of regular review by WECC personnel. This process is well-suited for automation and NERC encourages WECC to continue with its self-initiated process improvement program.
5. WECC's internal procedures are of high quality. The format and arrangement of information is detailed and easy to follow. WECC's procedures clearly identify process owners, their roles and responsibilities, and corresponding required actions.

## Findings

The NERC Audit Team did not identify possible exceptions during the site visit. WECC performed an internal review of its procedures and process prior to the AUP Spot Check and self-identified exceptions through the Self-Certification process. WECC began the process of mitigating its self-identified exceptions, prior to the site visit. NERC verified WECC Self-Certification responses and evidence during the Spot Check and determined how WECC was addressing its self-identified exceptions.

## Recommendations

The Audit Team did not make a recommendation to WECC to improve processes, procedures, or policies that varied from the Crowe AUP approach, develop controls, or otherwise improve documentation.

## Conclusion

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The NERC Audit Team used their professional and auditing skills and experience to determine the sufficiency and appropriateness of evidence to support the findings and meet the AUP Spot Check Objective. After reviewing WECC's Self Certification responses and sampled evidence, and a site visit including interviews with WECC staff, the NERC Audit Team identified five positive observations, no exceptions, and one recommendation. NERC's assessment of the results of the AUP Spot Check Program for WECC is contained herein.

## Appendix A – 2010 Agreed-Upon Procedures Regional Self-Certification

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### IMPLEMENTATION PLANS

None

### DATA RETENTION AND CONFIDENTIALITY PROCEDURES

1. Do you have a records management and data retention procedure for compliance-related records?

Response:

[Redacted]

- a. If you do not have a written procedure, describe your policy for records management and data retention of compliance-related records?

Response:

[Redacted]

2. Do you have a written procedure for maintaining the confidentiality of data and information obtained through compliance activities? (CMEP 9.3)

Response:

[Redacted]

- a. If you do not have a written procedure, explain your process for maintaining the confidentiality of data and information obtained through compliance activities.

Response:

[Redacted]

3. Do you have a written policy for maintaining the confidentiality of data and information provided by entities in the process of becoming registered or certified?

Response:

[Redacted]

- a. If you do not have a written procedure, explain your process for maintaining the confidentiality of data and information provided by entities in the process of becoming registered or certified.

Response:

[Redacted]

4. Do you have written policies or procedures for providing copies of audit team members' non-disclosure agreements to Registered Entities prior to a Compliance Audit?

Response:

[Redacted]

5. Have you received any requests from third parties since January 1, 2009 for information that was deemed confidential? (RoP 1503.7)

Response:

[Redacted]

- a. If so, please list all requests for confidential information you have received.

Response:

[Redacted]

6. Have you denied any requests for confidential information from third parties since January 1, 2009?

Response:

[Redacted]

- a. If so, please provide a copy of the public posting of the denied request.

Response:

[Redacted]

## **INDEPENDENCE PROCEDURES**

1. How do you maintain the independence of compliance and enforcement decisions from other activities within your organization?

**Response:**

[Redacted]

2. Do you have a written conflict of interest policy or procedure for such conflicts pertaining to Board members, executives, employees, and contractors?

**Response:**

[Redacted]

- b. If so, does the policy or procedure contain provisions for the review of conflict of interest statements and disclosures?

Provide evidence that you reviewed conflict of interest statements and disclosures.

**Response:**

[Redacted]

- c. If so, does the policy or procedure contain provisions for the monitoring of compliance with the conflict of interest policies?

Provide evidence that you have monitored conflict of interest with respect to the Board members, executives, employees, and contractors.

**Response:**

[Redacted]

3. Have you discovered any conflicts of interests that existed either during or after a compliance action?

Please describe the referenced conflicts and associated resolutions.

**Response:**

[Redacted]

4. Have there been any instances where Board members, executives, and stakeholder committee members were removed or recused themselves from compliance duties because of a conflict of interest?

**Response:**

[Redacted]

- a. If so, please explain the circumstances surrounding each instance.

**Response:**

[Redacted]

5. Have you had an independent consultant work for your compliance enforcement program, who received compensation from a BPS owner, operator, or user within the preceding six (6) months of the consultant's date of hire?

**Response:**

[Redacted]

6. Do you have signed Work History and Conflict of Interest Questionnaires for independent consultants?

**Response:**

[Redacted]

## INFORMATION SYSTEMS

None

## REPORTING TO NERC

1. Has a Registered Entity requested a hearing concerning an alleged violation?

Please describe how you responded to the hearing request and the resolution of the alleged violation.

**Response:**

[Redacted]

2. Have you on any occasion sent a notification of accepted Mitigation Plan to NERC more than five (5) business days after the date you accepted the Registered Entity's Mitigation Plan?

**Response:**

[Redacted]

3. Have you on any occasion provided the accepted Mitigation Plan to NERC more than five (5) business days after the date you accepted the Registered Entity's Mitigation Plan?

**Response:**

[Redacted]

4. Do you have a written policy or procedure requiring that you must (i) notify and (ii) provide an accepted Mitigation Plan to NERC within five (5) business days of the Registered Entity's acceptance of the Mitigation Plan?

**Response:**

[Redacted]

- d. If not, do you have any conflicting practices, policies, or procedures that would prevent you from providing the referenced accepted Mitigation Plan to NERC within the requisite five (5) business days?

**Response:**

[Redacted]

5. Have you on any occasion not received from a Registered Entity, certification that all required actions described in its Mitigation Plan had been completed?

Please describe the actions you took to remedy the situation.

**Response:**

- [REDACTED]
6. Did you report all allegations or evidence of violations (other than those that resulted in or has the potential to result in, a reduced level of reliability to the bulk power system - which require 48 hour notification) within five (5) business days?

**Response:**

[REDACTED]

## REGISTRATION

1. Do you have a written regional Organization Registration Policy?

**Response:**

- [REDACTED]
2. Does your Organization Registration Policy document reference critical energy infrastructure information?

**Response:**

- [REDACTED]
3. Provide a description of your process for determining and verifying whether an entity should be registered for a reliability function.

**Response:**

- [REDACTED]
4. Have you documented your verification of the Registered Entity's reliability function during the referenced registration process?

**Response:**

- [REDACTED]
5. Have you encountered an organization, from January 1, 2009 to the present, which was not included in the compliance registry but should have been?

**Response:**

- [REDACTED]
6. Do you have documentation that all Registered Entities met the necessary criteria for registration?

**Response:**

- [REDACTED]
- e. If so, does the referenced documentation describe the manner in which the Registered Entities met the necessary criteria for registration?

**Response:**

[Redacted]

**CERTIFICATION**

None

**COMPLIANCE ACTIVITIES**

1. Do you have a written policy or procedure for providing audit team member notification and employment history to Registered Entities at least two months prior to the commencement of an on-site audit?

**Response:**

[Redacted]

2. Did you provide to the Registered Entity the audit team member notification and employment history at least two months prior to the commencement of an on-site audit?

**Response:**

[Redacted]

- a. If so, please provide a copy of the notifications provided to the Registered Entity along with evidence of the date provided.

**Response:**

[Redacted]

3. During the course of all audits, from January 1, 2009 to the present, did you provide audit materials to all Compliance Audit participants?

Note: "Compliance Audit participants" includes both Registered Entity personnel and audit team members participating in the Compliance Audit.

**Response:**

[Redacted]

4. Did audit team members participating in Compliance Audits, from January 1, 2009 to the present, complete the required auditor training prior to the start of the audit?

**Response:**

[Redacted]

5. Did all Compliance Audit reports include information on supervisory reviews, as required by the Compliance Auditor Manual?

**Response:**

- [REDACTED]
6. Did you provide a copy of the draft assessment from the Compliance Audit to the Registered Entity for comment prior to your issuing a report of the audit results?

**Response:**

- [REDACTED]
7. Did you complete and document the assessment of the Registered Entity for compliance with the Reliability Standards and provide a report to the Registered Entity indicating the audit results?

**Response:**

- [REDACTED]
8. Did you document your review of the audit report developed by the audit team?

**Response:**

- [REDACTED]
9. Have you performed an unscheduled Compliance Audit any time from January 1, 2009 to the present?

**Response:**

- [REDACTED]
10. During the course of an audit, has an audit team discovered that a Registered Entity performed functions for which it was not registered?

**Response:**

- [REDACTED]
11. During the course of an audit, has an audit team discovered a Registered Entity was registered for functions for which it should not have been registered?

**Response:**

- [REDACTED]
12. If you answered yes to either Question Nos. 10 or 11 above, please explain the process used to resolve the discrepancy.

**Response:**

- [REDACTED]
13. Have you always used the NERC Reliability Standard Audit Worksheets (RSAWs) to document the Registered Entity's compliance with the Reliability Standards?

**Response:**

[REDACTED]

14. Did you complete the auditor notes document or auditor report for each NERC Reliability Standard requirement stated in the RSAW?

**Response:**

[REDACTED]

f. If so, did you provide a reference to supporting documentation for each NERC Reliability Standard requirement stated in the RSAW?

**Response:**

[REDACTED]

15. During the course of an audit have you documented all identified non-compliance and related evidence of compliance, presented by the Registered Entity, on the RSAW?

**Response:**

[REDACTED]

g. If so (in response to question no. 15), have you always completed the RSAW checklist items?

**Response:**

[REDACTED]

h. If so (in response to question no. 15), have you always included statements of compliance with the requirements of the RSAWs?

**Response:**

[REDACTED]

i. If so (in response to question no. 15), have you included supporting documentation or a description of the documentation that was reviewed?

**Response:**

[REDACTED]

## REGISTERED ENTITY REPORTING

1. Do you have a written procedure which addresses the requesting, obtaining, and reviewing self-certifications from Registered Entities?

**Response:**

- a. Describe your process in the event that a Registered Entity fails to submit a timely self-certification.

**Response:**

[Redacted]

2. Do you have a written policy which addresses the requesting, obtaining, and reviewing Periodic Data Submittals from Registered Entities?

**Response:**

[Redacted]

3. Did you make a request to all Registered Entities for Periodic Data Submittals from January 1, 2009 to the present, in accordance with the schedule stated in the applicable Reliability Standards?

**Response:**

[Redacted]

4. Did you document your receipt of the referenced Periodic Data Submittal from the Registered Entity?

**Response:**

[Redacted]

5. Did you review the Periodic Data Submittals from all Registered Entities to determine compliance with the Reliability Standards?

**Response:**

[Redacted]

6. Did you document a draft assessment of the Registered Entities' compliance with respect to the Periodic Data Submittals?

**Response:**

[Redacted]

- a. If so, did you provide an opportunity for the Registered Entities to comment on the assessment before it was finalized?

**Response:**

[Redacted]

7. Did you notify the Registered Entities that your assessment of the Registered Entities' compliance with the Reliability Standard, with respect to Periodic Data Submittals, was complete?

**Response:**

[Redacted]

8. Do you have a written policy which addresses the requesting, obtaining, and reviewing Exception Reports from Registered Entities?

**Response:**

[Redacted]

9. Did you make a request to all Registered Entities for Exception Reports from January 1, 2009 to the present, in accordance with the schedule stated in the applicable Reliability Standards?

**Response:**

[Redacted]

## COMPLIANCE INVESTIGATION PROCEDURES

1. Do you have written policies which address initiating compliance violation investigations (CVIs)?

**Response:**

[Redacted]

2. Do you have written policies that address Registered Entity complaints with the conduct of CVIs?

**Response:**

[Redacted]

3. Did your request for data or documentation to all Registered Entities provide at least twenty (20) days advance notice?

**Response:**

[Redacted]

## NOTICES OF VIOLATIONS

1. How many violations of Reliability Standards have you processed as Notice of Confirmed Violations or Settlement Agreements, since January 1, 2009?

**Response:**

[Redacted]

- j. If so, did you in each instance provide a written notice of Alleged Violation and sanction (signed by an officer or designee) to the Registered Entity (CEO or equivalent and compliance contact) and NERC?

**Response:**

[Redacted]

2. How many possible violations were discovered from January 1, 2009 to the present (please count possible violations for each calendar year)?

**Response:**

[Redacted]

3. What was the average time it took from the determination of a possible violation to the time when the violation was dismissed, reached settlement, or the Registered Entity received a Notice of Alleged Violation and Penalties and Sanction?

**Response:**

[Redacted]

4. Did you have documentation that the Registered Entity initiated settlement and the date that settlement discussions commenced?

**Response:**

[Redacted]

## **PENALTIES, SANCTIONS, AND SETTLEMENTS**

1. Did you obtain documentation from the Registered Entity stating the name of the authorized negotiator for the settlement process for all settlement discussions, from January 1, 2009 to the present?

**Response:**

[Redacted]

## **MITIGATION PLANS**

1. How many Mitigation Plans did you receive from January 1, 2009 to the present?

**Response:**

[Redacted]

2. How many Mitigation Plans did you approve during the referenced period?

**Response:**

[Redacted]

3. How many Mitigation Plans were remanded back to the Registered Entity during the referenced period?

**Response:**

[Redacted]

4. What was the average time it took from receiving a Mitigation Plan to approval of the Mitigation Plan during the referenced period?

**Response:**

[Redacted]

5. Did you include a review of the status of Mitigation Plans during on-site audits? (CMEP 6.6)

**Response:**

[Redacted]

6. Did you include a review of evidence for Mitigation Plan completion during on-site audits?

**Response:**

[Redacted]

7. What is your process for confirming or validating evidence that a Mitigation Plan is complete?

**Response:**

[Redacted]

8. Do you have documentation that all required actions described in the Mitigation Plan were completed by the Registered Entity for all Registered Entities in your region that completed a Mitigation Plan during the referenced period?

**Response:**

[Redacted]

9. Can you provide documentation of a review of Mitigation Plans for completeness and sufficiency, as specified in NERC's Mitigation Plan Approval?

**Response:**

[Redacted]

**REMEDIAL ACTIONS**

None

**HEARINGS**

None

**ERO FUNCTIONAL REQUIREMENTS**

None

# Appendix B – WECC Audit Reports Tracking Log (Sample)



## Audit Reports Tracking Log

Entity:

Audit Type:  ATL:  CPC Support:  Audit End Date:

**Tracking** **Violations** **Comments**

### NON-PUBLIC (NP) REPORT LOG

|   |                        |
|---|------------------------|
| Date Report Findings Sent to CPC:                     | <input type="text"/>   |
| Date NP Draft sent to ATL for Completion:             | <input type="text"/>   |
| Date NP Draft Completed by ATL:                       | <input type="text"/>   |
| Date NP Draft Sent to Team for Review:                | <input type="text"/>   |
| Date NP Draft Reviewed by Team (and approved by ATL): | <input type="text"/>   |
| Legal Review Required:                                | <input type="text"/> ▼ |
| Date NP Draft Sent to Legal for Review:               | <input type="text"/>   |
| Date NP Draft Reviewed by Legal:                      | <input type="text"/>   |
| Date NP Draft Sent to Entity for Comments:            | <input type="text"/>   |
| Date NP Draft Comments Received from Entity:          | <input type="text"/>   |
| Date NP Draft Entity Comments Sent to ATL:            | <input type="text"/>   |
| Date NP Draft Entity Comments incorporated by ATL:    | <input type="text"/>   |
| Legal Review Required?                                | <input type="text"/> ▼ |
| Date NP Final sent to Legal for Review:               | <input type="text"/>   |
| Date NP Final Reviewed by Legal:                      | <input type="text"/>   |
| Date NP Final Sent to Management for Approval:        | <input type="text"/>   |
| Date NP Final Approved by Management:                 | <input type="text"/>   |
| Date NP Final Sent to CPC for Upload:                 | <input type="text"/>   |
| Date NP Final Uploaded to Entity:                     | <input type="text"/>   |
| Date NP Final Sent to NERC HTTP Site:                 | <input type="text"/>   |

### PUBLIC REPORT (PR) LOG

|   |                      |
|---|----------------------|
| Date PR Draft Prepared by CPC:            | <input type="text"/> |
| Date PR Draft sent to ATL for Completion: | <input type="text"/> |
| Date PR Draft Completed by ATL:           | <input type="text"/> |
| Date PR Final Sent to Mgmt for Approval:  | <input type="text"/> |
| Date PR Final Approved by Management:     | <input type="text"/> |
| Date PR Final Sent to CPC for Upload:     | <input type="text"/> |
| Date PR Final Uploaded to Entity:         | <input type="text"/> |
| Date PR Final Sent to NERC HTTP Site:     | <input type="text"/> |

Add Record

Close



## Appendix C – WECC Annual Work History and Conflict of Interest Form

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### ANNUAL WORK HISTORY AND CONFLICT OF INTEREST FORM

#### Audit Team Member Information

Name: \_\_\_\_\_

Current Professional Affiliation: \_\_\_\_\_

Affiliated Since: \_\_\_\_\_

Current Title: \_\_\_\_\_

#### Other Professional Affiliations within the Past 3 Years:

Entity: \_\_\_\_\_ Dates: mm/dd/yyyy to mm/dd/yyyy

Entity: \_\_\_\_\_ Dates: mm/dd/yyyy to mm/dd/yyyy

Entity: \_\_\_\_\_ Dates: mm/dd/yyyy to mm/dd/yyyy

Entity: \_\_\_\_\_ Dates: mm/dd/yyyy to mm/dd/yyyy

Entity: \_\_\_\_\_ Dates: mm/dd/yyyy to mm/dd/yyyy

#### NERC/Regional Training History:

Course/Seminar: \_\_\_\_\_ Dates: mm/dd/yyyy

Course/Seminar: \_\_\_\_\_ Dates: mm/dd/yyyy

Course/Seminar: \_\_\_\_\_ Dates: mm/dd/yyyy

Course/Seminar: \_\_\_\_\_ Dates: mm/dd/yyyy

Course/Seminar: \_\_\_\_\_ Dates: mm/dd/yyyy

The above information is current and accurate as of  ,2011.

Signed: \_\_\_\_\_

### Conflict of Interest Questionnaire

I have reviewed the list of registered entities under the jurisdiction of WECC and believe, unless otherwise noted below, that I am free from any conflicts of interest that would impede my objective performance in the audits of the registered entities. If applicable, I also believe that the contract company I represent is free from any conflicts of interest that would impede my objective performance in the audits of the registered entities. The responses to the questions below are provided in support of that assertion.

1. Please list the entity name(s) and the last date you were employed by or received financial compensation from any entities registered with WECC. *(If within the last 2 years, please contact the Director of Compliance Audits and Investigations).*
  - a. If applicable, please list the entity name(s) and the last date that anyone employed by the contract company that you represent was employed by or received financial compensation from any entities registered with WECC. *(If within the last 2 years, please contact the Director of Compliance Audits and Investigations).*

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2. Please list all entities, other than your current employer, for which you are a director, officer, or employee.

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3. Please list the businesses from the energy sector, other than your employer, in which you or a member of your immediate household have a financial interest. A financial interest includes payroll, a 401K, or any form of ownership including stocks, mutual funds, and other financial instruments. Do not list diversified, non-energy focused mutual funds that may have energy sector holdings. Please list the entity/entities and the nature of each financial relationship.

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4. Please describe any business arrangements that you, or a member of your immediate household have with an energy sector business other than your current employer. Please include consulting or other professional service relationships, vendor relationships, banking relationships, or other relationships that could provide financial remuneration or gain.

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The above information is current and accurate as of           , 2011.

Signed: