Reliability Assurance Initiative (RAI) Reliability Standard Audit Worksheet (RSAW) Improvement Recommendations

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Introduction

The RAI RSAW Improvement Team had embraced the task of providing input on the content of the current Reliability Standard Audit Worksheets (RSAWs) and how they are used. Two main principles emerged in our discussions and various versions of recommendations. These were “scope” and “consistency.” The team fully understands and appreciates the organizational reason for using the RSAWs in the first place, and despite some industry comments to the contrary, we believe their use should continue, albeit in a modified fashion.

The current format of the RSAWs enables “rabbit trail” adventures by being very vague on the scope and types of evidence that would be considered proof of compliance. While this lack of specificity grants broad latitude to the Registered Entity in the scope of evidence it can bring forward for the auditor’s consideration, it also gives the auditors a similar degree of latitude in exploring and prodding for ever more minute details in which they appear to be probing for
possible violations. The team believes the type and scope of acceptable evidence should be more closely defined in the RSAWs.

The second overall concern is with the consistency of how the RSAWs are used by the Regional Entities. In the collective experience of the team, one region has publicly stated they simply don’t use the RSAWs, while others view them as laws carved in stone and consider their language, rather than the language of the approved standard, to be the controlling factor in an audit. Obviously, the industry is being whip-sawed back and forth between these two extremes and desires a more consistent approach among the Regional Entities. The team believes training for the auditors is the first step in achieving a level of consistency, and upon further consideration, believe an amendment to the delegation agreements between NERC and the Regional Entities may be in order stating plainly the expectations of NERC as to the use of RSAWs during audits, and making this a point of attention in the periodic audit of the Regional Entities.

Four initial areas of suggested improvement:

1. RSAW Structure
2. RSAW Use
3. RSAW Development
4. Internal Controls application

RSAW Structure

1. If a desired format of evidence is needed it should be explained in the RSAW. An example would be the need for a list and a Word document table is provided; only to find out that a spreadsheet was what was needed, or vise versa.

2. The desired scope of evidence should be included in the RSAW.

3. When restating the requirement, add the measure directly below.

4. The RSAW should be an electronic format where evidence and narrative explanations can be attached through an electronic compliance application or database. Evidence documentation can be attached in the appropriate field for each requirement. NERC should also consider the acceptance of registered entity generated documents from compliance database responding to RSAW inputs to augment the NERC RSAW.
5. Current guidance such as the history of FERC orders and associated implementation issues could be accessed through links on the electronic RSAW form but would not be a part of each RSAW.

**RSAW Use**

1. Training for regional audit staff should be developed and delivered directly by NERC or through NERC approved instructors to assure consistency in the use of the RSAWs.

2. An independent assessment of the regions and their use of RSAWs should be considered. This could perhaps be a component of the current CCC tasks of regional audits.

3. Where appropriate, add an applicability box to verify that the requirement is applicable. *(this will eliminate the need to go through every requirement and note “Not applicable because…”)*

4. Provide a list of pre-defined documentation the auditors would like to see in the pre audit data collection.

5. The RSAW should indicate when each particular requirement is looking for sample data. If this can be provided in the initial evidence submission rather than waiting to hear about it during the onsite review, it will make the process much more efficient.

**RSAW Development**

Recommendation: Modify the standards development process to include a “compliance feasibility review” for RSAWs. Draft RSAWs can be routed to the SIS for a quick review. As most requirements are fairly straightforward this should not be a burdensome task, but it will help identify the problematic outliers where the standard drafting team may have leaned too far on the “what” direction but not fully considered the “how” relative to evidence of compliance.

The current Standards Process Manual contains the following provision:

For new or revised standards under development, the standards process calls for development and posting of the RSAW in the later stages of the standards development project[1]. Collectively the drafting team…

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• “Works collaboratively with NERC Compliance Monitoring and Enforcement Staff to develop Reliability Standard Audit Worksheets (“RSAWs”) at the same time Reliability Standards are developed”.

We recommend the Compliance Monitoring and Enforcement Staff include an RSAW review by the CCC/CPPS at the same time the RSAWs are developed.

**Internal Controls**

At this time, Internal Controls are a parking lot issue for the CCC RSAW Improvement Team. We have gathered some comments and thoughts on the internal controls themselves but realize any substantive discussions or plans about how they would (or would not) be characterized in the RSAWs will depend largely on the ultimate definition and scope of the controls. This is a range of opinions from the team members and is not a consolidated opinion. General RAI comments have been included as well.

**Internal Controls Parking Lot Comments**

1. Should internal controls even be mentioned in an RSAW? No. RSAWs are built around mandatory requirements, internal controls are options the Registered Entity may or may not employ.

2. Internal controls should not be referenced in RSAWs. Mandatory vs. voluntary, apples vs. oranges.

3. Any reference to internal controls within an RSAW should plainly state that the controls are voluntary.

4. We need to keep in mind the administrative burden of providing evidence that internal control mechanisms have been carried out. It may be that the productions of such “evidence” of the internal controls being implemented will greatly increase the burden of evidence for Registered Entities, thereby negating any efficiency gained in less frequent or less rigorous audits.

5. How to assess the entity that has lousy internal controls but has exemplary compliance history?

6. Perhaps future audits could only be about internal controls with one additional question like. “Did you have any suspected violations since your last audit?” If the answer is No then no further evidence need be provided. This would be a big improvement to efficiency. Audits would take about 30 minutes.