ERO Auditor Overview, Industry Seminar

Post Seminar Analysis

Introduction
The ERO Auditor Overview, Industry Seminar was held in Salt Lake City at Western Electricity Coordinating Council (WECC).

Purpose
Educate the industry regarding the ERO auditor process; specifically with regards to consistency, reliability, and transparency.

Objectives
1. Outline and explain audit authority.
2. Educate industry on how to evaluate and apply the processes, procedures, and tools that are available to conduct a fair, quality audit.

General Feedback
There seemed to be a general agreement among all participants that this was a good course with a general theme and that it was long overdue. Participants felt that there is a need for NERC to provide more contact with them to better align and provide a clearer understanding of expectations.

Overall Score for the Seminar
This score is based on a rating scale of 1-5

<table>
<thead>
<tr>
<th></th>
<th>Overall Score for the Seminar</th>
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<tbody>
<tr>
<td>Delivery</td>
<td>4.02</td>
</tr>
<tr>
<td>Content</td>
<td>3.92</td>
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RELIABILITY | ACCOUNTABILITY
Session I - Comparative Approach to Auditing — Rick Dakin (CEO Coalfire)

**Purpose:** Educate participants on auditing practices and illustrate controls that are being used in other industries.

**Industry Feedback:** Good information about audits in other industries. Want more on NERC’s auditing process and tie-in to other industries. Not sure how to translate this information. Not sure content was relevant.

**Recommendations:** Should review the slides for font size; too small to read, too detailed, too much information; presentation didn't match up with slides, material was difficult to read.

Session II - Audit Team Dynamics – Dr. James Merlo (NERC)

**Purpose:** Illustrate attributes of a successful audit team.

**Industry Feedback:** Lots of compliments about presentation and delivery. Would like more interaction, scenarios and time.

This was good information but there was not enough time dedicated to the topic. Would like to see more of this type of training from NERC.

**Recommendation:** The slides were too small for proper viewing. Should ensure the the audio is properly connected; was hard to hear and follow the slides.
Session III - Compliance Application Notices (CANs) - Val Agnew (NERC)

**Purpose:** Instruct industry on details of specific Compliance Application Notices (CANs) and how they fit into the auditing process.

**Industry Feedback:** Nice to learn about CANs, good information. Good discussions. Prefer an actual CAN teaching. Want to know how NERC plans to correct CAN deficiencies. Glosses over concerns about CANs. Suggests auditor rotations between the Regions to ensure audit teams are approaching assessments similarly. Material has been presented in other webinars.

**Recommendation:** Should ensure that all topics to be discussed have corresponding slides. Also, adding slides on Registered Entity assessment would have been helpful.

Session IV - Reliability Standards Changes - Scott Barfield (NERC)

**Purpose:** Educate industry on the NERC Standards revisions that are becoming effective in 2012 and 2013.

**Industry Feedback:** Good and useful information. Want more info on Reliability Standard Audit Worksheets (RSAWs). Recommends breaking this topic into additional webinars. Don’t want to be presented with a list of standards. Send slides if they are only going to be read. Information could have been provided in a handout. Read from slides.
**Recommendation:** Allow more time to become familiar with the content.

**Session V - Introduction to Auditing - Jerimiah McClary (NERC)**

**Purpose:** Provide an overview of the ERO auditing process and application of auditing practices.

**Industry Feedback:** Good information, communication, and overview. Good delivery, excellent presenter. Should have been the first presentation. Too short. Want more specific examples: risk-based, results and competency-based. Could NERC offer more courses to the industry to gain a better understanding on expectations and processes?  
**Recommendations:** Add more time for question and answer period during presentation and demonstration of new Learning Management System

**Session VI - Elements of a Successful Audit - Jim Hughes (NERC)**

**Purpose:** Educate the industry on how to evaluate and apply the auditing process. Identify tools used by auditors.

**Industry Feedback:** Good information, although basic. Information covered in previous presentations. Want the auditor information to be made available. Wanted to complete exercises.  
**Recommendation:** Allow time to complete the planned activities during the session.
Session VII - Interviewing Skills - Stephanie Wood (NERC)

**Purpose:** Discuss and then apply techniques and tools used during interviews.

**Industry Feedback:** Really enjoyed the role-playing and scenarios. Good delivery. Liked the interactivity. Want NERC to be more aware of body language from foreign nationals. Want recommendations to address specific scenarios in electric industry. Revise open-ended questions.  

**Recommendation:** Ensure that the audio is properly working as some on the call could not hear presenter.

Session VIII - Registration and Certification Issues that may Impact Audit Planning - Jim Hughes (NERC)

**Purpose:** Educate auditors on Joint Registration Organization (JRO) and Coordinated Functional Registration (CFR) processes, the Generator Owner / Transmission Owner project, and on Compliance Analysis Reports (CARs). Also, instruct on the possible impact these items have on auditing.

**Industry Feedback:** Good information and discussions. Engaging speaker. Questions related to individual situations should be taken offline. Not enough time to go into the details. Suggest delaying questions until the end of the presentation. Information previously covered.

**Recommendation:** Provide more question and answer time during the session.
Follow up Actions and Proposed Dates:
The following are recommended follow up actions for the next industry seminar and ERO Compliance Enforcement Management Group’s (ECEMG’s) consideration, discussion, and assignment to the appropriate working group for closure:

1. At the next seminar, provide training on Internal controls – The theme of this workshop will be “Internal Controls”
   - Owner: Jim Hughes (NERC)
   - Proposed Date: Provide the training at the September ERO Auditor Workshop

2. At the next seminar, provide training with more time to allow hands-on activities (case studies, etc)
   - Owner: Jim Hughes (NERC)
   - Proposed Date: Provide the training at the September ERO Auditor Workshop

3. At the next seminar, provide FFT training with more time to allow hands-on activities (case studies, etc).
   - Owner: Jim Hughes (NERC)
   - Proposed Date: Provide the training at the September ERO Auditor Workshop
### Combined Results of All Sessions

#### Industry Survey Results

<table>
<thead>
<tr>
<th>Delivery Content</th>
<th>Rick Dakin</th>
<th>Dr. James Merlo</th>
<th>Val Agnew</th>
<th>Scott Barfield</th>
<th>Jeremiah McClay</th>
<th>Ryan Mauldin</th>
<th>Stephanie Wood</th>
<th>Jim Hughes</th>
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<tr>
<td>Series1</td>
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<td>3.76</td>
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Agenda
ERO Auditor Overview, Industry Seminar

Thursday February 23, 2012 and Friday February 24, 2012
Western Electricity Coordinating Council (WECC)\(^1\)
155 North 400 West, Suite 200
Salt Lake City, UT 84103-1114
801-582-0353

Purpose
Educate the industry regarding the ERO auditor process; specifically with regards to consistency, reliability, and transparency.

Objectives
1. Outline and explain audit authority.
2. Educate industry on how to evaluate and apply the processes, procedures, and tools that are available to conduct a fair, quality audit.

Agenda

\textit{Thursday, February 23, 2012}

\textbf{12:30pm - 1:00pm} \hspace{.5em} Sign-in and seating (Lunch Provided)

\textbf{1:00pm - 1:05pm} \hspace{.5em} Administration – Jim Hughes (NERC)
  - Welcome
  - Logistics

\textbf{1:05pm - 1:10pm} \hspace{.5em} Opening Remarks – Mike Moon (NERC)
  - Seminar objectives
  - Agenda and expected accomplishments

\textbf{1:10pm - 2:00pm} \hspace{.5em} Session I – Comparative Approach to Auditing – Rick Dakin (CEO Coalfire)
Purpose: Educate the participants on auditing practices and illustrate controls that are being used in other industries.

Objective: This supports Objective 2.

Note taker: Bill Graham (NERC)

\textbf{2:00pm – 3:00pm} \hspace{.5em} Session II – Audit Team Dynamics – Dr. James Merlo (NERC)

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\(^1\) Room rate information found at:
\url{http://www.wecc.biz/library/WECC_Documents/Publications/WECC_Salt_Lake_Office_Visitor_Information.pdf}
Purpose: Illustrate attributes of a successful audit team.

Objective: This supports Objective 2.

Note taker: Bill Graham (NERC)

<table>
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<tr>
<th>Time</th>
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<tr>
<td>3:00pm - 3:15pm</td>
<td>Break</td>
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<tr>
<td>3:15pm – 4:00pm</td>
<td>Session III – Compliance Application Notices (CANs) – Val Agnew (NERC)</td>
</tr>
<tr>
<td>Purpose:</td>
<td>Instruct industry on current issues and status of CANs.</td>
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<tr>
<td>Objective:</td>
<td>This supports Objective 2.</td>
</tr>
<tr>
<td>Note taker:</td>
<td>Bill Graham (NERC)</td>
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<td>4:00pm – 4:45pm</td>
<td>Session IV – Reliability Standards Changes – Andy Rodriquez (NERC)</td>
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<td>Purpose:</td>
<td>Educate auditors on the NERC Standards revisions that are becoming effective in 2012 and 2013.</td>
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<td>This supports Objectives 1 and 2.</td>
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<tr>
<td>4:45pm – 5:00pm</td>
<td>Wrap-up of Day One – Jim Hughes (NERC)</td>
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**Friday, February 24, 2012**

**7:30am - 8:00am**  
Seating (Continental Breakfast Provided)

**8:00am - 8:05am**  
Opening Remarks – Jim Hughes (NERC)
- Welcome
- Agenda for the Day and Expected Accomplishments

**8:05am - 8:45am**  
Session V – Introduction to Auditing – Jerimiah McClary (NERC)
- FERC, NERC, Regional Entities and their relationships
- NERC compliance program
- Auditing practices
- Timeline of an audit

Purpose: Provide an overview of the ERO auditing process and application of auditing practices.

Objective: This supports Objectives 1 and 2.

Note taker: Bill Graham (NERC)

**8:45am – 9:30am**  
Session VI – Elements of a Successful Audit – Jim Hughes (NERC)
- Auditor Tools
- Standards Suggestion Form
- Avoiding conflict of interest
- Confidentiality obligations
- Handling confidential information
- Data requests
- Planning an audit
- Conducting an audit

Purpose: Educate the industry on how to evaluate and apply the auditing process. Identify tools used by auditors.

Objective: This supports Objectives 1 and 2.

Note taker: Bill Graham (NERC)

**9:30am – 9:45am**  
Break

**9:45am – 10:30am**  
Session VII – Interviewing Skills – Stephanie Wood (NERC)
- Overview of interviewing; what, why, and who
- Planning the interview
- Conducting an interview
- Interviewing techniques

Purpose: Discuss and then apply techniques and tools used during interviews.

Objective: This supports Objective 2.
Note taker: Bill Graham (NERC)

10:30am – 11:15am  Session VIII – Registration and Certification Issues that may Impact Audit Planning – Jim Hughes (NERC)

- Joint Registration Organization (JRO) and Coordinated Functional Registration (CFR)
- Generator Operators (GO) registering as Transmission Operators (TO)
- Compliance Analysis Report (CAR) – Registration\(^2\) Certification\(^3\)

Purpose: Educate auditors on JRO and CFR processes, the GO/TO project, and on CARs. And, instruct on the possible impact these items have on auditing.

Objective: This supports Objective 2.

Note taker: Bill Graham (NERC)

11:15am – 11:30am  Closing Remarks and Final Questions – Jim Hughes (NERC)

- Open forum
- Adjourn

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\(^{2}\) [http://www.nerc.com/files/NERC_Compliance_Registry_and_Registration_Appeals.pdf](http://www.nerc.com/files/NERC_Compliance_Registry_and_Registration_Appeals.pdf)