Helping our members work together to keep the lights on... today and in the future
693 Compliance Monitoring Activities
How to Prepare for a Compliance Audit

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693 Compliance Monitoring Methods

• Compliance Monitoring Methods

  – The eight monitoring methods used to collect information used by NERC and the Regional Entities to assess entities’ compliance are:

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Objective- 693 Compliance Audits

• By the end of the presentation, you should have a basic understanding of the following:
  – 693 Compliance Audit Scope and Processes
  – How to Prepare for a 693 Compliance Audit
693 Compliance Audit Scope and Processes

• **Audit Scope:**
  – **Detailed review** to determine whether entity is in compliance with **all approved reliability standards identified for audit** by NERC.
  – The compliance audit includes a **review of evidence and supporting documentation used by the entity to demonstrate compliance** with the identified reliability standards.

• **Audit Cycle & Audit Schedule:**
  – BAs, RCs, and TOPs: Every Three Years
  – Others: Every Six Years
  – Annual Audit Schedule—Posted On/Around November 1

• **Process Steps**
  – **Pre-Audit:** Selection of Audit Team Members & Observers; Entity Notification; Request for Information (RFIs); Review of Evidence
  – **Audit:** Interviews; Review of Evidence; Exit Interview
  – **Post Audit:** Feedback Forms; Management Review; Development of Reports
How to Prepare for a 693 Compliance Audit

• Culture of Compliance
• Demonstrate Compliance
• Review the Standard Requirements
• Organize Evidence
• Utilize Consultants if Needed
• Remain Connected to NERC and SPP RE
• Best Practices
How to Prepare for a 693 Compliance Audit

• **Culture of Compliance**
  - **Subset of Reliability Excellence**
  - **Involves the Entire Organization**
    - Leadership - Senior Management
    - Responsibility - All Employees
    - Direct Line of Communication
  - **Requires Continuous Review and Assessment**
    - Don’t wait until auditors come knocking on your door to get started
    - Don’t stop when the auditors (or enforcement staff) leave your doorstep
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- **Culture of Compliance**
  - Know what is required (remember “shall”)
  - Make sure employees know what is required
  - Create written processes and procedures to comply with requirements
  - Review the processes and procedures with employees
  - Maintain proper documents and records
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• Demonstrate Compliance
  – Registered Entity has the Burden of Proof
    ▪ No Evidence = Possible Violation
  – SPP RE Auditors:
    ▪ Can NOT tell you what to present as evidence of compliance
      • Does this document comply?
      • “I’m not sure if this document complies with this requirement, can you tell me.”
    ▪ Can give you help and guidance to get you organized and headed in the right direction
      • The language in the standards, the measures, and the RSAWs (remember the key word “shall”)
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• Review the Standard Requirements
  – Review the standard requirements (remember “shall”)
  – Evidence is normally thought of as: procedures, test results, emails, spreadsheets, screenshots, voice recordings, reports and logbooks
  – Supporting Evidence: statements, interviews, observations and attestations
  – Some evidence is better than others: too old (1965s), or too new (wet ink)
  – Consolidated vs. multiple documents
  – A hand-written Post-it Note vs. an official corporate document
  – Sections of procedures rather than the entire procedure (Provide the whole document separately)
How to Prepare for a 693 Compliance Audit

• Organize Evidence:
  – Organize by Standard/Requirement
  – Include the completed RSAW and copies of the evidence with each standard
  – Know your evidence (and have the right person/people in the room)
  – Use simple, descriptive file names for your electronic documents
  – Have a means to provide additional information during the audit
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• Example of File Organization
How to Prepare for a 693 Compliance Audit

• **Utilize Consultants if Needed**
  – Can provide pre-audit reviews and support for compliance programs and supplement your available resources
  – Be sure to check out the consultant

• **Remember, the Entity is Ultimately Responsible for Compliance**
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• Remain Connected to NERC and SPP RE:
  – Review NERC and SPP RE websites
  – Attend workshops, webinars, conferences, etc
  – Know who to contact and utilize appropriate personnel
  – Be a Standard Drafting Team member
  – Comment on standards and other documents
  – Knowledge is the key
How to Prepare for a 693 Compliance Audit

• **Best Practices**
  - Highlight specific portions of the evidence, using tabs
  - Bookmark or hyperlink to aid in reviewing the evidence
  - Review evidence to ensure that it demonstrates that your policies and procedures were followed
  - Review the evidence for errors, omissions, and/or areas of possible non-compliance
How to Prepare for a 693 Compliance Audit

• Best Practices
  – Provide a narrative explanation of how your evidence shows you are compliant to the standard/requirements
  – Ensure your documents are identifiable as your entity’s documents and have proper authorization signatures
  – Provide revision histories, page numbers
  – Ensure all documentation is updated as required by the standard
  – Specify time periods included in your procedures (e.g. does “annually” mean one calendar year, or 365 days from the last event)
  – Provide deadline tolerances (e.g. deadlines are +/- one month for periodic reviews)
Summary

• Know the process
• Be Prepared
• Develop a Culture of Compliance
• Demonstrate Compliance
• Review Standard Requirements
• Organize Evidence
• Utilize Consultants if Needed
• Remain Connected to NERC and SPP RE
• Use Best Practices
Questions
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