



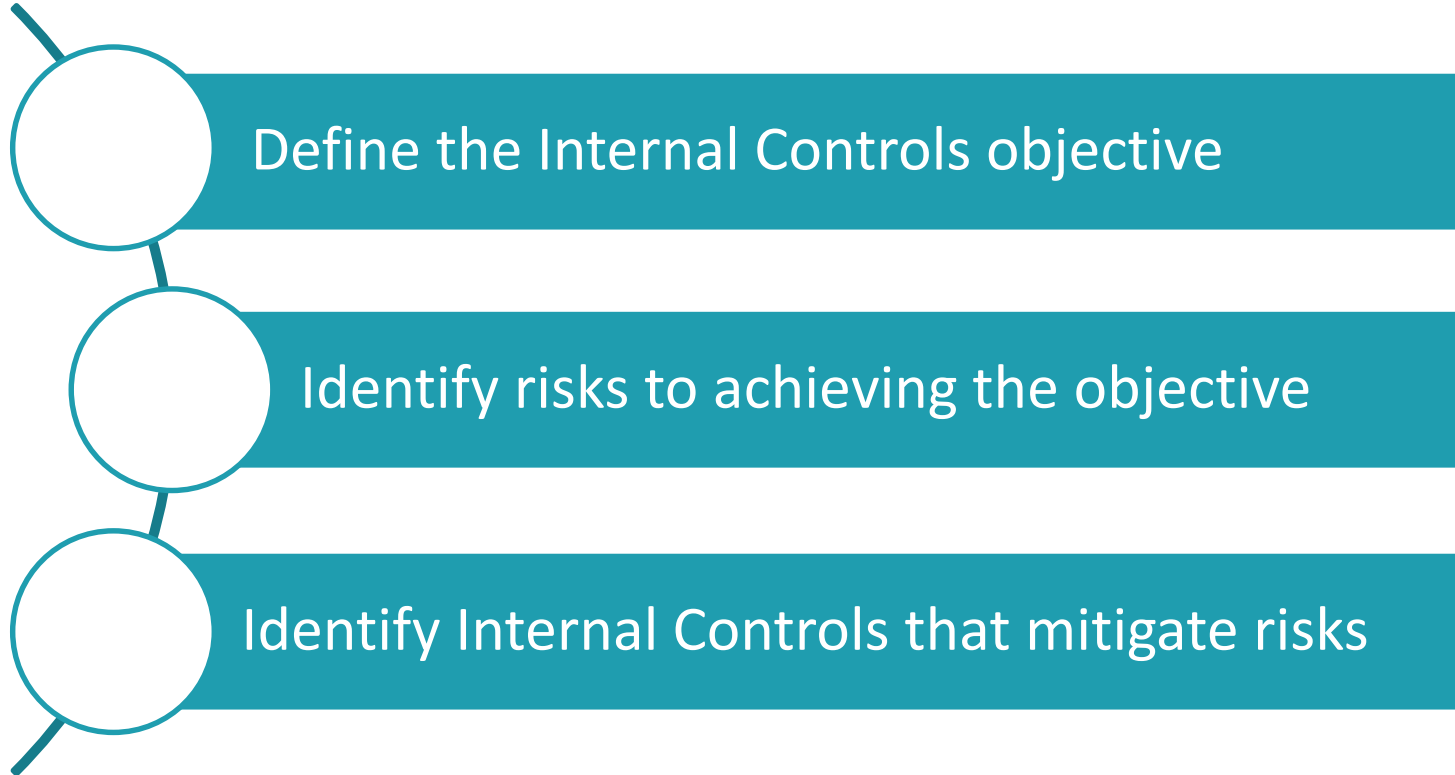
WECC

Exercise – Identifying Internal Controls

Ruchi Shah, Manager Compliance Risk Analysis

Jennifer Hart, Compliance Risk Analyst

Learning Objective of the Exercise





Internal Controls

What are internal controls?

Internal controls are the processes, practices, policies or procedures, system application and technology tools, and skilled human capital an entity employs to prevent, detect, and correct noncompliance with Reliability Standards and address risks associated with the reliable operation of its business.

ERO Enterprise Guide for Internal Controls, Version 2, July 2017

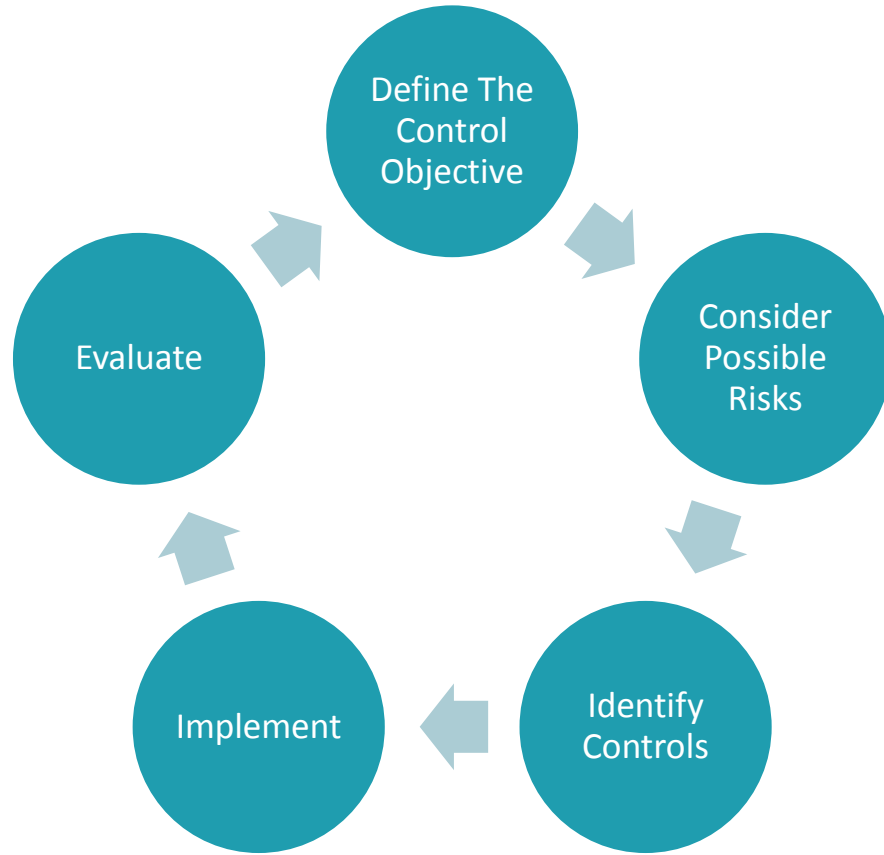
What are Internal Controls?

Activities
that ensure
you meet your
Objective

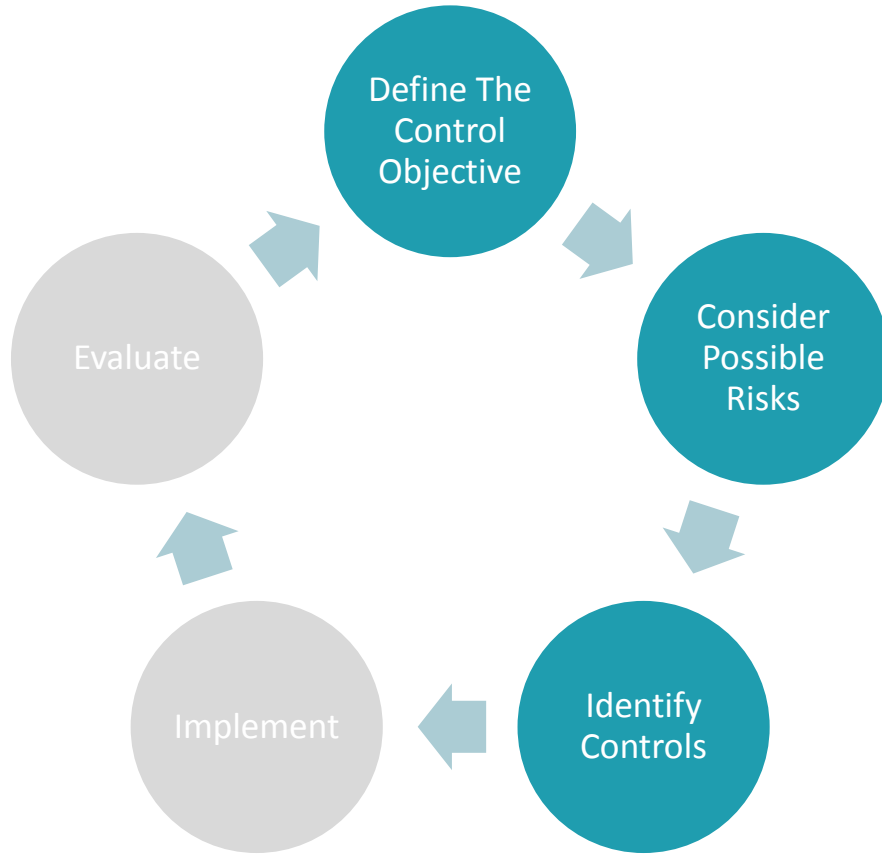
A paved asphalt path leads into the distance, flanked by grass and trees. The word "START" is painted in large, white, bold, sans-serif capital letters across the width of the path. A white line is painted above the word. The scene is brightly lit, with shadows cast on the path.

START

Internal Controls in 5 Easy Steps



Steps 1, 2, and 3 Identify Internal Controls



STEP 1

Define the Control Objective

Prevent, Detect and Correct
noncompliance with Reliability Standards
and
address risk associated with the reliable
operation of your business

STEP 2

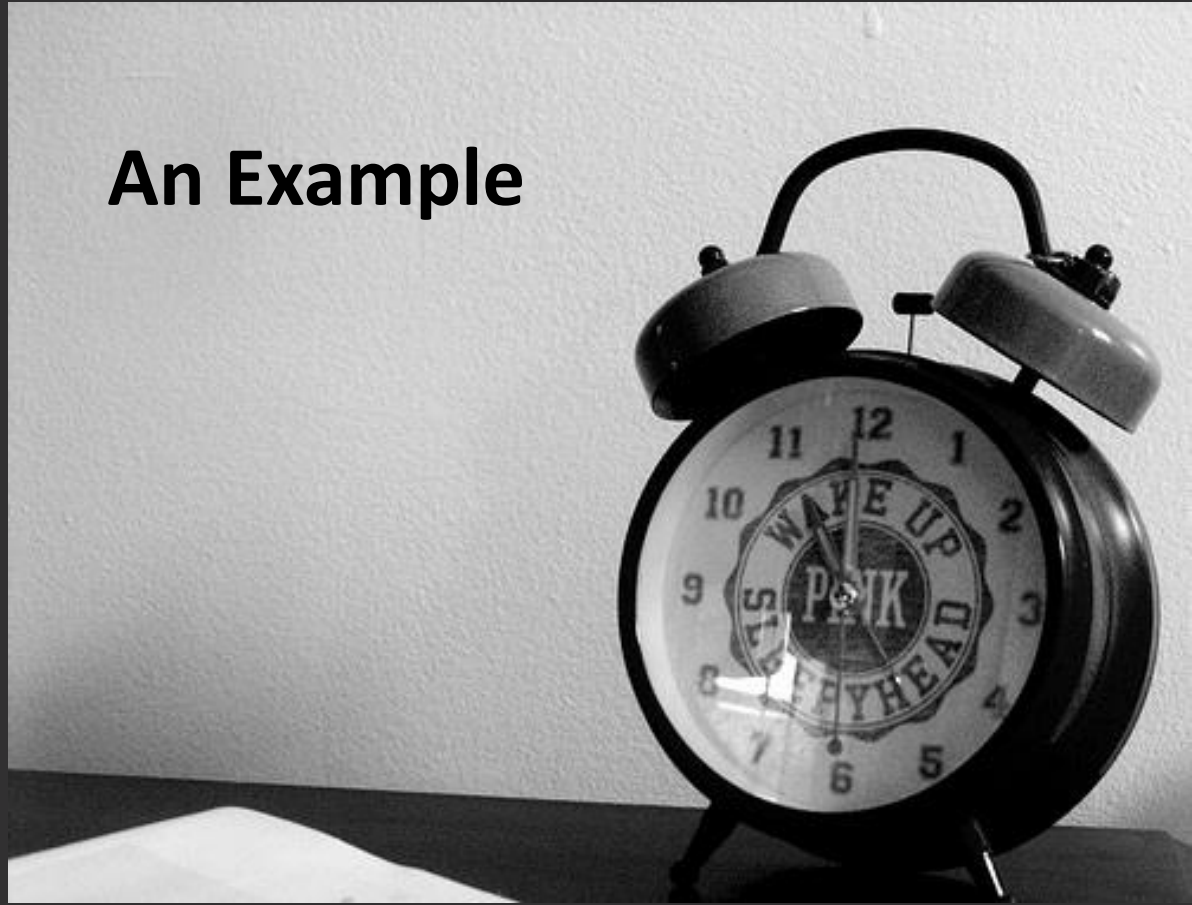
Consider Risks to achieving the Control Objective

These are possible failure points

STEP 3

Identify Controls

An Example



Step 1

Define the Control Objective

Arrive at the office by 8:00 am each day

Step 2

Potential Failure Points

I could oversleep

I could run out of gas in my car

I could get stuck in traffic

Step 3: Identify Controls

Failure Point	Internal Control
I could oversleep	Set an alarm
I could run out of gas in my car	Check the gas gauge
I could get stuck in traffic	Check the traffic report

Am I Reaching My Objective?

If no, why not?

**I'm not leaving
the house on time**



Additional Controls

Failure Point	Internal Control
I don't leave the house on time	Assign responsibilities
	Establish a timeline

Internal Controls Exercise

Exercise #1

Define the Control Objective

Define the Control Objective

Prevent, detect, or correct noncompliance with CIP-004-6 Part 4.2

Verify at least once each calendar quarter that individuals with active electronic access or unescorted physical access have authorization records.

Exercise #2

Consider

Possible Failure Points

Possible Failure Points



Timely Verification



Verification Documented



Accurate Cross-Reference

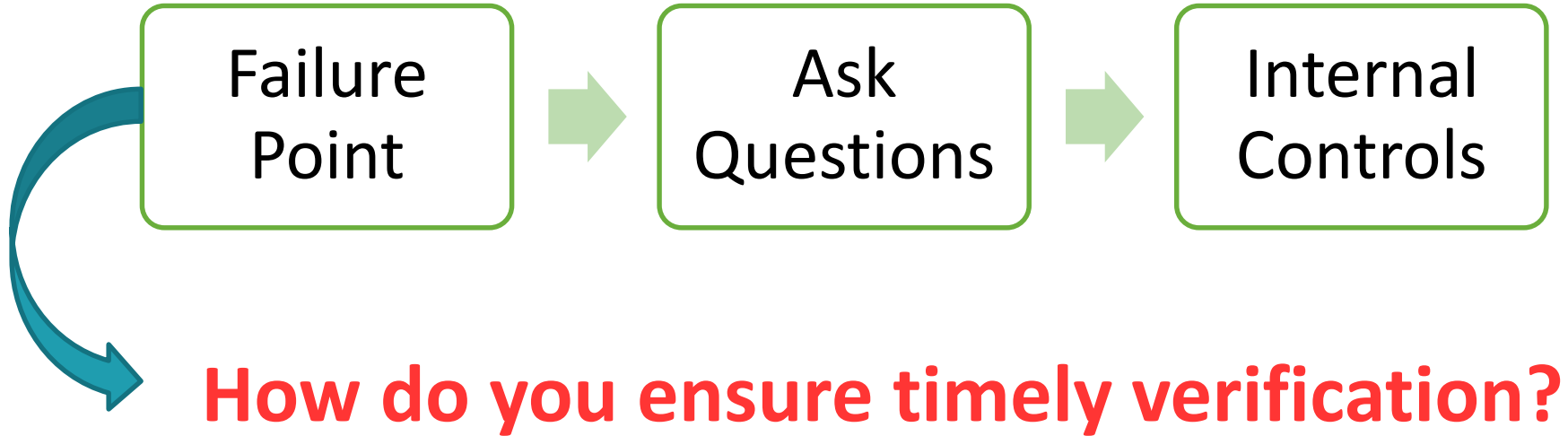
Exercise #3

Identify Controls By Asking Questions

Identify Controls By Asking Questions



Identify Controls By Asking Questions



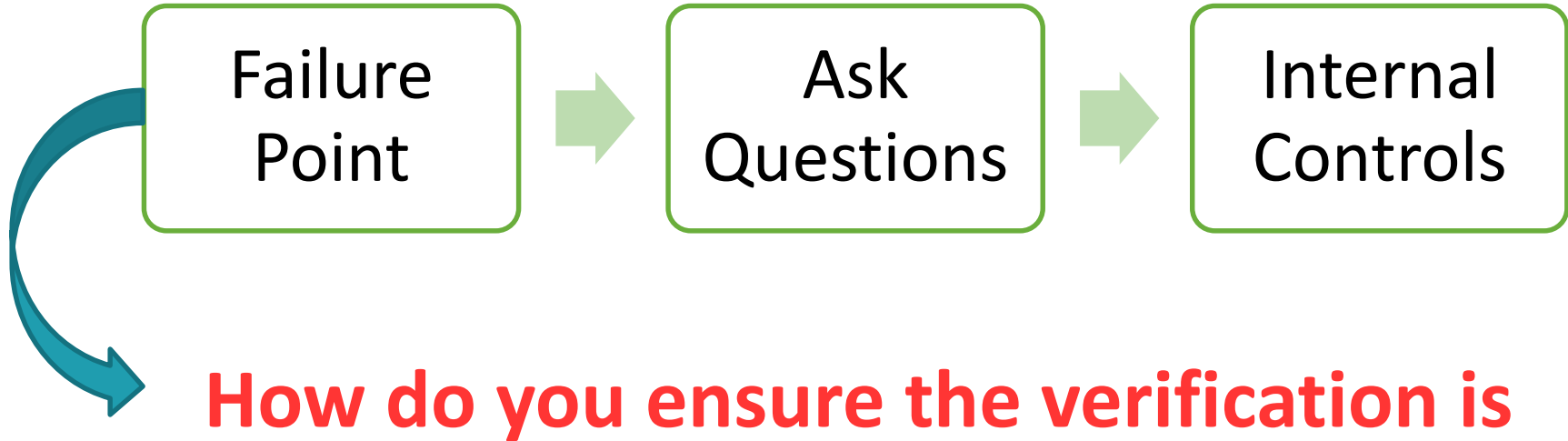
Sample Questions

Failure Point	Questions	Internal Control
Verification is not performed on time.	Who does this task?	Responsibility is Assigned
	How do they know when?	Automated Reminders
	Are you sure they did it?	Periodic Verification

Your Turn!



Identify Controls By Asking Questions



How do you ensure the verification is documented?

Identify Controls By Asking Questions

Verification Documentation

Role 1: Compliance Contact

- Ask the SME questions
- How do you know the verification is documented?

Role 2: Subject Matter Expert (SME)

- Answer the questions
- Define Internal Controls that ensure the verification is documented.

Sample Questions

Failure Point	Questions	Internal Control
Verification is not documented.	Where is it documented?	Location
	Does the reviewer know how?	Follow a Procedure
	Is documentation complete?	Peer Review

Key Take Away

1. Define your internal control objective
2. Identify the risks/ possible failure points
3. Ask questions to understand what internal controls mitigate the risks

Presenter Contact Information

Ruchi Shah

Manager, Compliance
Risk Analysis

rshah@wecc.biz

801-883-6881

Jennifer Hart

Compliance Risk
Analyst

jhart@wecc.biz

801-819-7655