

# SIX KEYS TO COMPLIANCE AUDIT SUCCESS

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MATT MOORE

ASSOCIATE DIRECTOR, RISK AND  
COMPLIANCE

# ABOUT ME

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## **Utility Experience – Risk and Compliance**

- Audit Preparation: multiple large engagements throughout the West and Northeast, including audits with zero findings
- Compliance Risk Management: multiple risk assessments and associated controls evaluations, including positive WECC auditor feedback regarding the results
- Compliance Program Development, Evaluation, and Leadership

## **WECC Experience – Manager of Compliance Enforcement**

- Established WECC's position in negotiations, leading and facilitating WECC Enforcement settlements
- Vice Chair of National Enforcement Working Group
- Reviewed Audit, Spot-Check, and Self-Identified findings related to approximately 3,000 compliance violations

# AGENDA

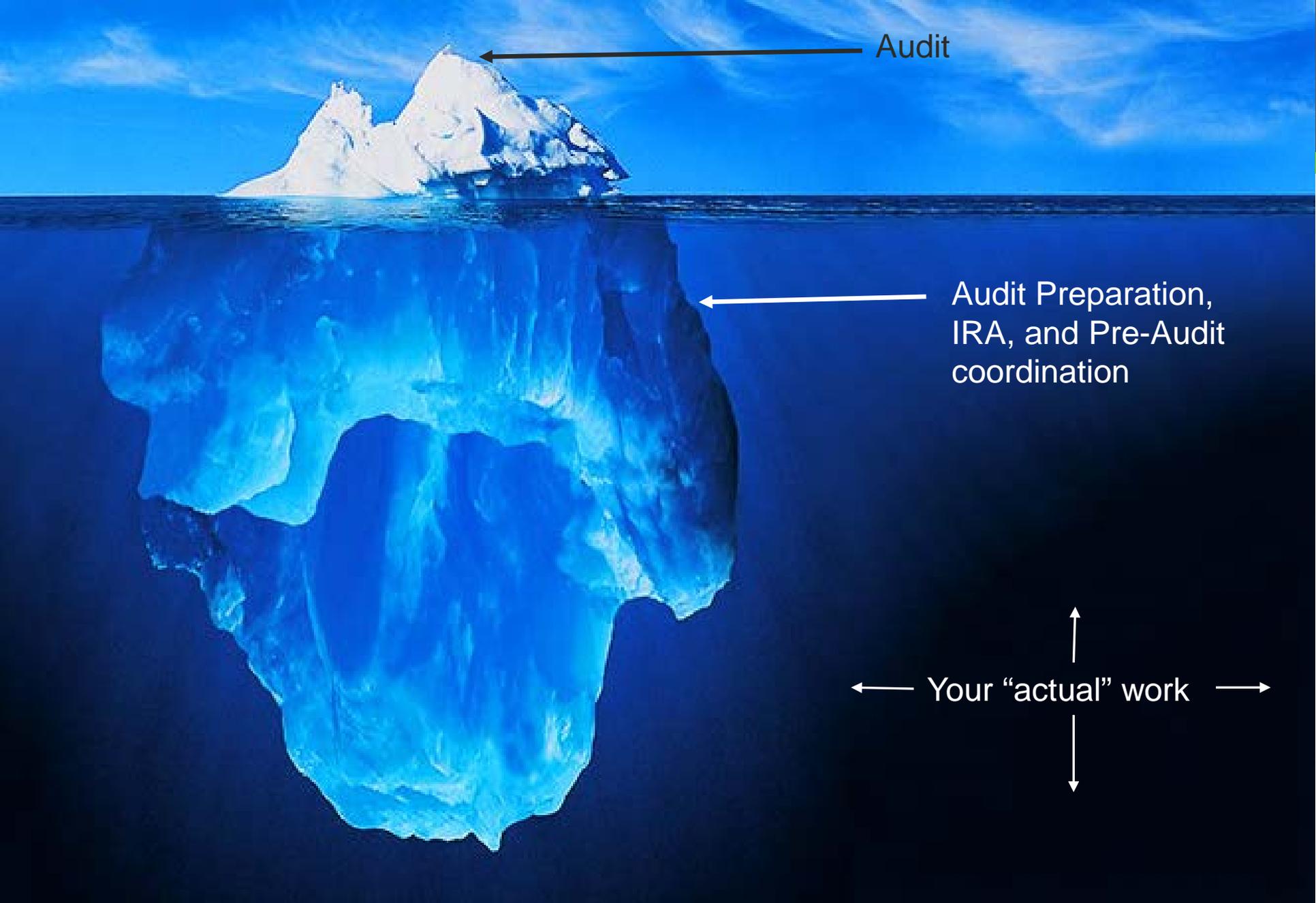
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**BRIEF AUDIT OVERVIEW:** Compliance Audit Background

**COMMON PITFALLS:** Avoid These Typical Challenges

**SIX KEY TAKEAWAYS:** Audit Lessons Learned

**RISK AND CONTROLS:** Risk-Based Compliance



Audit

Audit Preparation,  
IRA, and Pre-Audit  
coordination

↑  
← Your "actual" work →  
↓

# COMMON AUDIT PITFALLS

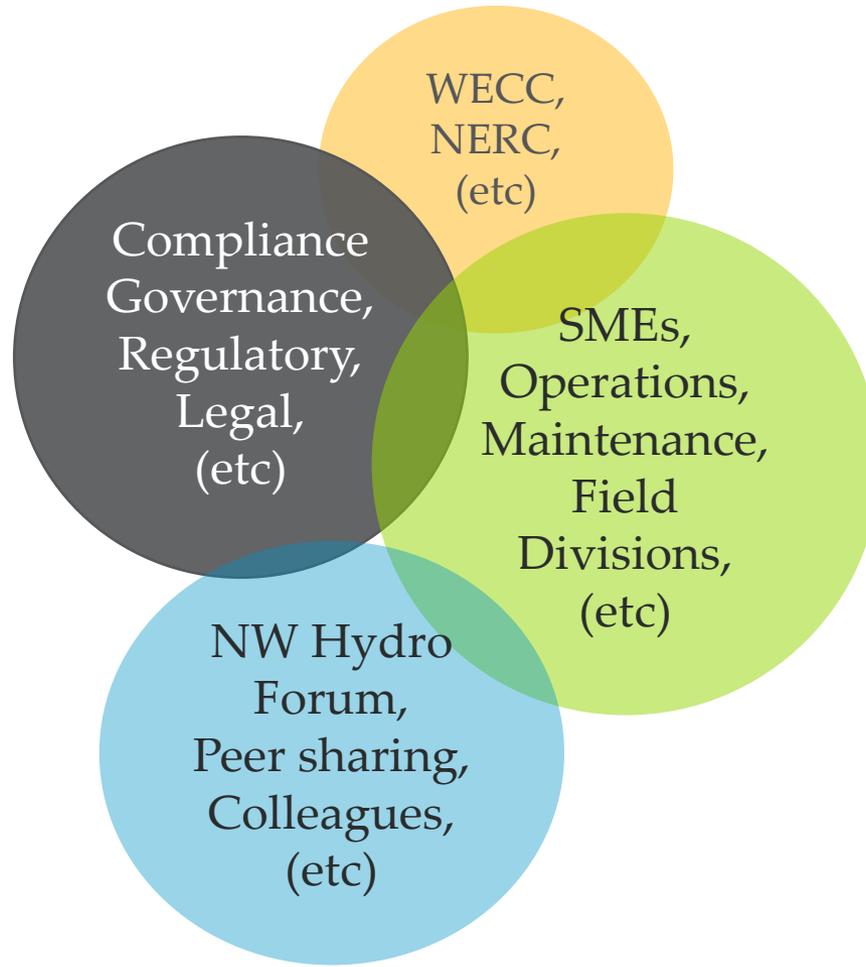
- Evidence not organized
  - Multiple data requests
  - Slow response times (scrambling)
- Insufficient SME Prep
  - Defensive or combative interviews
  - No clear answer (*no one knows or everyone else knows*)
- Incorrect (not aligned) interpretation
  - Missing/wrong evidence



# SIX KEYS TO SUCCESS

AUDIT LESSONS  
LEARNED

# 1. IDENTIFY YOUR RESOURCES – SEEK HELP



## 2. PLAN AHEAD – PREPARE NOW

- Audits require a long, coordinated effort
  - Drafting documentation (RSAWs)
  - Organizing evidence
  - Compliance reviews
  - Interviews
  - Who is in charge of documentation?
  
- Communicate
  - SME Availability
    - Vacation?!



### 3. START WITH THE RSAW – DON'T FORGET THE BASICS

#### The Reliability Standard Audit Worksheet (RSAW) Provides:

- The audit approach
- The first opportunity to frame your evidence
- Auditor and entity roadmap
  - Used internally to document and monitor compliance
  - Used by WECC auditors to assess compliance
  - Used by WECC to support findings



## 4. COMPLIANCE READINESS – GET ORGANIZED

- Evidence Management
  - Where is it stored?
  - Who has access?
  - Who provides it to WECC?
- Compliance Management
  - Who tracks?
  - Who is reviewing?
  - What is the contingency plan (if deficiency identified)?

### Practice Data Request responses

- It does not go as smoothly as you think it will.



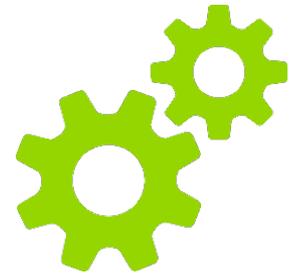
## 5. SME READINESS – CREATE A SUPPORT SYSTEM

- Identify your standard owners *and back-ups*
  - Do you have risk owners? Business owners?
  - Who owns a data request response?
- Know who to connect with
  - Often one SME covers 95% of a requirement
    - What about that other 5%?
  - Complete, accurate timely responses build trust



## 6. DISCUSS CONTROLS - SHOW YOUR STRENGTHS

- Audits are increasingly controls-oriented
  - Start a controls discussion
  - Include in RSAW
- Position for future benefits (or less punishment)
  - Build regulatory trust
  - Reduced (future) audit scope



# RISK, CONTROLS, COMPLIANCE

- Improves business and compliance processes
  - Develops efficiency and consistency
  - Enhances knowledge management and transfer
- Scalable to all processes, not just Reliability Standards
  - Allocate resources based on risks
- WECC's risk-based audits
  - Compliance Oversight Plan based on specific risks

**Position for a reduced audit scope**



# KEY TAKEAWAYS

1. Identify your resources
2. Create a plan
3. Know the audit approach  
(Start with the RSAW)
4. Organize your evidence
5. Support your evidence  
(And get your people ready)
6. Show your strengths



## HOUSE GUESTS!? TODAY???

I get more cleaning done in the ten minutes before someone comes over than I do in a week.



your  cards  
someecards.com

This is the three months before a compliance audit,  
but it does not have to be.

# CONTACT

Matthew Moore

385-227-2180

matthew.moore@navigant.com