

Internal Controls

Public

By Courtney Fasca, Technical Auditor

RF takes innovative approach to Internal Controls Workshop



RF Technical Auditors Lindsey Mannion (left) and Courtney Fasca organized and hosted the workshop.



RF President and CEO Tim Gallagher

ReliabilityFirst hosted an Internal Controls Workshop on Feb. 23 in Cleveland, Ohio, for entities. We took an innovative approach to a full-day workshop; rather than filling the day with multiple PowerPoints, this workshop concentrated on interactive activities encouraging collaboration, which resulted in learning opportunities for all on how a sound controls program enhances organizations' mitigation of risk.

The workshop concentrated on FAC-008, CIP-005 and CIP-007, but internal controls can be applied everywhere. Many of the techniques described could be applied to a multitude of standards.

The day began with opening remarks from RF President & CEO Tim Gallagher, highlighting the importance of internal controls and their place in our industry.

The attendees ranged from those who have worked with internal controls for several days, to several years, to several decades. To level-set the room, we went over common terminology that would be used throughout the workshop in our "What is a Control?" session. For the 2023 workshop, we decided to use the example framework in the GAO Green Book and utilized its principles throughout the sessions. Our first activity was "Finding Controls in Everyday Life," where participants identified preventive, detective, and corrective controls in

common objects – even in something as simple as an egg carton.

The RF Risk Analysis & Mitigation (RAM) team presented methods to map and address risks, pointing out potential areas for controls and highlighting examples of control failure points they have seen. They reminded the audience that internal controls are one of the seven ERO Performance Considerations in Compliance Oversight Plans (COPs).

Our next activity, "Addressing the Risk," was an extended metaphor for the importance of layering controls. During the activity, participants layered controls to mitigate waves of risk, realizing that overreliance on a key control activity or general complacency can lead to failure.

Taking a break from the group activities, the RF staff performed an interactive skit. Attendees voted on different turning points of the play, driving conversations regarding internal controls discussions on real



"Finding Controls in Everyday Life" activity

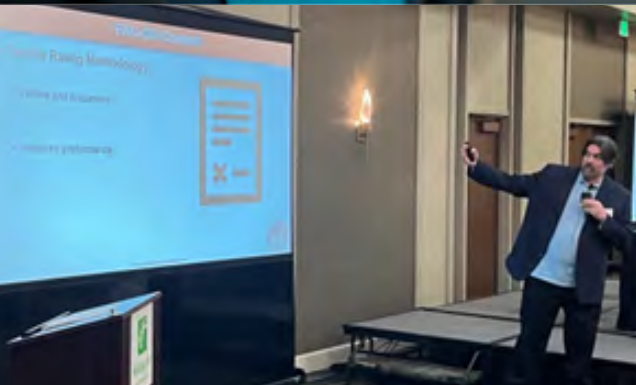


"Finding Controls in Everyday Life" activity

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Dirk Baker, Principal Analyst, Risk Analysis & Mitigation, RF



RF Compliance Monitoring team members Jim Kubrak, Ash Chappell and Courtney Fasca, participate in an internal controls skit.



Alan Herd, FERC

topics, such as winterization and post-event analysis.

After taking a quick lunch break, the attendees participated in a “Compliance Drill” activity, addressing fictional operational events and a CIP security threat. This underscored how creating and monitoring different control activities improves ongoing reliability and security.

Alan Herd, the manager of CIP compliance monitoring for the Office of Electric Reliability at FERC, held a discussion and Q&A session highlighting the importance of internal controls in our industry.

The final activity focused on using that GAO Green Book example framework, demonstrating that an internal controls program is not a one-and-done, not one-size-fits-all. Rather, a good internal controls program is an ongoing and continuous effort. An internal controls program is comprised of more than just control activities.

A strong internal controls program establishes responsibilities (“tone at the top”), assesses targeted risks, codifies the information flow and communication beyond a single business unit, and includes a monitoring piece that ensures continuous improvement and effective implementation.

Remember, you can say you have all these fancy controls, these automatic processes, a beautiful shiny car... but does it work for the benefit of your organization? Is there even an engine? A brake system? It needs to work, not just look great on paper.

As we continue to emphasize the need for excellence and sustainability, focus on your company’s security and reliability risks and what controls you can put in place to enhance your program. Internal controls are an inherent part of the audit process, but most importantly, a key part of ongoing reliability.



“Addressing the Risk” activity



“Addressing the Risk” activity