

# Internal Control Evaluation

A strong internal control program is an increasingly important part of NERC compliance - and SOS can help you build one. While a formal internal control program remains voluntary for NERC compliance, Registered Entities who actively develop and manage such a program can potentially reduce the number of standards on which they are actively monitored.

What is an internal control program when applied to reliability standards? Internal control is processes and procedures which provide a reasonable certainty that risks are managed and entities remain compliant. Most entities practice some form of internal controls, but may not have identified those activities as part of a formal program.

Whether internal control is a new concept or an existing practice for your organization, SOS can help you identify the appropriate training, processes and procedures to mitigate risk, and identify any gaps you may have through an Internal Control Evaluation. In addition, SOS can test your internal controls to determine their effectiveness.

## SOS follows a four step process:

- **Identification** – identify your risks
- **Analysis** – conduct an in-depth assessment for each risk element or requirement
- **Mitigation** – design controls to manage the identified risks
- **Evaluation** – assess whether the designed internal controls are used and effective

SOS can help you manage the entire process or help you with specific steps resulting in a well-defined, formal program that could reduce the number of standards on which you are actively monitored and improve your contribution to the reliability of the Bulk Electric System.

Most entities already have some internal controls in place – you just may not refer to them as such. Mock audits, compliance procedures, and gap analyses are all forms of internal controls that can only help you better manage your compliance program.

SOS will evaluate your compliance program, identify the processes that qualify as internal controls, and help you build on them – effectively developing an “insurance program” for your compliance. The end result is an organized and documented internal control program to potentially reduce the monitoring scope and sampling for applicable Standards by the Regional Entity.



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