



# Memorandum

**To:** Audit Committee of the ISO Board of Governors

**From:** Eric Schmitt, Vice President, Operations

**Date:** April 24, 2017

**Re:** **Briefing on scope of operations audit**

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***This memorandum does not require Committee action.***

Tariff section 22.1.2.2 requires Management to conduct an annual independent review of its compliance with the ISO's operations policies and procedures. Management has engaged PricewaterhouseCoopers, LLC to conduct the 2017 review. Management is requesting that PwC conduct an audit in accordance with generally accepted auditing standards, and provide an audit opinion as to whether the ISO's operational processes are in compliance with select operations procedures.

The annual audit scope is determined by stakeholder feedback, PwC input, and Management focus areas. Stakeholders were solicited for audit suggestions for a 3-week period, and the ISO did not receive any feedback. For 2017, Management chose to review the transmission outage process. Audit scope will include planned outages selected by Management that are designated as "final approval required" and will be limited to the procedural steps which are executed by ISO personnel.

PwC will perform the examination based on its independent testing and Management's assertion and will provide the ISO with an audit opinion. The plan is for the audit to cover the outage card data associated with the procedure performed by Operations Engineers and Real-Time Transmission Dispatchers for all transmission outage requests received during the period of May 1, 2017 through July 31, 2017. The completed audit report will be presented to the Audit Committee by December 2017.