



# Memorandum

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

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

**Date:** May 9, 2018

**Re:** **Briefing on scope of the 2018 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 2018 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, and Management focus areas. Stakeholders were solicited for audit suggestions for a 3-week period, and the ISO did not receive feedback. For 2018, Management chose to review the reliability coordinator data request and specifications for data provision process. Audit scope will include data that is supplied directly by the ISO to the Reliability Coordinator and is documented in Procedure 3130A.

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 sample data during the period of June 1, 2018 through August 31, 2018. The completed audit report will be presented to the Audit Committee by December 2018.