Memorandum

To: Audit Committee of the ISO Board of Governors

From: Roger Collanton, Vice President, General Counsel & Chief Compliance Officer

Date: June 21, 2016

Re: Compliance Committee update

This memorandum does not require Committee action.

The Board of Governors' *Compliance and Ethics Program Policy* provides that the Chief Compliance Officer will administer the ISO's compliance and ethics program "under the oversight of the Audit Committee of the Board of Governors," and with support from Executive Management and the Compliance and Ethics Committee. The Compliance and Ethics Committee met on March 15, 2016. This is the Chief Compliance Officer's update on significant compliance initiatives since the previous report, dated March 17, 2016.

Governance, Risk-Management and Compliance Tool

Since 2014, the ISO has been using the CENTRIC software package as a central repository for information about compliance, including requirements, evidence, and relevant controls. By continually gathering and maintaining this information, CENTRIC helps the ISO monitor compliance more efficiently. Key features allow the ISO to

- Automatically synchronize compliance requirements with the requirements posted by FERC or NERC
- Electronically notify ISO personnel of upcoming compliance deadlines
- Streamline the gathering and retention of evidence showing compliance and controls
- Monitor compliance posture and risk instantaneously in a dashboard format
- Manage changes to internal controls and policies, maintaining an audit trail of revisions

The tool is employed enterprise-wide. In addition to the corporate compliance group, CENTRIC users also include business units with a compliance orientation – information security, operations compliance and human resources.

The ISO continues to enhance the functionality of this tool. The next target is to use CENTRIC for the ISO's self-certifications of compliance with NERC Mandatory Standards.

Self-certifications will be reviewed electronically within CENTRIC, leveraging the tool's notification, review and audit trail capabilities, and capturing the responses within WECC-approved forms that can be exported and submitted to WECC if necessary. The implementation team is current running its second pilot, and aiming for completion in Q4 in order to facilitate the self-certifications for 2016.

Records Management

The records management team continues to mature the corporate records management program. The team has been working to implement improvements to satisfy gaps identified through internal audit review in 2015. In addition, the records retention schedule has been updated to make it more user-friendly – specifically to make it easier to classify records and thus to identify the correct retention period, by reducing the number of separate categories by more than half.

Training about Cyber Assets and Critical Infrastructure Protection

To enhance the security of the ISO's cyber assets and comply with NERC's standards for Critical Infrastructure Protection, in June all employees and contractors (except those on long-term leave of absence) are required to complete computer-based training regarding information security.