Dear Mr./Ms. Compliance,

Internal Controls Evaluation (ICE) Review

Background:

The NERC Risk-based Compliance Oversight Framework allows each registered entity the option to participate in an Internal Control Evaluation (ICE) review performed by NPCC. NPCC would like to take this opportunity to invite your organization to participate in an ICE review.

The ICE analysis is not an audit and will be used to support and inform both the ERO 2019 Risk-based Compliance Oversight and Regional CMEP Implementation Plan. The ERO Risk-based Compliance Oversight Plan currently identifies a number of risk focus areas / elements for 2019 compliance audit review. The NPCC Regional Entity 2019 CMEP Implementation Plan is designed to supplement the ERO Implementation Plan. This is accomplished by assessing NPCC Registered Entities through the Inherent Risk Assessment (IRA) process.

Scope:

NPCC Inherent Risk Assessments (IRA) are undertaken to refine the prospective population of ERO and Regional Risk focus areas and their respective standards and requirements. Based on the IRA performed, NPCC has identified a number of standards and requirements that are inherent to your organization’s current risk profile. The ICE review further
refines the scope and alternate monitoring methods based upon the assessment of the organization’s Internal Controls and Internal Control Design(s) implementation.

Objectives:
One of the primary objectives of the ICE assessment is to focus compliance oversight efforts by recognizing those internal controls utilized by the Entity to manage and mitigate reliability risks. Objectives of the ICE review also include:

- Leveraging the ERO Enterprise Inherent Risk Assessment Framework;
- Aligning Regional Entity & registered entity compliance resources with BES reliability risk-focus areas;
- Identifying and assessing the entity risk mitigation and internal controls design;
- Obtaining reasonable assurance that the entity internal controls and internal control designs are in place and operating effectively; and
- Development of the Entity Compliance Oversight Plan including Compliance monitoring methods, scope & frequency.

**Internal Controls Evaluation (ICE) Review - Program Benefits:**

Expected benefits derived from ICE review participation typically include the following:

- Enhanced attainment of BES reliability, Corporate Goals and Objectives;
- Greater alignment of staff performance to Key Performance Indicators;
- Improved operational performance (i.e., exceeding standards and requirements);
- Enhanced entity communication and interaction across organizational business functions;
- Targeted BES reliability risk-focused scoping;
- Reduction in audit duration;
- Improved risk and control awareness;
- Internal Control Design evaluation including:
  - Functional and Business Process Assessment;
  - Risk Identification, Mitigation & Remediation;
  - Design and Gap Analysis
  - Non-binding Recommendations for Internal Control Design Enhancement.
- ICE Training and Outreach.

**Internal Controls Evaluation (ICE) Review - Outreach & Support:**

The NPCC ICE team will provide an overview and a walk-through of the ICE program and its processes to your designated personnel via conference call / webinar (or face-to-face meeting) if your organization chooses to participate in ICE. In this conference call / webinar (or face-to-face meeting), NPCC will address requirements for completing and choosing the ICE worksheet that is best suited to your organization, collecting and collating supporting
documentation, proposed due date for deliverables, and answer any questions and concerns you may have.

NPCC is looking forward to hearing from you (in approximately one week’s time) regarding your organization’s prospective participation in an ICE review.

Sincerely,

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