



MIDWEST
RELIABILITY
ORGANIZATION

MRO CMEPAC Internal Controls Question and Answer Session

April 18, 2022

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CLARITY

ASSURANCE

RESULTS

Key Themes

Common language from existing frameworks can help facilitate IC development, discussion, and assessment

IC assessments are an inherent part of the audit objective

IC assessments add value by informing oversight planning and helping measure how risk may be reduced



Definition of an Internal Control

Internal controls are the processes, practices, policies or procedures, system applications and technology tools, and skilled human capital an entity employs to address risks associated with the reliable operation of its business.

“How do you ensure that what you want to happen happens, and what you don’t want to happen doesn’t happen?”



Common Language

Control Environment

Risk Assessment

Inherent Risk

Failure Points

Control Objectives (Compliance, Operations)

Global Controls

Design

Control Activities

Attributes

Process

Components

Document

Segregation of Duties

Monitoring

Competence

Communication

Implementation

Evaluation

Effective

Internal Control System

Residual Risk



Assessment Approach

- **Focus on Risks and Concerns**
- **Understand Control Environment, Objectives, Design, and Activities**
- **Walk Through Processes**
- **Assess Control Effectiveness**
- **Document Conclusions**



Q&A

