



**Alberta Electric System Operator**

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# Alberta Risk-Based Compliance Monitoring Program

## Audit Process

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# Contents

|                                                                |           |
|----------------------------------------------------------------|-----------|
| <b>1. Introduction</b>                                         | <b>3</b>  |
| <b>2. Purpose</b>                                              | <b>3</b>  |
| <b>3. Applicability</b>                                        | <b>3</b>  |
| <b>4. Audit Methodology and Principles</b>                     | <b>3</b>  |
| <b>5. Audit Types</b>                                          | <b>4</b>  |
| 5.1 Audits (onsite or offsite)                                 | 4         |
| 5.2 Spot Audits                                                | 4         |
| <b>6. Audit Schedules</b>                                      | <b>4</b>  |
| 6.1 Detailed Schedule at Audit Notification                    | 4         |
| 6.2 Annual Schedule                                            | 5         |
| 6.3 Requests to Change or Delay the Audit or AESO Cancellation | 5         |
| <b>7. Audit Process</b>                                        | <b>5</b>  |
| 7.1 Pre-Audit Phase                                            | 6         |
| 7.1.1 Audit Notification and Tentative Audit Scope             | 6         |
| 7.1.2 Pre-Audit Survey and Pre-Audit Interview                 | 6         |
| 7.1.3 Final Audit Scope and Initial Evidence Request           | 7         |
| 7.1.4 Pre-Audit Meeting                                        | 7         |
| 7.1.5 Initial Evidence Submission                              | 7         |
| 7.1.6 Administrative Review and Sampling Request               | 8         |
| 7.1.7 Sampling Evidence Submission                             | 8         |
| 7.1.8 Pre-Audit Review and Planning                            | 8         |
| 7.2 Assessment and Fieldwork Phase                             | 9         |
| 7.2.1 Audit Opening Meeting                                    | 9         |
| 7.2.2 Evidence Assessment                                      | 9         |
| 7.2.3 Information Request, Interviews, Onsite Audit Activities | 9         |
| 7.2.4 Debriefs                                                 | 11        |
| 7.2.5 Audit Closing Meeting                                    | 11        |
| 7.3 Reporting Phase                                            | 12        |
| 7.3.1 Draft Audit Report                                       | 12        |
| 7.3.2 Draft Audit Report Comments                              | 13        |
| 7.3.3 Final Audit Report                                       | 13        |
| 7.3.4 Referral Notification                                    | 13        |
| <b>8. Confidentiality and Retention</b>                        | <b>13</b> |

|            |                                 |           |
|------------|---------------------------------|-----------|
| 8.1        | Confidentiality .....           | 13        |
| 8.2        | Retention.....                  | 13        |
| <b>9.</b>  | <b>Escalation Process .....</b> | <b>14</b> |
| <b>10.</b> | <b>Revision History.....</b>    | <b>14</b> |

## 1. Introduction

The Alberta Risk-Based Compliance Monitoring Program (ARCMP)<sup>1</sup> describes audits of market participants<sup>2</sup> (entity) as one of the integral tools that the AESO uses to monitor compliance with reliability standards<sup>3</sup> (Alberta Reliability Standards or ARS). The Alberta Electric System Operator (AESO) conducts periodic risk-based audits of applicable entities in alignment with the ARCMP. The AESO may conduct spot audits of all entities in accordance with the ARCMP, as needed.

The audit is a systematic risk-based process conducted by the AESO in coordination and collaboration with the entity. The primary objective of the audit is for the AESO to assess and measure the entity's evidence to gain reasonable assurance of compliance with applicable ARS. If the AESO suspects that an entity has contravened an ARS, it must refer the matter to the Market Surveillance Administrator (MSA)<sup>4</sup>.

The audit is also an opportunity for the AESO and the entity to develop and maintain effective relationships and demonstrate cooperation and commitment that directly supports the reliability and security of the interconnected electric system<sup>5</sup> (IES), confirms areas of strength, identifies best practices, and identifies concerns and/or opportunities for enhancements that will lead to continuous improvement of entity internal compliance programs and ARS compliance outcomes in Alberta.

The AESO conducts audits of entities in a manner that promotes transparency, independence, fairness, objectivity, consistency, confidentiality<sup>6</sup>, and efficiency.

## 2. Purpose

The AESO has established this document as a companion document to the ARCMP, and in accordance with *Transmission Regulation*, Section 23(1)(b) and Section 103.12 of the ISO rules, *Compliance Monitoring*. It defines the process for planning, execution, and reporting phases of an audit.

## 3. Applicability

This document is applicable to the AESO and entities involved in an ARS audit.

## 4. Audit Methodology and Principles

In alignment with the ARCMP, the AESO's audit process leverages concepts from the North American Electric Reliability Corporation's (NERC) Enterprise Reliability Organization (ERO) Compliance Monitoring and Enforcement Program (CMEP) as well as the ERO Enterprise Compliance Monitoring and Enforcement Manual Auditor Handbook, with the objectives of minimizing administrative burden and optimizing resource utilization for stakeholders and the AESO.

All AESO audit team members, or third parties acting on behalf of the AESO, possess or obtain the knowledge, skills, and other competencies needed to perform their responsibilities. All AESO

<sup>1</sup> [AESO Website, ARS Compliance Monitoring](#)

<sup>2</sup> As defined by the *Electric Utilities Act*, SA 2003, c E-5.1

<sup>3</sup> As defined by the *Transmission Regulation*, AR 86/2007, s. 19

<sup>4</sup> Pursuant to the *Electric Utilities Act*, Section 21.1

<sup>5</sup> As defined by the *Electric Utilities Act*, SA 2003, c E-5.1

<sup>6</sup> Pursuant to Section 103.12 of the ISO rules, *Compliance Monitoring* and Section 103.1 of the ISO rules, *Confidentiality*

employees and third parties must conduct themselves in accordance with the AESO's Code of Conduct, which includes managing conflicts of interest.

## 5. Audit Types

The audit is a monitoring tool listed in the ARCMP. The two types of audits are:

### 5.1 Audits (onsite or offsite)<sup>7</sup>

Audits, or portions of an audit, may be conducted onsite at an entity's offices/facilities and/or offsite (i.e., remotely). These audits are scheduled based on an entity's Compliance Oversight Plan (COP). The AESO sends the audit notification letter to an entity approximately nine months prior to the start of the audit. Onsite audit activities can increase effectiveness and efficiency in the audit process and can support positive audit outcomes. The AESO's determination of whether to conduct onsite audit activities considers factors such as opportunities for effective collaboration, efficiency, specific subject matter of the ARS in the audit scope, size or complexity of the entity, and time and resource availability.

Offsite and onsite activities may include interviews that facilitate efficient and effective communication between the AESO and an entity, as well as the verification evidence of processes/tools/internal controls that provide reasonable assurance of compliance. Onsite activities may also include physical site tours (e.g., facility, substation, control room, data centre, corporate office, etc.) that enables the AESO to verify aspects of compliance. This approach augments the AESO's review of an entity's documentation, may reduce information requests and sampling, and increases efficiency in the audit process.

### 5.2 Spot Audits

Pursuant to the ARCMP<sup>8</sup>, the AESO may conduct a spot audit of an entity. The AESO sends the spot audit notification letter to an entity at least 20 days prior to the start of a spot audit. The AESO may adjust the phases, steps, audit scope, and timelines listed below for a spot audit at its discretion, based on scope, risks and the spot audit objective(s). The AESO's spot audit notification provides an entity with additional information about the spot audit objective(s), timing, whether it will be onsite or offsite (or a combination of both), and steps involved.

## 6. Audit Schedules

The AESO audits an applicable entity on a periodic basis in alignment with the monitoring frequency listed in its COP. The AESO's audit schedule and priorities may change at any time due to factors including, but not limited to, identification or changes of emerging or escalated risks, changes to the entity population, changes to an entity's COP, AESO resource availability, or if the AESO approves an audit schedule change request from an entity (see section 6.3).

### 6.1 Detailed Schedule at Audit Notification

The AESO provides an entity with a detailed schedule that includes milestones and due dates at the time of audit notification (see section 7.1.1). The audit notification indicates the dates when the audit starts and ends, in addition to other significant milestones. The AESO considers factors such as scope, complexity, and resource availability when determining the detailed schedule. This

<sup>7</sup> Scheduled in alignment with the monitoring frequency listed in an entity's COP

<sup>8</sup> ARCMP, Section 7.5.2, Spot Audit

scheduling approach leverages concepts from the NERC/WECC audit processes and minimizes administrative burden while ensuring efficiency and effectiveness in the audit process.

## 6.2 Annual Schedule

The AESO posts its audit schedule on its website<sup>9</sup> and updates it on a periodic frequency or as needed. The AESO may make a change to the audit schedule at any time. The AESO notifies an affected entity if it is impacted by a change to the schedule and updates the audit schedule posted on its website.

## 6.3 Requests to Change or Delay the Audit or AESO Cancellation

An entity may request a change or delay to its audit under extenuating circumstances for the following reasons:

- a. The audit schedule conflicts with other critical business activities of the entity.
- b. The entity is responding to an event or exceptional circumstance (e.g., CIP exceptional circumstance, operating emergency, business continuity plan activation, recovery, etc.).

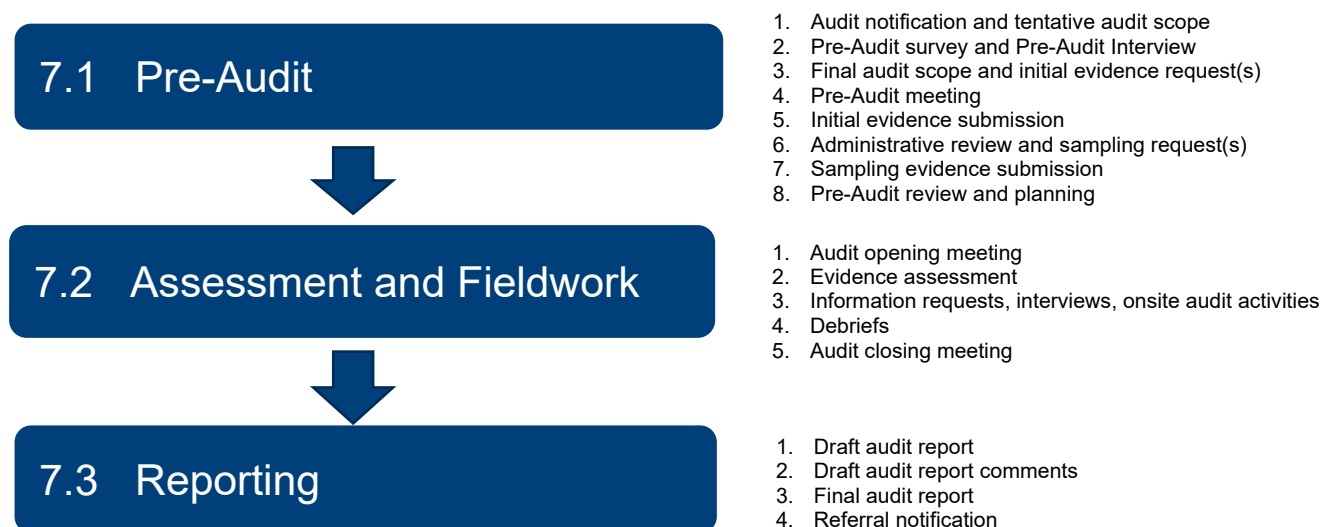
An entity submits its request to [rscompliance@aeso.ca](mailto:rscompliance@aeso.ca) that describes the extenuating circumstances. The AESO considers the entity's request on a case-by-case basis and, if necessary, works with the entity to reschedule the audit.

The AESO provides notification to an entity if it, at its discretion, changes or cancels an audit.

## 7. Audit Process

The AESO's audit process consists of three phases. Figure 2 below illustrates the three phases and includes the corresponding section number of the process below as well as a summary of the steps that may be included in each phase.

**Figure 2: Audit Phases**



<sup>9</sup> [AESO Website, ARS Compliance Monitoring, Audits Heading](#)

## 7.1 Pre-Audit Phase

The Pre-Audit phase consists of eight steps. The AESO sends the audit notification to the entity approximately nine months before the beginning of the audit. The timeframe to complete the pre-audit phase is typically nine months and completion is required before the start date of the audit. Figure 3 below illustrates the typical timeframes of the eight steps involved in this phase.

Figure 3: Pre-Audit Phase



### 7.1.1 Audit Notification and Tentative Audit Scope

The AESO sends the audit notification letter to the entity's primary and secondary compliance contact person approximately nine months prior to the start of the audit (or 20 days prior to the start of a spot audit). The audit notification letter includes the following:

- Type of audit to be conducted (audit or spot audit), and whether it includes onsite audit activities;
- Objective, and tentative audit scope;
- Audit start and close dates, in addition to high level milestones;
- Proposed dates and times for a Pre-Audit meeting;
- Location of and instructions on how to use the AESO's file transfer location, including structure to organize information, and restrictions on formats, file size limits, character limitations, etc.;
- Pre-Audit Survey (to be completed and submitted by the entity);
- Lead auditor contact information.

### 7.1.2 Pre-Audit Survey and Pre-Audit Interview

The entity completes and submits the Pre-Audit Survey by the due date indicated in the audit notification letter. The completed Pre-Audit Survey provides the AESO with information about the entity and supports the efficiency and effectiveness of the audit process. The entity may contact the AESO if it has questions or would like to discuss the Pre-Audit Survey.

The AESO schedules a pre-audit interview with the entity within two months of audit notification to discuss the Pre-Audit Survey, any open self-reports and mitigation plans, and any other information that may be considered in determining the Final Audit Scope.

### 7.1.3 Final Audit Scope and Initial Evidence Request

The AESO issues the Final Audit Scope approximately three months after the audit notification and approximately six months prior to the start of the audit which includes the Initial evidence and information request including a request to complete the Alberta Evidence Request Tool (ALBERT).

At any time during the audit, the AESO may modify or expand the audit scope. The AESO notifies the entity in writing if it makes modifications or expansion to the audit scope

### 7.1.4 Pre-Audit Meeting

The AESO holds a pre-audit meeting with the entity to review the audit process, timelines, expectations, confirm opening and closing meeting dates and times and onsite logistics and requirements (if known), as well as answer questions that the entity may have approximately one month after it issues the final audit scope.

### 7.1.5 Initial Evidence Submission

#### 7.1.5.1 RSAWs

The entity completes and submits Reliability Standard Audit Worksheets (RSAW)s<sup>10</sup> in scope of the audit as part of its initial evidence package. The RSAW is an important document used in the audit process wherein the entity documents:

- a clear, concise, and accurate narrative that explains how it complied with applicable ARS requirements including references to the relevant policies, processes, or procedures implemented to ensure compliance;
- a list/index of the evidence provided, a description of each evidence file, its location within the evidence submission package, its relevance, how it relates to an entity's processes (e.g. input or output), and how it demonstrates compliance;
- specific details and pointers to relevant locations within the evidence that demonstrate compliance such as page number, paragraph, or data point(s).

#### 7.1.5.2 Alberta Evidence Request Tool (ALBERT)<sup>11</sup>

Dependent on which ARS requirements are in scope of audit, the AESO requests that the entity complete and submit the ALBERT with its initial information submission. The ALBERT is an audit tool that increases transparency, consistency, and efficiency in the audit process. The ALBERT requests evidence for specific ARS requirements and enables the AESO to initially sample evidence effectively and efficiently. It is critical that the entity provides complete and accurate data in the ALBERT. The entity should follow the instructions as it completes the ALBERT.

An entity may find it beneficial to use the ALBERT in its ongoing internal compliance processes, which could increase the efficiency of preparing for an audit. Please contact the AESO at [rscompliance@aeso.ca](mailto:rscompliance@aeso.ca) to learn more about how to use and complete the ALBERT.

#### 7.1.5.3 Evidence Quality

The entity's evidence package should be complete, organized, relevant, clearly demonstrates compliance, and needs to align with and match the information the entity provided in the RSAWs

<sup>10</sup> [AESO Website, ARS Compliance Monitoring, Reliability Standard Audit Worksheets Heading](#)

<sup>11</sup> [AESO Website, ARS Compliance Monitoring, Alberta Evidence Request Tool Heading](#)

and/or ALBERT, including, but not limited to, file names and page numbers. The AESO provides instructions and expectations related to evidence submission as part of the audit notification.

#### **7.1.5.4 Submission**

The entity submits the information to the AESO by the due date indicated in the audit notification letter (i.e.; within approximately three months of receiving the Final Audit Scope)<sup>12</sup>.

#### ***7.1.6 Administrative Review and Sampling Request***

The AESO conducts an administrative review to confirm the entity's submission is complete, that the entity followed the evidence organization and submission instructions, the evidence is in the proper format(s), the evidence satisfactorily addresses the initial information request(s), and the entity completed the ALBERT correctly.

If the AESO identifies missing components to the submission, the AESO contacts the entity and requests it submits the information necessary to address the deficiency. The AESO notifies the entity of any audit schedule impacts if this occurs.

Depending on the ARS requirements in the audit scope, the AESO may issue an initial sampling information request from the entity within five business days of receiving the entity's initial evidence submission. The AESO implements sampling approaches during the audit process to gain reasonable assurance of compliance when it is not possible to test and assess 100% of the population and/or evidence. The AESO's sampling practices align with the Sampling Guide found in NERC ERO-Enterprise Compliance Monitoring and Enforcement Manual<sup>13</sup>.

#### ***7.1.7 Sampling Evidence Submission***

The entity submits its response(s) to the AESO's sampling information request(s) and all associated sampling evidence in accordance with evidence organization and submission instructions. The AESO provides the initial sampling evidence submission due date in the audit notification. The AESO may request additional sampling evidence during the assessment and fieldwork phase, as necessary.

#### ***7.1.8 Pre-Audit Review and Planning***

The AESO conducts audit planning activities within one month prior to the start of the audit. These activities include reviewing evidence submissions, preparing for and scheduling initial interviews and debrief meetings, refining the audit scope as needed, determining audit strategies, and finalizing plans for any onsite audit activities.

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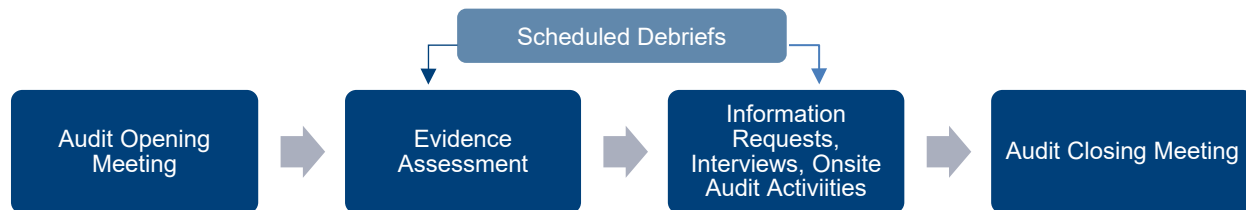
<sup>12</sup> Due date provided in audit notification letter

<sup>13</sup> [ERO-Enterprise Compliance Monitoring and Enforcement Manual](#)

## 7.2 Assessment and Fieldwork Phase

The assessment and fieldwork phase consists of four steps. The AESO holds scheduled debriefs with the entity during this phase. Figure 4 below illustrates the four steps involved in this phase.

**Figure 4: Assessment and Fieldwork Phase**



### 7.2.1 Audit Opening Meeting

The AESO holds the audit opening meeting with the entity. The meeting may be virtual or onsite, depending on what the AESO and the entity agree to. The AESO encourages the entity to invite all employees involved in the audit process as well as any senior leadership that is accountable for entity compliance or operational functions in scope of the audit.

The AESO introduces the audit team, describes the audit process and timelines, and invites the entity to ask questions. The AESO encourages the entity to provide the AESO with an opening presentation to introduce its team involved in the audit as well as an overview of the entity, its ownership, its organizational and governance structure relevant to the audit scope, and any additional information that is relevant and supports the efficiency and effectiveness of the audit.

### 7.2.2 Evidence Assessment

The AESO reviews the evidence submitted by the entity, using the compliance assessment approach stated in the RSAW, to verify it demonstrates compliance with the ARS requirement(s) in the audit scope. RSAWs provide the AESO and the entity guidance on the objective and the method of the AESO's compliance assessment approach. However, the RSAW is not an authoritative document and the AESO's audit objective is to gain reasonable assurance that the entity is compliant with the language of the ARS requirement(s).

The AESO documents its compliance assessment in the auditor notes section of the RSAW and retains it as an audit working paper in the AESO's records to support the audit findings and conclusions provided to the entity in the audit report.

The entity must submit all evidence and information responses to the AESO at least five business days before the last day of the assessment and fieldwork schedule. After this date, the AESO will not consider additional evidence provided by the entity to ensure efficiency and that the audit schedule, and subsequent entity audit schedules are not impacted.

### 7.2.3 Information Request, Interviews, Onsite Audit Activities

The AESO's assessment may include one or a combination of the following methods to obtain reasonable assurance of compliance:

#### 7.2.3.1 Information Request(s)

The AESO may request additional information, sampling, and/or evidence from the entity to establish that the entity demonstrates compliance. The AESO sends this in the form of an information request (IR) document. To ensure the audit process is efficient and to mitigate the risk

of schedule impacts and undue administrative burden, the AESO may provide a due date between one to five business days depending on the nature of the IR. The entity should contact the AESO as soon as possible if it has questions about the IR and it needs clarification.

If the entity is unable to meet the due date documented in the IR, the entity must inform the AESO as soon as possible to propose an alternate due date. The AESO considers the request and, if necessary, works with the entity to agree on a reasonable alternate due date while ensuring that the audit schedule is not materially impacted.

If the entity is unable to provide the AESO with the additional information requested within the agreed upon timeframe or the additional information does not adequately demonstrate compliance, the AESO bases its finding(s) and conclusions on the evidence the entity has provided and notes this in the audit report which may result in a suspected contravention.

### 7.2.3.2 Interviews

The AESO conducts interviews with the entity's compliance contact(s) and applicable subject matter experts (SME). The AESO may hold interviews remotely via video conference or in-person. The AESO works with the entity to schedule interviews during this audit phase and issues an IR for each interview that documents the date, time, and location of the interview. The entity responds to the IR confirming the suitability of the proposed interview time and providing the list of entity interview participants who will attend.

Interviews are a valuable audit tool that benefit both the AESO in its objective of efficiently obtaining reasonable assurance of compliance and the entity in its objective of demonstrating compliance and showcasing its compliance culture. Interviews complement and augment the evidence assessment process and can significantly increase the efficiency of an audit as the AESO and entity collaborate effectively, quickly ask and answer questions, gain clarification, directly observe a process/tool/internal control, and verify the AESO's understanding of the entity's evidence to support the preliminary audit findings and conclusions. Common interview topics are, but not limited to:

- the entity's policies, processes, and procedures that are relevant to the ARS requirement(s) in scope of the audit;
- training programs and competencies of the individuals implementing or accountable for the applicable processes, including SMEs or entity compliance contacts;
- how the entity identifies issues or internal control/process/procedure failures and what detection, escalation, and mitigation processes exist;
- incomplete evidence or discrepancies identified in the evidence; and
- potential issues that could lead to a suspected contravention or area of concern, to ensure the AESO and entity have an opportunity to discuss before the audit reporting phase.

The AESO provides the entity the ability for its individuals participating in the interview to quickly confer on an answer to ensure accuracy or validate information before responding to a question. At the entity's request, the AESO may leave the interview while the entity interview participants confer.

During the interview, the AESO may identify that it requires additional information or evidence to support its compliance assessment. The AESO informs the entity during the interview that it will send a follow up IR and the AESO and entity may agree on a reasonable IR due date at that time.

The AESO sends the IR to the entity following the interview and includes references to the interview and the agreed upon due date.

The AESO documents the interview conversations in the form of notes and retains them in its working papers to document the audit process. The AESO does not rely solely on interviews to support audit findings and conclusions. As indicated above, the AESO may identify relevant and/or additional information during an interview that supports its understanding of the evidence the entity has provided or evidence that the AESO may request in a follow up IR. The entity may take notes during the interview conversations for its own records.

#### **7.2.3.3 Onsite Audit Activities**

The AESO notifies the entity in the audit notification the possibility of including onsite audit activities. The AESO's determination of whether to conduct onsite audit activities considers factors such as opportunities for effective collaboration, increase to audit efficiency, specific subject matter of the ARS in the audit scope, size or complexity of the entity, and time and resource availability. The AESO works with the entity during the pre-audit phase to schedule the onsite activities. Onsite activities can include interviews, demonstrations of processes/tools/internal controls, and physical site tours (e.g., facility, substation, control room, data centre, corporate office, etc.) that enables the AESO to verify aspects of compliance. This approach augments the AESO's review of an entity's documentation, may reduce information requests and sampling, and increases efficiency in the audit process.

#### **7.2.4 Debriefs**

The AESO conducts regularly scheduled debrief meetings with the entity during this audit phase to discuss progress, work completed, open items, remaining activities to be completed, and preliminary findings to provide transparency and support the timely and efficient completion of the audit. The AESO and the entity agree on the schedule for the debrief meetings during the pre-audit phase.

Through effective communication and collaboration, the debrief discussions provide the AESO and entity an opportunity to ask and answer questions and verify the accuracy of the AESO's preliminary findings and conclusions before the reporting phase of the audit. The entity may highlight evidence previously submitted which does not appear to have been reviewed or considered in support of the AESO's preliminary findings or discuss the AESO's interpretation of an ARS to gain understanding. This may lead to additional IRs or assessment, as required.

#### **7.2.5 Audit Closing Meeting**

The AESO holds an audit closing meeting with the entity to conclude the assessment and fieldwork phase, typically on the last day of the assessment and fieldwork schedule or on a date agreed upon between the AESO and the entity. The meeting may be virtual or onsite, depending on what the AESO and the entity agree to. The AESO encourages the entity to invite all employees involved in the audit process as well as any senior leadership that is accountable for entity compliance or operational functions in scope of the audit. The AESO provides an audit closing presentation that includes preliminary audit findings and conclusions including no findings, suspected contraventions, areas of concern, and observations (positive and/or potential areas for improvement) (see section 7.3.1). The audit closing meeting is an additional opportunity for the entity to ask questions to support its understanding of the preliminary audit findings and conclusions.

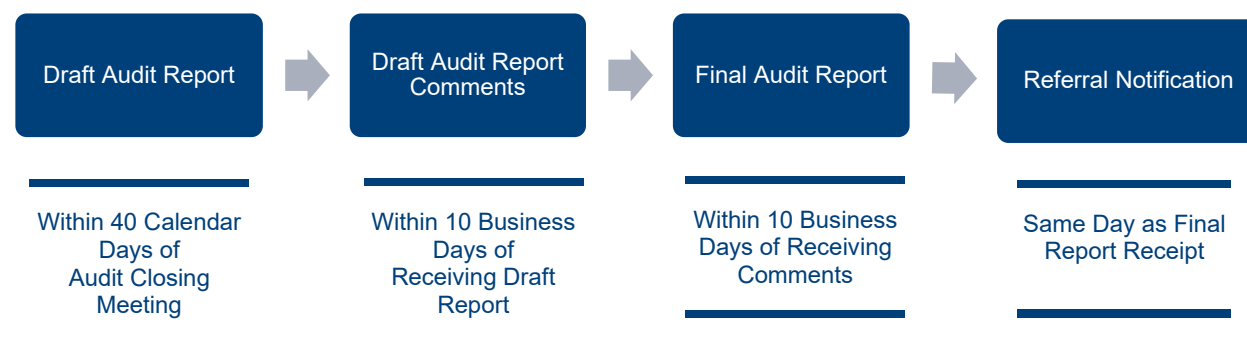
As stated in section 7.2.2, the entity must submit all evidence and information responses to the AESO at least five business days before the last day of the assessment and fieldwork schedule.

After this date, the AESO will not consider additional evidence provided by the entity to ensure efficiency and that the audit schedule, and subsequent entity audit schedules are not impacted.

## 7.3 Reporting Phase

The reporting phase consists of four steps. Figure 5 below illustrates the four steps involved in this phase.

**Figure 5: Reporting Phase**



### 7.3.1 Draft Audit Report

The AESO provides the entity with a draft audit report<sup>14</sup> and a draft audit report comment form within 40 calendar days of the audit closing meeting. The AESO's draft audit report contains descriptions of the audit findings and conclusions categorized as follows:

| Audit Finding           | Definition                                                                                        |
|-------------------------|---------------------------------------------------------------------------------------------------|
| No Finding              | The AESO did not identify a suspected contravention for an ARS requirement.                       |
| Suspected Contravention | The AESO identified a suspected contravention of an ARS requirement and must refer it to the MSA. |

| Audit Conclusion | Definition                                                                                   |
|------------------|----------------------------------------------------------------------------------------------|
| Area of Concern  | The AESO identified a concern that if unaddressed could result in a suspected contravention. |
| Observation      | The AESO noted an improvement opportunity or something that the entity did well.             |

The AESO provides the entity with an opportunity to provide comments<sup>15</sup> on the draft audit report related to inaccuracies, factual and technical errors, and omissions.

<sup>14</sup> The draft report includes information required in Section 103.12 of the ISO rules, *Compliance Monitoring*, subsection 9(3)

<sup>15</sup> Pursuant to Section 103.12 of the ISO rules, *Compliance Monitoring*, subsection 9(4)

### 7.3.2 Draft Audit Report Comments

The AESO provides a comment form for the entity to submit comments on the draft audit report. The entity may provide draft audit report comments related to inaccuracies, factual and technical errors, omissions, or additional comments to the AESO within 10 business days.

The AESO reviews all entity comments and updates the audit report, if necessary. If the entity has no comments to provide or does not submit comments within 10 business days, the AESO finalizes the audit report.

The AESO does not accept additional information or evidence during this step. The last opportunity for the entity to submit evidence is five business days before the last day of the assessment and fieldwork schedule.

### 7.3.3 Final Audit Report

The AESO issues the final audit report to the entity within 10 business days of receiving the entity's draft audit report comments. If the entity does not provide the AESO with draft audit report comments, the AESO issues the final audit report to the entity once the comment period has expired.

### 7.3.4 Referral Notification

If the AESO's final audit report includes a suspected contravention(s) audit finding(s), the report includes notification to the entity that the AESO refers the matter to the MSA.

The AESO submits referral form(s) to the MSA that includes the details related to each suspected contravention. The AESO issues a referral to the MSA on a confidential basis and includes confidential information obtained during the audit<sup>16</sup>.

## 8. Confidentiality and Retention

### 8.1 Confidentiality

The AESO conducts audits of entities on a confidential basis Pursuant to Section 103.1 of the ISO rules, *Confidentiality* and Section 103.12 of the ISO rules, *Compliance Monitoring*, including all information and evidence submitted by an entity to the AESO. Pursuant to Section 103.12 of the ISO rules, subsection 6, the AESO may make information obtained during applicable compliance monitoring available to either or both the Alberta Utilities Commission (AUC) or the MSA.

### 8.2 Retention

The AESO is required to establish a Records Management Program in accordance with policies, standards and procedures established by the Minister of Service Alberta pursuant to Section 4(2) of the *Records Management Regulation*, and in accordance with its Records Management Policy.

Information and data generated and received related to an audit may be retained for a maximum of 10 years unless a different retention period is specified in an ARS or by an applicable regulatory entity. This is consistent with AESO's Records Management Policy and applicable legislation.

<sup>16</sup> Pursuant to Section 21.1, *Electric Utilities Act*

## 9. Escalation Process

The AESO's External Compliance Monitoring - ARS audit team is responsible for executing and facilitating the audit process with the entity in a professional and collaborative manner, and for executing audit decision making including determining audit findings. If an entity identifies issues or concerns related to the execution of the audit process (e.g., unreasonable scheduling delays caused by the AESO, insufficient communication or transparency in the audit process or audit findings, perceived or actual conflict of interest, etc.), it must communicate its concerns in writing to the AESO lead auditor. The AESO lead auditor informs the Manager, External Compliance Monitoring – ARS. If the issues or concerns are not resolved satisfactorily through effective collaboration with the AESO lead auditor and Manager, External Compliance Monitoring – ARS, an entity may contact the Director, Compliance to initiate the following escalation process:

- The entity submits its concerns in writing to the Director, Compliance via [rscompliance@aeso.ca](mailto:rscompliance@aeso.ca) within five business days after the final discussion with the AESO lead auditor and Manager, External Compliance Monitoring – ARS.
- The entity submission must include the rationale for the disagreement and any proposed solutions and/or mitigations, if applicable.
- The Director, Compliance works collaboratively with the entity to understand its concerns and determines merit regarding the disagreement.
- The Director, Compliance responds to the entity in writing within 10 business days of receiving the entity's submission that includes a determination on merit, summary of the outcome, and mitigation actions agreed upon between the AESO and the entity.
- If the entity's concerns are not satisfactorily addressed after these steps are completed, it may pursue its concerns further by escalating the matter to the Vice President, Finance via [rscompliance@aeso.ca](mailto:rscompliance@aeso.ca). The Vice President, Finance works with the entity and the AESO Compliance Department to collaboratively resolve the concerns and agree on mitigation actions to conclude the audit process in an effective manner.

## 10. Revision History

The AESO's Compliance Department revises this document, as needed and to ensure continual improvement. The AESO notifies entities of revisions through the stakeholder update process.

| Revision | Date             | Comments                                                                                                                                                                                                                                                                                                                               |
|----------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.0      | January 31, 2025 | Initial version                                                                                                                                                                                                                                                                                                                        |
| 2.0      | October 1, 2026  | Major version change <ul style="list-style-type: none"> <li>• Administrative and grammatical changes for clarity</li> <li>• Amended Sections 5, 6, and 7 to reflect audit process enhancements               <ul style="list-style-type: none"> <li>○ Sections 5.1, 6.2 and 7 – changed audit process timelines</li> </ul> </li> </ul> |

| Revision | Date | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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|          |      | <ul style="list-style-type: none"> <li>○ Section 6 – removed references to audit cycles and preliminary three-year monitoring schedule</li> <li>○ Section 7.1.2 – added pre-audit interview into the pre-audit phase steps</li> <li>○ Section 7.1.3 – added final audit scope into the pre-audit phase steps</li> <li>○ Section 7.1.8 – added pre-audit review and planning into the pre-audit phase steps</li> <li>○ Section 7.3.4 – changed the MSA referral mechanism from provision of final audit report to submission of referral forms</li> </ul> |