

Office national
de l'énergie



National Energy
Board

Auditing Association of Canada

Onshore Pipeline Regulations Management Systems and Audits

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Presentation Overview

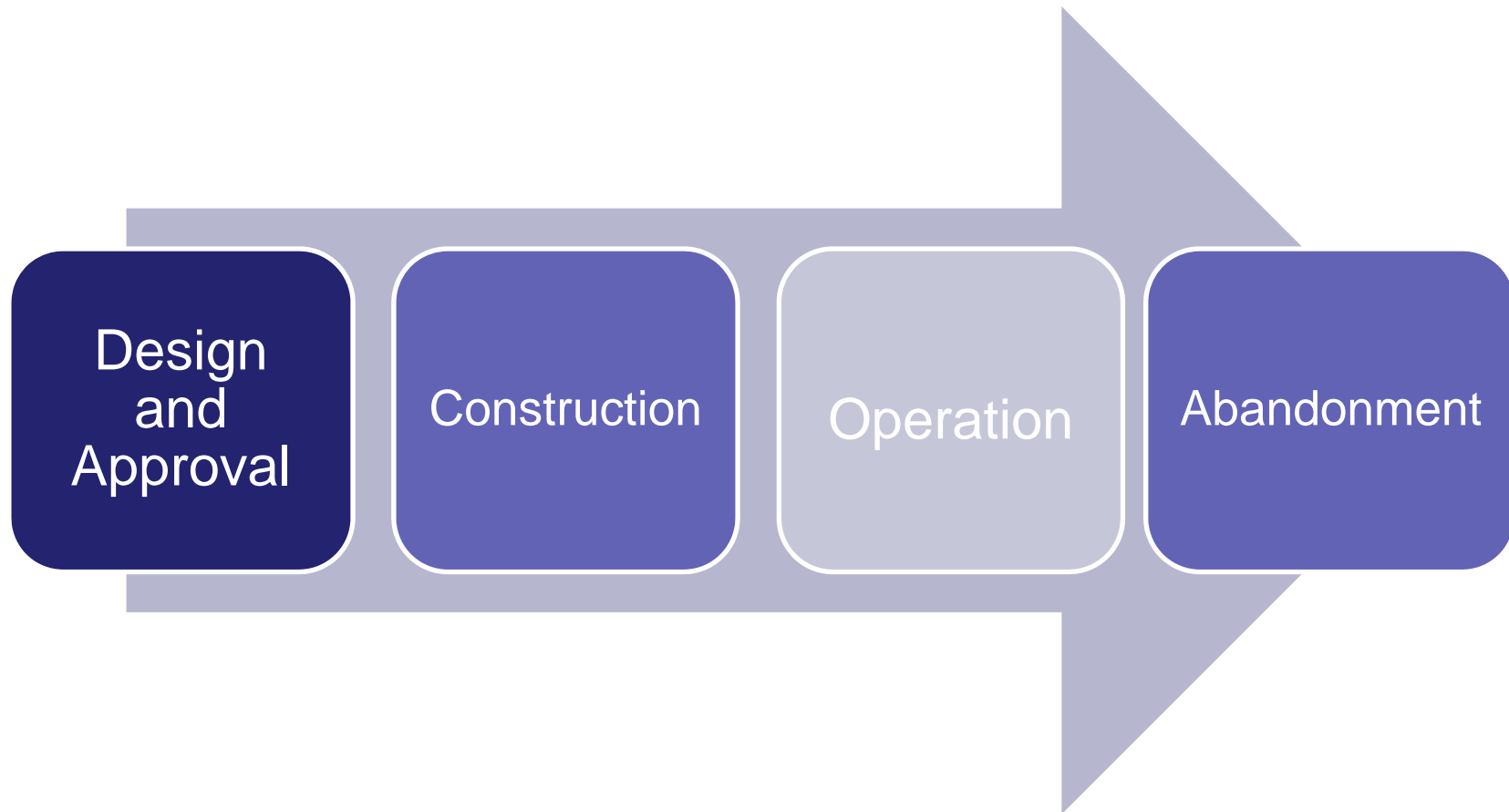
- NEB - Who We Are & What We Do
- Onshore Pipeline Regulations
 - Evolution
 - Management & Management System Requirements
- NEB Audits
- Company Audits and Third-Party Audits

NEB - Who We Are & What We Do



NEB - Who We Are & What We Do

We regulate for the life of the project



Onshore Pipeline Regulations Evolution

- Pre – 1999
 - Basically Prescriptive - Standard operational requirements: design, construction, maintenance
- 1999
 - Goal/Outcome Based - Management Programs guided by non-mandatory guidance notes to encourage formal management systems
- 2013
 - Prescriptive Management Systems, Mandatory Management Processes and Management Responsibility applicable to outcome based programs

Onshore Pipeline Regulations Evolution

- 2013 (cont'd)
 - Expanded Programs (EM and Security)
 - Safety Culture
 - Continual Improvement
 - Demonstrate Human Resource Levels
 - NO GRACE PERIOD for implementation

Onshore Pipeline Regulations Management & Management Systems

- Management
 - OPR now includes requirements for Company management:
 - Accountable Officer Responsibilities
 - MS and Programs
 - Authority over human and financial resources
 - Prepare policy statements and commitments
 - Annual management review and report of company performance in meeting section 6 obligations
 - Reporting performance to the Board

Onshore Pipeline Regulations Management & Management Systems

- Management Systems
 - Section 6.1 requires companies to establish, implement and maintain management systems with specific characteristic and management system processes.

Onshore Pipeline Regulations

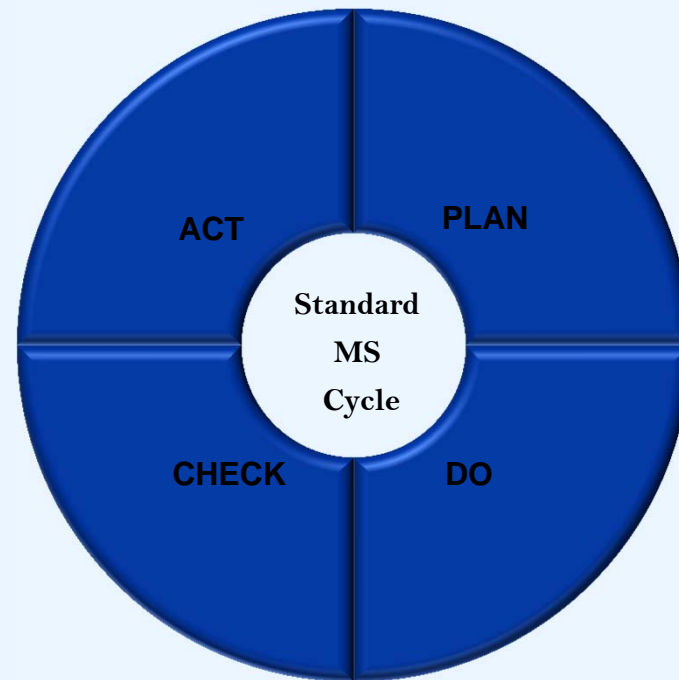
Management & Management Systems

- Management Systems (cont'd)
 - Systematic, explicit, comprehensive, proactive
 - Integrated
 - Applies to lifecycle of facilities
 - Applies to management programs
 - Ensures coordination between management programs
 - Right sized

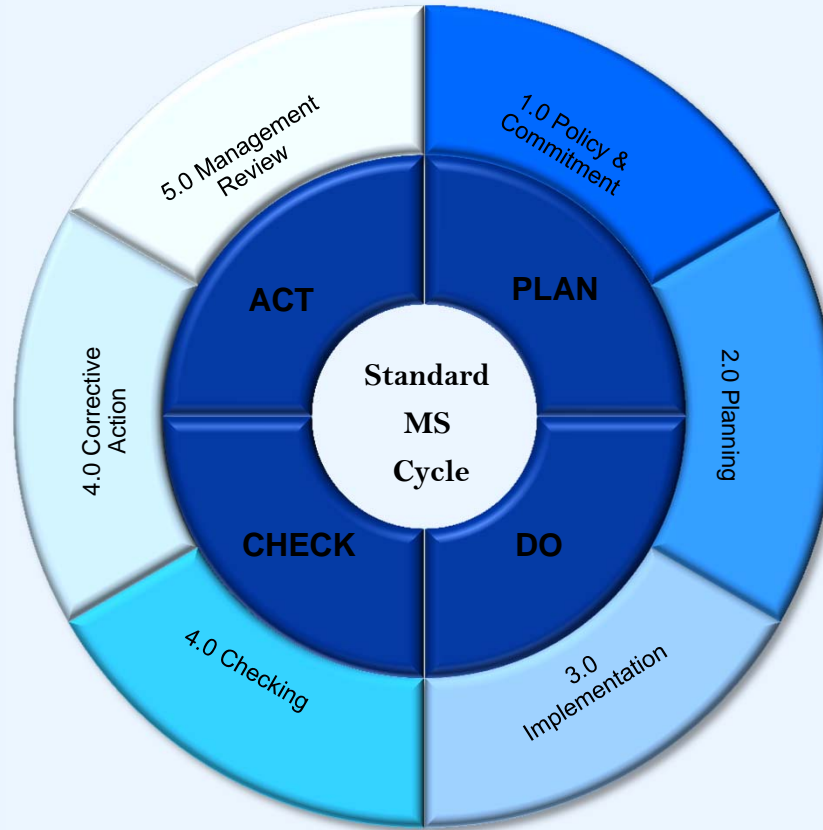
NEB Audits

- NEB conducts compliance audits which measure compliance to OPR MS, Program and prescriptive requirements.
- NEB has published generic protocols which it uses to provide clarity with respect to its expectations and to organize the Board's audits and reports.

NEB Protocol



NEB Protocol



NEB Protocol



NEB Audits

- Audits are chosen utilizing a risk-informed process
- Companies are required to demonstrate that they have **established, implemented and maintained** the specific MS processes and programs required by the OPR.
- NEB approves and issues audit reports.
- Board reviews audit and determines next steps.

NEB Audits

- The Board requires companies to develop and implement Corrective Action Plans to address all Non-Compliant findings.
- CAP implementation is verified by Board during scheduled Implementation Assessments.

Company & Third Party Audits

- Company Internal Audits (OPR sections 6.5, 53 and 55)
 - OPR Section 6.5 Management System
 - Establishment, Implementation and Maintenance of MS; Required OPR MS Processes; QA; and < 3 year interval
 - Documentation of Deficiencies, C&P actions planned and taken
 - Section 55 Programs
 - MS Application; Program Development, Implementation and Maintenance; Program Management Outcomes; Program Applicability; and < 3 year interval
 - Documentation of Deficiencies, C&P actions planned and taken

Company & Third Party Audits

- Company Internal Audits
 - Section 53 Compliance
 - Designed, Constructed, Operated and Abandoned in Compliance with Specified Requirements; OPR 6.5 (1)(h) List of Legal Requirements; Applicable Referenced Standards (OPR s. 4); and < 3 year Interval
 - Documentation of Non-compliances, C&P Actions Planned and Taken
 - Section 4 Conformance (Compliance)
 - Ensure that the company is conforming to its designs, specs., programs, manuals, procedures, measures and plans

Company & Third Party Audits

- To Demonstrate Compliant Audits Companies Must:
 - Provide Quality Assurance Program Documentation
 - Provide Audit Process Documentation
 - Provide Audit Records
 - Especially Protocols and Worksheets, as used
 - Provide Corrective & Preventative Action Process Documentation
 - Provide Records of Implementation Of C&P Process

Company & Third Party Audits

- Board Directed Third-Party Audits
 - Becoming more of a “common” compliance assurance direction but is always considered a significant action
 - Used where deficiencies appear to be related to MS or where Board has ordered company to develop a MS or significant components of a MS and compliance needs to be verified.
 - Audits must meet Internal audit requirements

Company & Third Party Audits

- Board Directed Third-Party Audits (cont'd)
 - The Board's direction usually contains:
 - Imposed Schedule;
 - Demonstration of competence to conduct audit;
 - Protocol Approval;
 - Coincidental Submission of Reports (NEB and Company);
 - Company pays;
 - Company is required to develop and submit CAP for approval;
 - Board will verify the implementation of CAPs by scheduling inspections, implementation assessments or conducting another audit.

Questions