

## MARKET COMPLIANCE PROCESS REVIEW

### OVERVIEW

#### INTRODUCTION

The IESO's Market Assessment and Compliance Division (MACD) is responsible for ensuring compliance with the market rules by market participants and the IESO. It reviews a high volume of alleged non-compliance events with a relatively small staff and therefore needs to rely on efficient and well-developed processes. MACD's systems and processes are reviewed periodically by the IESO's Internal Audit business function. The Internal Audit function provides independent, objective services on risk management, controls and governance processes to the IESO management and to the Audit Committee of the Board of Directors. Over the period May - July 2006, the Company's Internal Audit function with assistance from external consultants carried out a review to assess the design and operating effectiveness of MACD's market compliance processes against the following objectives:

- Detection of non-compliance with Market rules
- Timeliness of enforcement
- Confidentiality and security of information
- Independence, consistency, transparency and fairness
- Efficiency of processes

Overall, the results of the review indicated that no significant exceptions were noted to procedures designed to help ensure that cases are handled in a fair, consistent, transparent and independent manner and, for the tests conducted, there were no exceptions noted with detection of non-compliance. The review also showed that no significant issues were noted with regard to confidentiality and to the efficiency of the market and compliance processes, however, some security gaps were identified. The report recommended areas for further improvement and these are being acted upon by MACD.

For highlights of the report and the actions initiated in response to the audit, please visit "[Highlights](#)".