

Declaration Levels of Controls and Reporting Enhancements

Following consultation with the EPAP Industry Subcommittee, the ERCB has removed the Operating Area Level for reporting evaluations of controls results. For each Declaration reporting Theme, Operators may now report controls and evaluations of controls for facilities that have:

- Facility-level controls only,
- Company-level controls only, or
- both Facility-level and Company-level controls.

When an Operator has identified facilities that have both Facility-level and Company-level controls for an individual reporting Theme, the evaluations of controls summary data for these facilities is reported in the applicable portion of the Declaration Theme Finding Screen which allows for reporting Facility-level and Company-level evaluation results.

Some Operators may have already structured their evaluation of controls based on the utilization of the Operating Area level of reporting. Those Operators may continue to carry out their evaluations of controls using the Operating Area level and document the results of those evaluations “off book”. However, when reporting the required data into the EPAP System at the time of Declaration, the above mentioned classifications must be used.

The benefits/advantages of the revised evaluations of controls reporting structure includes:

- allowing for the reporting of the evaluations of controls results at multiple levels (Facility/Company/Facility & Company);
- providing increased transparency and clarity regarding:
 1. the types of controls that are in place at each facility;
 2. the evaluations of controls work completed by each Operator and the effectiveness of those controls at each facility; and
 3. the facility subtypes where controls were evaluated.
- increasing Declaration Signatories’ understanding and confidence of the extent of evaluations of controls work that has been completed;
- increasing the ERCB Production Audit Teams’ understanding of the extent of evaluations of controls work that has been completed at each facility; and
- providing a higher level of assurance that Operators are effectively managing the risk of non-compliance.

Introduction to Facility and Company Level Controls

The level of a control depends on the scope of the control (i.e., the level of detail or granularity of the data and/or business process that is being reviewed as the control is performed).

Two common misconceptions regarding the determination of the level of a control are:

- where the control is performed. The physical location of where the control is operated may provide clues as to its level, but is not the key determinant.
- who performs the control. Facility-level controls may be performed by head office personnel, depending on an Operator’s control framework and assignment of duties.

The following information provides some general guidance on what is meant by “Facility level” and “Company level” controls. Individual Operators may have different control frameworks and business processes so interpretations of how this guidance should be applied may vary. For controls that do not

clearly fit into either definition, Operators may use their judgment as to which level is **most** appropriate and report accordingly. **However, the overall effectiveness of controls is of primary importance.**

Facility-level Controls

Facility-level controls are typically used to offer a more direct level of assurance for any given facility or group of facilities that share common characteristics as the data being evaluated is facility specific and tends to be more granular in nature (i.e., data recorded as a result of the execution of facility specific or on-site measurement and reporting processes).

Facility-level controls:

- involve the review of data specific to either a single facility or a group of facilities that share common characteristics;
- are designed to address risks and conditions that are specific to a single facility or group of facilities that share common characteristics;
- often are operated at the facility and are not usually associated with “corporate” functions. Depending on the Operator’s business practices, it is possible that head office personnel operate Facility-level measurement and reporting controls; and
- relate to the use of on-site measurement and reporting equipment, on-site business processes, and direct supervision of facility measurement and reporting tasks.

An example of a Facility-level control is the detailed review of a *Meter Calibration Data Form* by a facility supervisor to ensure completeness and accuracy. In addition, any exceptions on the *Meter Calibration Data Form* would be noted and addressed.

Company-level Controls

Company-level controls are typically used to set conditions and boundaries for the Facility-level controls or monitor the aggregate results of operations.

Company-level controls may:

1. be company wide in nature, are typically applicable to all facilities, and:
 - include management culture, the assignment of authority and responsibility, corporate policies, standard operating procedures, and company-wide programs that apply to all facilities.
 - are typically centralized and performed at the head office.
 - provide monitoring and reporting to ensure there are links between facilities and head office functions.
2. involve the compilation and review of data that is less granular in nature or at a summary level. The data is often in the form of an analysis that is not specific to any particular facility, but rather involves a summary analysis across many or all facilities.

Examples of Company-level controls:

1. A corporate policy that states that each facility will ensure that its operators applied knowledge of measurement and reporting requirements is supplemented with measurement and reporting task competency training with controls that account for facility specific risks.
2. The summary review of a *Meter Calibration Schedule* to ensure that all meters were calibrated on schedule.