

Introduction to the Enhanced Production Audit Program (EPAP)



Gas Processing Association of Canada

May 7, 2010

Outline

- ❑ **Background**
- ❑ **EPAP Description**
- ❑ **Benefits**
- ❑ **Discussion**

Two Main Goals

- ❑ **Raise level of assurance over compliance with ERCB measurement and reporting requirements**
- ❑ **Raise level of compliance with ERCB measurement and reporting requirements**

New Directive 076

- ❑ **Title: “Operator Declaration Regarding Measurement and Reporting Requirements”**
- ❑ **Effective January 4, 2010**
- ❑ **Directive available for download at:**
www.ercb.ca
- ❑ **Operator’s Handbook**

5 Major Components

- Declarations**
- Controls & Evaluation of Controls**
- Compliance Assessment**
- Action Items**
- Escalation**

Declarations

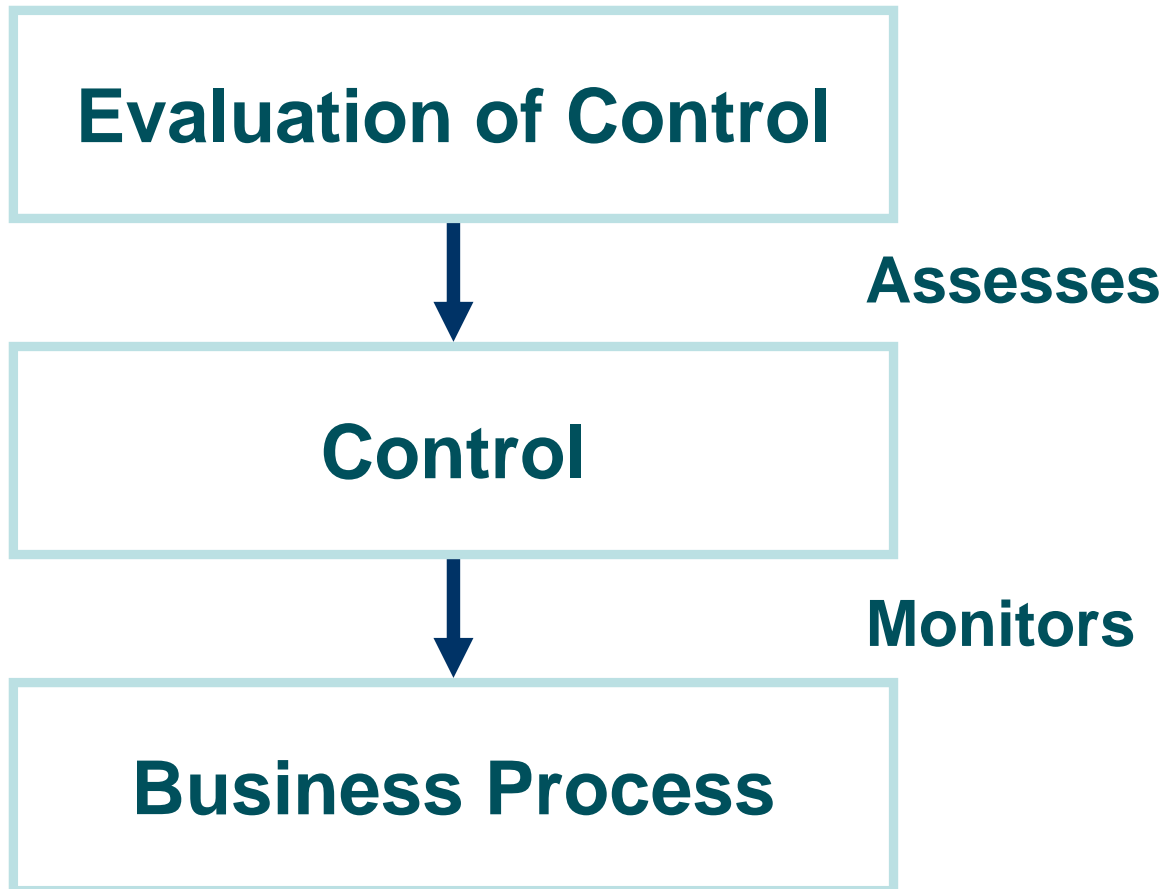
- ❑ **State key operator assertions**
- ❑ **Involve senior executives**
- ❑ **Report evaluations at a summary level**
- ❑ **Create through EPAP system**

Declaration does not require perfection

Controls & Evaluation of Controls

- ❑ **Every well-managed business operates controls**
- ❑ **EPAP is based on operators evaluating their measurement & reporting controls**

Overview of Relationship



Compliance Assessment

- ❑ **Based on Compliance Assessment Report**
 - **Contains Registry and FIS data**
 - **Available monthly**

- ❑ **Basis for regular contact**

Indicators are not noncompliance events

Action Items

- ❑ **Some contacts become action items**

- ❑ **EPAP system provides support**
 - **Documents discussion and actions**
 - **Communicates to operator**
 - **Provides basis for follow-up**

Action items are enforceable

Escalation

- ❑ **Action Items**
- ❑ **More information requested on:**
 - **Controls**
 - **Evaluation procedures**
 - **Evaluation results**
- ❑ **Controls-based audit**
- ❑ **Substantive audit**

Connection to D-019

- ❑ **Lack of progress**
 - **Assistance**
 - **Education**

- ❑ **Lack of co-operation**
 - **No or inadequate response**
 - **Failure to submit a declaration**

Directive 019 Enforcement is avoidable

EPAP Philosophy

“Trust, but verify”

- Ronald Reagan



Trust ➡ **Operator Declaration**

Verify ➡ **Compliance Assessment Process**

EPAP Approach

- ❑ **Use of judgment**
- ❑ **Focus on collaboration**
- ❑ **Continuous improvement takes time**
 - **Operators will need support**

Benefits to Operators

- ❑ **Reduce operating costs**
- ❑ **Enhance public confidence**
- ❑ **Increase volumetric data quality**

Benefits to ERCB

- ❑ **Increase level of assurance over compliance**
- ❑ **Increase level of compliance**
- ❑ **Support ERCB mission**

Implementation Resources

- ❑ **Questions:**
 - www.ercb.ca
 - epap@ercb.ca
 - Assigned PAT member
- ❑ **IMG – Industry Measurement Group**
- ❑ **CAPPA – Canadian Association of Petroleum Production Accounting**
- ❑ **IIA – Institute of Internal Auditors**



Discussion

