



Canada Energy
Regulator

Régie de l'énergie
du Canada

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To: All Companies under the Jurisdiction of the Canada Energy Regulator (CER)
Canadian Energy Pipeline Association
Canadian Association of Petroleum Producers
Provincial and Territorial Regulators

**Information Advisory CER IA 2021-001
2019-20 CER Compliance Audits: Lessons Learned**

Please find attached the CER Information Advisory IA 2021-001.

The Canada Energy Regulator (CER) has issued the attached Information Advisory to provide clarity regarding its interpretation and expectations of focused management system audits in the areas of Contractor Oversight and Control Room Management.

CER-regulated companies are expected to review and address the deficiencies noted and confirm they do not exist in their management systems. The CER will incorporate these learnings into our compliance and oversight activities and in future audits. The CER will be randomly selecting Accountable Officers for an update on how they have responded to the Contractor Oversight gaps identified above.

The advisory also highlights a few observed good practices, as well as areas for improvement in the realm of control room management.

If you require any further information or clarification, please contact the Director of Audit, Enforcement and Investigation through our toll free number at 1-800-899-1265 or post a question on our Q&A [link](#).

This, and other advisories are published on CER Safety and Environment website located [here](#).

Best regards,

Signed by

Gitane De Silva
Chief Executive Officer

Attachment



Information Advisory: CER IA 2021-001 2019-20 CER Compliance Audits: Lessons Learned

Basis for Issuance

The Canada Energy Regulator (CER) requires all companies to establish and implement an effective management system in order to proactively identify and analyse hazards and manage the associated risks to prevent harm to people and the environment. A well-designed and implemented management system, as described in the *Canada Energy Regulator Onshore Pipeline Regulations (SOR/99-294) (OPR)*, enables hazard management, learning and continual improvement throughout an organization. When coupled with a robust safety culture, it supports strong safety and environmental protection performance and outcomes.

As part of its ongoing oversight activities, the CER's 2019-20 audit program evaluated two areas related to effective management system functioning, which included:

- Control Room Management; and
- Contractor Oversight.

Common deficiencies from the [Audit Reports](#) as well as some good practices and opportunities for improvement are summarized in this Information Advisory (IA) in order to promote learning and improvement across all CER-regulated companies.

Background

Three companies were selected for the Control Room Management audits and three for the Contractor Oversight audits, all of which were chosen based on the CER oversight risk identification and prioritization model. The objectives of the audits were to verify that the selected companies had effectively integrated Control Room Management or Contractor Oversight into their management system.

Management System Learning Areas

Upon review of the results of the six audits, the CER identified several recurring deficiencies in management system processes that the CER expects all CER-regulated companies to address as part of their continual improvement activities. They include:

- **Contractor Oversight** - Inadequate quality assurance; and inadequate processes for the inspection and monitoring of contractors' activities; and a lack of follow up when deficiencies were found. Inadequate quality assurance was also observed through a lack of, or inadequate, internal audits. Quality assurance deficiencies were also identified in the [2018-2019 Information Advisory](#).
- A lack of established and implemented processes for ensuring employees and contractors had the proper **competencies and training**; verifying that the

.../2

competencies were maintained on an ongoing basis; and making personnel aware of their roles and responsibilities. The issue of competency and training was discussed in the [2016-2017 Information Advisory](#).

- Inadequate processes for the **identification of hazards, assessment of risks and development and oversight of controls**, as applies to contracted projects.

Control Room Management – Good Practices

CER auditors made a number of positive observations concerning control room practices and processes, which warrant being shared with industry for their learning. They are:

- Companies that have established and implemented their management system, programs and processes on a well-organized, **shared-access intranet site** are able to access and update company documentation and procedures quickly and easily. This is a benefit to all employees and particularly for Control Room Operators who are able to access emergency and contingency procedures rapidly during abnormal operating situations.
- Where CER regulations and standards do not address specific aspects of control room operations, it was considered a good practice that some companies are utilizing recommended practices of the **American Petroleum Institute (API) or American National Standards Institute (ANSI)** or other industry guidance to develop or improve control room processes;

Control Room Management – Opportunities for Improvement

The CER auditors also made a number of observations, which, while not considered to be non-compliances, are considered to be opportunities for improvement. They are as follows:

- While all auditees were able to demonstrate that their Controllers have **the authority to shut down their pipeline(s) in an emergency**, the CER recommends that supervisory staff also have this capability as a contingency measure;
- For companies that operate assets regulated by Federal, Provincial and/or US Regulators, the CER recommends that a company's documented procedures clearly **identify the regulatory jurisdiction** applicable to the pipeline.

Next Steps

CER-regulated companies are expected to review and address the deficiencies noted and confirm they do not exist in their management systems. The CER will incorporate these learnings into our compliance and oversight activities and in future audits. The CER will follow up on these areas with select regulated companies and will contact the Accountable Officers to provide details on how these areas are being incorporated into their practices through their management system.