
memorandum

DATE: October 7, 2010
REPLY TO:
ATTN OF: IG-32 (A09DN041)
SUBJECT: Audit Report on "Follow-up Report on Critical Asset Vulnerability and Risk Assessments at the Power Marketing Administrations"
TO: Administrator, Bonneville Power Administration
Administrator, Southwestern Power Administration
Administrator, Western Area Power Administration

Attached is the subject report. The objective of the audit was to determine whether the Power Marketing Administrations (PMAs) had conducted vulnerability and risk assessments.

Our audit found that many PMA efforts essential to identifying current risks or threats and mitigating those risks remained incomplete at the time of our audit. While a number of activities relevant to critical infrastructure protection had been initiated, the PMA's had not:

- Completed and updated, when appropriate, all required vulnerability and risk assessments; and,
- Conducted required tests to ensure that security measures for physical assets were operating as designed.

Further, Bonneville and Western had not implemented security enhancements recommended in completed risk assessments. One unfortunate incident vividly illustrated the importance of actually implementing security enhancements recommended in risk assessments. Had a perimeter intrusion detection system that was recommended in a 2002 risk assessment been implemented at one Bonneville site, it may have provided early detection of a criminal break-in that occurred in 2009 that resulted in damages preliminarily estimated at \$750,000.

We made several recommendations to address these issues. Your comments on the report indicated that you concurred with the recommendations and provided acceptable action plans to address the recommendations. Accordingly, a management decision is not required.

We appreciated the cooperation of your staff during the review.

A handwritten signature in black ink, appearing to read "Rickey R. Hass".

Rickey R. Hass
Deputy Inspector General
for Audit Services
Office of Inspector General

Attachment

cc: Manager, Office of Risk Management, CF-80
Audit Resolution Specialist, Office of Risk Management, CF-80
Team Leader, Audit Liaison Team, CF-80
Audit Liaison, Bonneville Power Administration
Audit Liaison, Southwestern Power Administration
Audit Liaison, Western Area Power Administration