

DSC Business Evaluation Report (BER)



Change Title	Performance Assurance Committee (PAC) – Audit Performance Assurance Technique (PAT) Request
Xoserve reference number (XRN)	XRN 5941
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Contact number	
Target Change Management Committee date	11 th June 2024
Section 1: In Scope	
<p>This BER requests approval for funding of the Performance Assurance Committee (PAC) – Audit Performance Assurance Technique (PAT) Request.</p> <p>The total delivery cost, to be approved in this BER is £294,400</p> <p>This is to be drawn down from the DSC General Change Budget.</p> <p>The audit scope will focus on the following key areas:</p> <p>Metering and Data Collection</p> <ul style="list-style-type: none">Review the process for validating, and aggregating gas meter data from Shippers, distribution networks, and other market participants.Assess the adequacy of controls for detecting and correcting errors or inconsistencies. <p>Data Processing, Allocation, Settlement and Reconciliation</p> <ul style="list-style-type: none">Assess the end-to-end processing of metered data from input through to reconciliation, including the detection and resolution of discrepancies in allocated volumes and charges. This should include the effectiveness of automation, the documentation & evidence of the processes, controls in place and the validation of system generated outputs.Report on the strengths and weaknesses of the end-to-end process and assign a perceived risk to each. <p>Party Performance Reporting</p> <ul style="list-style-type: none">Verify the accuracy of the performance reports provided to PAC and Parties via the PARR reports set out in the UNC PAFD.Verify the accuracy of DDP and visual outputs presented against the systems that provide DDP with the data. <p>Compliance and Regulatory Requirements</p> <ul style="list-style-type: none">Verify that reporting requirements to appropriate decision makers, authorities, and industry are met and that market participants receive timely and accurate settlement information. <p>Risk Management and Controls</p> <ul style="list-style-type: none">Identify any operational risks within the gas settlement process and assess the effectiveness of risk mitigation controls and identify where there are none or they are inadequate.	

- Evaluate the adequacy of the exception process/es for the identification, management, resolution and communication of disruptions or data inaccuracies that impact stakeholders.
- Review the internal control environment to ensure that effective controls are in place to ensure the integrity of data critical to the settlement process.

Stakeholder Management and Communications

- Assess how errors and changes in settlement data, charges, methodologies, or processes are communicated clearly and the timeliness to all relevant parties.
- Identify and assess the decision trees in relation to errors in settlement data and any changes or corrections made.

Delivery Management

- Assess the robustness of the third-party supplier oversight for central system (including DDP) changes, to include the oversight and assurances provided by the testing and release processes.
- Review the oversight for central system (including DDP) incidents, to include the escalation and impact of incidents.
- Assess processes in place to ensure that appropriate resources, in terms of levels and competency, are consistently available across the system management and deployment teams and that there are suitable resilience plans in place.

Exclusions

- The accuracy and completeness of data coming from Shippers and Networks

Audit Objectives

Objective 1:

Verify the accuracy and completeness of settlement data and the population of data for settlement in its end-to-end process, and the accuracy and completeness of data used for reporting (including but not limited to the PARR reports) to all participants via the DDP (and any other reporting systems)

Objective 2:

Assess adherence to any documented internal controls and compliance with applicable laws, policies and working instructions.

Objective 3:

Identify key risks in the end-to-end process (including settlement calculation and reporting) and any potential areas for improvements.

The audit will take the following into account:

- **Prior audit findings:** Deloitte will review relevant prior audit outputs (subject to access) to ensure that efforts are not duplicated unnecessarily.
- **Minimising BAU Disruption:** we will instruct the auditors to maintain an open and constant dialogue between stakeholders to ensure that the audit will be conducted with consideration for operational dependencies to minimise any potential impact on BAU services.

Section 2: Out of Scope

- Any additional changes to the baseline Audit Performance Assurance Techniques

Section 3: Funding required to deliver the change

The following section outlines the proposed costs for XRN5941

BER Costs

The total BER costs for approval are **£294,400**

Cost of Audit as detailed in the PAFA Application of Audit PAT :

- Estimated at £256,000 ±15%, with final costs confirmed post-completion.

	Estimated Cost Value
Estimated Cost minus 15%	£217,600
Estimated Cost	£256,000
Estimated Cost plus 15%	£294,400

Customer Cost Breakdown

Gas Industry Participant	Share of Cost	Cost Value at Estimated Cost +15%
Shippers:	58%	£170,752
IGTs	1%	£2,944
DNOs	41%	£120,704
Transmission	n/a	n/a
DN's & IGT	n/a	n/a

Any unspent funds will be returned to customers in line with the funding arrangements outlined above, based on share of costs (%) per customer group.

Section 4: Estimated impact of the service change on service charges**Impacts to Ongoing Costs**

- No Impacts have been identified to Service & Operate (S&O)

Section 5: Project plan for delivery of the change

- Audit plan to follow from Deloitte – Planning Kick-Off Meeting 11/06
 - Updates on the progress of this project will be presented to Performance Assurance Committee and DSC Contract Management Committee, as necessary.

Section 6: Additional information relevant to the proposed service change**Quantifiable Risks**

- Audit required for PAC to have confidence to re-instate Industry Performance reviews.
- Activities and costs as yet unknown following the completion of the audit.

Non-Quantifiable Risks

- Key resources (Correla/Xoserve) resource being available to support – summer resource availability.

Document Version History

[illegible]