

# TECHNIQUE REVIEW RECOMMENDATIONS – BSC AUDIT

---

<b>MEETING NAME</b>	Performance Assurance Board
---------------------	-----------------------------

---

<b>Date of meeting</b>	30 May 2019
------------------------	-------------

<b>Paper number</b>	PAB220/13
---------------------	-----------

<b>Owner/author</b>	Nathan Flood
---------------------	--------------

<b>Purpose of paper</b>	Decision
-------------------------	----------

<b>Classification</b>	Public
-----------------------	--------

<b>Summary</b>	This paper details recommendations for changes to the BSC Audit identified as part of the PAF Review. It seeks the PAB's approval to implement a number of changes to the technique.
----------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

---

## 1. Background

- 1.1 ELEXON sought stakeholder feedback prior to the PAF Review commencing. This highlighted issues with the technique, notably that it is onerous on PAPs but unclear what is being accomplished in terms of reducing risk to Settlement, that it is compliance focused rather than risk based, that the auditor teams could have more knowledge of the industry, and that the scope of the audit has remained static for a number of years.
- 1.2 Stakeholder feedback contributed to the scope of the BSC Audit review, which was approved by the Panel in March 2017 and focuses on reviewing supporting data and how scoping makes use of it, recommending how sampling for site visits could make use of different approaches to data, and recommending alternative approaches to resourcing, planning, and executing the audit.

## 1. Overview

- 1.1 The review has found that BSC Audit can provide a unique opportunity to identify otherwise unknown risks to Settlement. The operational team has recently made significant strides to make BAU improvements. We have identified a number of areas of improvement which we believe will allow the PAB to direct a flexible response to changing risks, mirrors our other audit techniques in the ability to utilise desktop auditing, and extends the audit period to create efficiencies and reduce the onerousness on Performance Assurance Participants (PAP)

## 2. PAF Review Recommendations

- 2.1 TRAS data accessed to gain information on Revenue Protection risk.
- 2.2 Dataflow D0382 included in future audits.
- 2.3 Introduce an audit approach where any element may be dialled up or down in response to risk.
- 2.4 Enhanced Audited Entity selection criteria.
- 2.5 Revise the audit cycle to allow more time for actual audit work (as opposed to planning and reporting).
- 2.6 Segment the audit period to separately focus on different market roles in whatever configuration best facilitates effective performance assurance.
- 2.7 Extend use of desktop audits to reduce time spent on site and to improve the quality of site visits.
- 2.8 Introduce a mechanism for closing Audit Issues that are not in scope.
- 2.9 Greater interaction between the three audit techniques to ensure no unnecessary overlap of effort.

# TECHNIQUE REVIEW RECOMMENDATIONS – BSC AUDIT

---

## 3. Implementation

- 3.1 We have been working closely with the technique owner and Supply Chain Management throughout the review. We will provide an update to the PAB once we have an updated view of when the proposed changes can be implemented.

## 4. Recommendations

- 4.1 We invite you to:
- a) **APPROVE** the recommendations outlined in the attached report

## Attachments

Attachment A – BSC Audit PAF Review Recommendations

### For more information, please contact:

Nathan Flood, PAT Review Lead

[nathan.flood@elexon.co.uk](mailto:nathan.flood@elexon.co.uk)

020 7380 4130