

2019/20 BSC AUDIT WITHIN PERIOD REVISION

MEETING NAME	Performance Assurance Board
Date of meeting	30 April 2020
Paper number	231/01
Owner/author	Beth Procter
Purpose of paper	Decision
Classification	Public
Summary	This paper provides an update on the impact of the COVID-19 pandemic on the 2019/20 BSC Audit, and provides an alternative Scope and schedule for the BSC Audit report delivery.

1. Introduction

- 1.1 The BSC Audit report is split between:
- The International Standard on Assurance Engagements (ISAE) 3000 Opinion covering Central Volume Allocation (CVA) Meter Operator Agents (MOAs) and Central Systems, and
 - The Process Assessment Report covering Suppliers and Supplier Agents.
- 1.2 The BSC Audit Scope stated that the BSC Audit Report for 2019/20, unless otherwise agreed with the BSC Panel, would be presented to the Panel in June 2020.

2. COVID-19 impacts on 2019/20 BSC Audit Scope

- 2.1 On 26 March 2020, the Performance Assurance Board (PAB) considered a number of proposals aimed at reducing the operational burden on BSC Parties, and in recognition of changes due to the lockdown situation.
- 2.2 It was discussed at this meeting that the BSC Auditor was experiencing some challenges with performing the remainder of the Central Systems part of the BSC Audit. This was due to prioritisation of the Business As Usual (BAU) service delivery from one of the Central Systems' Agents in the immediate aftermath of altered working arrangements. This Agent was also experiencing technical issues with gaining remote access to some of its systems and required evidence data for the Audit. These factors were making it increasingly likely that the 2019/20 Audit report for the ISAE 3000 Opinion would be delayed.
- 2.3 In response, ELEXON took an action to present a paper to the PAB seeking its endorsement to amend the BSC Audit Scope report timescales and production of the report. This would then be presented to the BSC Panel for approval at its May 2020 meeting.

3. BSC Audit Report proposed schedule

International Standard on Assurance Engagements (ISAE) 3000 Opinion

- 3.1 The BSC Auditor has confirmed how much of the CVA Audit testing is still to be completed and the estimated effort required for both the Central Systems Agent and the BSC Auditor. Table 1 provides an overview of the audited Agent roles, the status of each and the number of estimated hours required to finish the Audit testing. It does not include the follow up work that is performed by the BSC Auditor to analyse and write up the findings for the complete Audit, only the work needed to complete the testing.

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Table 1 estimated effort for the completion of BSC Audit testing (as of 16 April 2020)

Audited Agent Roles	% completed	Est no. of service provider hours needed	Est no. of Auditor hours needed
CVA MOA	100%	0	0
BMRA	100%	0	0
CDCA	60%	4.17	8.17
SVAA	50%	8	16
FAA	100%	0	0
ECVAA	80%	0	0
SAA	0%	3	4.5
Other*	64%	5.5	6
Modelling	100%	0	0
BSC Audit Report writing	0%	-	

*papers not linked one Agent role

- 3.2 The Central Systems Agent has advised that it will not be able to complete the remaining Audit work at least until July 2020. This estimate is based on the assumption that office working will be resumed by July. If this is not the case, a plan will then be made to remotely complete the Audit.
- 3.3 The Agent also confirmed that there will be a substantial amount of BAU work that needs to be prioritised over the next couple of months, namely work for the [Trans European Replacement Reserve Exchange \(TERRE\)](#) project and the processes introduced with [P354, Use of ABSVD for non-BM Balancing Services at the Metered \(MPAN\) level](#). With the technical issues that are creating delays with BAU processes, it would not be possible to facilitate both BAU and the Audit because this work will require the same resource.
- 3.4 The BSC Auditor has also advised that because of the type of opinion that is provided, a limited scope CVA report would not be possible and that its recommendation is that the findings from the CVA Audit should be reported in whole. In addition, the BSC Auditor felt that a limited report would not provide any value to industry.
- 3.5 Therefore, the ISAE 3000 Opinion report will be delivered to the PAB at its September 2020 meeting, and to the BSC Panel at its October 2020 meeting. This is subject to any updated information being provided by the Central Systems Agent regarding their ability to complete the Audit. Should a further delay be required, a paper will be brought to PAB and the BSC Panel with the updated information.

Process Assessment Report (SVA Supplier and Supplier Agent)

- 3.6 The SVA Supplier and Supplier Agent report will be delivered as planned for presentation at the May 2020 PAB meeting and June 2020 BSC Panel meeting.

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4. Associated risks and impacts

- 4.1 National Grid has confirmed that the delay in the CVA BSC Audit report does not impact on the BM Audit. It has also confirmed that the BM Audit will be delivered as planned.
- 4.2 There is a risk that the BSC Auditor may not be able to allocate the same auditors to complete the Audit in July, but it will ensure that an equivalently experienced auditor will be provided for the work. It is currently not certain when the audit will be completed so it is not yet possible to confirm the resource allocation.
- 4.3 There is no risk or impact to the 2020/21 BSC Audit. Any Agents that have already received their individual results will be expected to address any highlighted issues as normal.
- 4.4 Currently there is no foreseen impact on the wider industry for the report being delayed.
- 4.5 There is no risk or impact to the current BSC Audit service provider contract. However, a cost assessment has been completed and included as a confidential attachment to this paper (Attachment A).

5. BSC Audit Scope within period revision

- 5.1 The BSC Audit Scope (Attachment B) will now contain an additional section under reporting, '42. March 2020 within period revision' on page 21 of the document. This document has been backdated as a March 2020 amendment because it is relating to the April 2019-March 2020 BSC year as a within period revision.

6. Recommendations

- 6.1 We invite you to:
 - a) **NOTE** the operational issues experienced by a BSC Agent impacting on the 2019/20 BSC audit schedule,
 - b) **COMMENT** on the revised CVA Audit schedule, and;
 - c) **ENDORSE** the proposed revision to the BSC 2019/20 Audit scope for recommendation to the Panel.

Appendices

Appendix 1 - Glossary of Agent roles

Attachments

Attachment A – Confidential Attachment

Attachment B – BSC Audit Scope within period revision

For more information, please contact:

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Appendix 1 Glossary of Agent roles

Audited Agent Roles	
CVA MOA	Central Volume Allocation Meter Operator Agent
BMRA	Balancing Mechanism Reporting Agent
CDCA	Central Data Collection Agent
SVAA	Central Volume Allocation Agent
FAA	Funds Administration Agent
ECVAA	Energy Contract Volume Aggregation Agent
SAA	Settlement Administration Agent