

Annex A – Proposed New Certification Checklist Design

The proposed new checklist will include a series of questions to be answered on a self-assessment basis by the Applicant. The questions will be divided into categories or sections. The checklist will cover two types of questions, the first type will be a series of general questions to be answered by all organisations and the second type will be specific to the Agency system that the Applicant intends to operate and is seeking Certification with regards to.

Checklist Sections

In broad terms the proposed checklist would cover the following areas:

1	Introduction and general questions relating to the Application and the Applicant (to include general guidance)
2	Project development (Assuring that the system is fit for purpose and is of reasonable quality)
3	Testing (Assuring that the delivered system meets the design criteria)
4	Business Operations and security
5	Change management and risk assessment process
6	Management, resource planning and local working procedures (Ensuring that the system is managed in a proactive, risk-averse manner)
7	Data Quality (assessing controls over market data quality of both standing data and transactions related to data cleansing and data migration activities) – ongoing data quality will also be considered as part of sections 9 to 17
8	Ability of the Agency System to operate in accordance with the Code and Code Subsidiary Document requirements – to include details of the evidence that the Applicant will provide to demonstrate compliance
9	NHHDC processes
10	HHDC processes
11	NHHDA processes
12	HHDA processes
13	SMRS processes
14	SVA HH MOA processes
15	SVA NHH MOA processes
16	CVA MOA processes
17	Meter administration processes

Sections 1 – 8 would include a generic section and an Agency specific section and 9 – 17 would be Agency specific.

Proposed format for an individual Section of the Checklist

Under each Section heading the new checklist would identify the core principles that the Checklist seeks to provide assurance for, and an objective (or set of objectives) to ensure that the principle is upheld.

For the first 8 sections of the Checklist there would then be a series of questions, which have both generic and Agency specific elements, depending on the area being covered. The remaining sections would be wholly Agency specific.

There would also be some additional guidance questions in order, for example, to differentiate between a manual and an electronic system.

An example of the format for Section 2 (Testing) might be:

Section 2 Testing	
Principle	To ensure that the testing carried out by the Applicant can be relied upon to check that additional risk does not enter Settlement, that current and future Market Participants are not adversely impacted and that the delivered system meets the design criteria.
Control objective	To provide assurance that the testing plans and procedures that you have followed (in respect of IT and/or manual processes) are of sufficient rigour to ensure that the above risks are adequately addressed.
Guidance	<p>Prior to providing your response you should consider the following and address the appropriate set of questions:</p> <ul style="list-style-type: none"> • Is your Agency System manual or IT based? (A manual system is one that is entirely paper based – the ‘system’ constitutes the business operations required to maintain the Agency Service) <ul style="list-style-type: none"> ➢ If IT based then address questions 2.1 to 2.8 ➢ If your system is manual/paper based then address questions 2.9 to 2.16. • Have you developed the system internally or relied on a third party provider or sub-contractor? (i.e. either all or a significant element of you system has been developed by a third party) <ul style="list-style-type: none"> ➢ If you have relied on a third party provider or sub-contractor then answer the additional questions 2.17 to 2.24. • Additional questions may be appropriate for CVA MOA and SVA HH MOA Applicants. These would be placed at the end of the section, starting at 2.25.
How have you achieved this objective?	[Free-form response completed by Applicant.]
Rate your achievement on the control	[One of the following: Completely achieved / Partially achieved / Will be actioned by ddmmy / Believed not required because....]

objective.	
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No	Certification requirement	Response / evidence that action has been undertaken	Additional Guidance
Agency System developed using an IT based system			
2.1	How have you developed and implemented your test strategy and/or plans?		
2.2	How have you determined the extent and coverage of testing that you intend to perform?		
2.3	<p>What types of testing have you performed? Please note whether or not your testing covers each of the following areas:</p> <ul style="list-style-type: none"> • Factory/unit testing • System testing • Integration testing • Code Compliance testing • Performance and resilience testing • Capacity testing • Business processes or user acceptance testing • Regression testing • Entry Process Testing • Disaster recovery 		
2.4	How have you monitored the progress and results of your testing at each stage?		
2.5	Have you set an expectation for testing results and have you subsequently assessed actual results against this expectation? Consider on both an overall and a detailed script basis.		

No	Certification requirement	Response / evidence that action has been undertaken	Additional Guidance
2.6	In conducting performance and capacity testing have you considered whether the system you have developed will be able to perform at the levels of activity you predict and with the number of MPANs/MSIDs for which you have applied?		
2.7	Have all high severity faults, problems and issues identified been addressed and do you have a plan in place to address those non-high severity faults, which you consider can be addressed at a later stage? Why do you consider that the resolution of these matters can be delayed?		
2.8	<p>Has all planned testing has been completed? Where planned tests have not been completed are you able to demonstrate why this is the case?</p> <p>This evidence might, for example include a test completion report.</p>		
Agency system developed using a manual/paper based system			
2.9	How have you developed and implemented your test strategy and/or plans?		
2.10	<p>How have you determined the extent and coverage of testing that you intend to perform?</p> <p>Testing is likely to relate to performance of 'day in the life' activities – refer to question 2.11 for further guidance.</p>		

No	Certification requirement	Response / evidence that action has been undertaken	Additional Guidance
2.11	<p>What types of testing have you performed? Please note whether or not your testing covers each of the following areas:</p> <ul style="list-style-type: none"> • local working procedures and the day to day activities of your business • operation of your system in accordance with the Code and Code subsidiary documentation • to check that you can communicate with other Agents or Central system. • Entry process testing (where required). • Disaster recovery 		
2.12	<p>How have you monitored the progress and results of your testing at each stage?</p>		
2.13	<p>Have you independently reviewed the results of testing?</p> <p>For example if an operator is performing a task manually have you independently reviewed the results of testing of that activity?</p>		
2.14	<p>Have you considered whether the system you have developed will be able to perform at the levels of activity you predict and with the number of MPANs/MSIDs for which you have applied? What evidence are you able to provide to support this?</p>		

No	Certification requirement	Response / evidence that action has been undertaken	Additional Guidance
2.15	Have you resolved any issues or problems that arose during the course of your testing? If not what plans have you in place to resolve these and why do you consider that the resolution of these matters can be delayed?		
2.16	Are you able to provide evidence that all planned testing has been completed? This evidence might include a test completion report for example.		
Agency system developed by a third party provider/sub-contractor – please note that the third party provider or sub-contractor may have to provide you with some of the responses or evidence in order for you to address all of the following questions but you will remain responsible for completing the Section overall			
2.17	Does another Market Participant with a certified and accredited Agency system use the software/system solution being provided by the third party provider/sub-contractor already? Please identify the software/system solution.		
2.18	How have you developed and implemented your test strategy and/or plans? How has this been co-ordinated with the strategy of your third party provider? What input have you had into the development of a test strategy by the third party provider?		

No	Certification requirement	Response / evidence that action has been undertaken	Additional Guidance
2.19	<p>How have you determined the extent and coverage of testing that you intend to perform internally as distinct from your third party service provider?</p> <p>How have you determined the extent and coverage of testing that your third party provider/sub-contractor will perform?</p>		
2.20	<p>How have you monitored the progress and results of testing performed internally at each stage?</p> <p>How have you monitored the performance of your third party provider/sub-contractor to ensure that they are completing their testing in an appropriate manner and clearing issues and problems as they arise?</p>		

No	Certification requirement	Response / evidence that action has been undertaken	Additional Guidance
2.21	<p>What type of testing have you or your third party service provider/sub-contractor performed? Please note whether or not your testing covers each of the following areas:</p> <ul style="list-style-type: none"> • Factory/unit testing • System testing • Integration testing • Code Compliance testing • Performance and resilience testing • Capacity testing • Business processes or user acceptance testing • Regression testing • Entry Process Testing • Disaster recovery <p>In each case identify who has performed the testing. Please note that as a minimum it would be anticipated that user acceptance testing has been performed by your own organisation.</p>		
2.22	<p>Have you and/or your service provider/sub-contractor set an expectation for testing results and have you subsequently assessed actual results against this expectation? Consider on both an overall and a detailed script basis.</p>		

No	Certification requirement	Response / evidence that action has been undertaken	Additional Guidance
2.23	In conducting performance and capacity testing have you or your service provider/sub-contractor considered whether the system you have developed will be able to perform at the levels of activity you predict and with the number of MPANs/MSIDs for which you have applied?		
2.24	Have all high severity faults, problems and issues identified by your own or your third party provider/subcontractor testing been addressed? Do you/they have a plan in place to address those non-high severity faults, which you consider can be addressed at a later stage? Why do you consider that the resolution of these matters can be delayed?		

These generic sections would then be followed by agency-specific questions.

Benefits of the proposed new Checklist

The new checklist should prove less onerous for the Applicant to complete than the original SACR, and will therefore be less expensive from their perspective and less of a barrier to entry. The duplication in the original SACR will be removed and there will be an increased alignment with business processes. There will be fewer questions and the Applicant will be given the opportunity to provide a more free-form response as to how they have met the overall objective of each Section.

The individual questions should be clearer and will be more focused on individual Agency systems.

There will be greater flexibility, for example the Checklist will be geared to both IT and manual/paper based systems.

The detailed questions will include guidance for completion where relevant but this will be less complex than the extensive guidance note provided with the previous SACR.

The new Checklist will include some specific questions relating to re-Certification.

Implications for cost and time

Although the cost and time to design the Checklist will be relatively high, the cost to process the Application (either incurred centrally or by the Applicant) is expected to be lower than under the current Certification process as the number and complexity of the questions to be addressed by the Applicant will be reduced.