

Summary table of changes to BSC Section H and BSC Service Description for BSC Audit for P293

This table outlines the proposed changes to BSC Section H and to the BSC Service Description for BSC Audit to reflect current practice and to ensure consistency across documentation on the commencement of the new BSC Auditor contract.

Each change has an explanation of why the change is needed or is beneficial as well as the proposed revised text.

Changes to BSC Section H			
Section	Current wording	Comment on current wording	Suggested revision(s):
Paragraph 5.4.1	Unless otherwise established by the Panel, the results of the BSC Audit to be carried out by the BSC Auditor will be reported twice a year, with the delivery of an interim report in October, and the delivery of an opinion in April (each a " BSC Audit Report ").	<p>The Auditor's report and opinion has been delivered to the June Panel since 2007</p> <p>While the 'Unless otherwise established by the Panel' covers the change in report deliverables, this altered reporting approach has been in place for a number of years, and when drafted it was not envisaged that variations in the reporting approach would be temporary. Therefore it is appropriate to reflect that the Audit Report is at a time set out in the Audit terms of reference (Audit Scope document) to account for any changes in reporting times in future years.</p>	<p>Remove ref. to interim report and reporting frequency:</p> <p>Unless otherwise established by the Panel, the results of the BSC Audit to be carried out by the BSC Auditor will be reported twice a year, with the delivery of an interim report in October, and the delivery of an opinion in April (each a the "BSC Audit Report") <u>at a time set out in the terms of reference for the BSC Auditor.</u></p>
Paragraph 5.4.4	The BSC Auditor shall deliver the BSC Audit Report to the Panel, and shall send copies of the report to the Performance Assurance Board, each Trading Party, the Transmission Company and the Authority.	<p>Sending the Audit Reports to each BSC Party is a costly exercise, particularly the increase in postal costs. In 2012 ELEXON notified all Parties of the reports publication via letter.</p> <p>The report is published on the website as per Section H 5.4.6, and notifications are issued via Newscast and the website so there is no need to retain this. Also the new contract does not</p>	The BSC Auditor shall deliver the BSC Audit Report to the Panel and shall, <u>upon request from the Panel,</u> send copies of the report to the Performance Assurance Board, each Trading Party, the Transmission Company and the Authority.

		include this requirement specifically; therefore the wording of the Code should be amended to state that copies are only sent out on request from the Panel.	
Paragraph 5.4.5	BSCCo shall produce a version of the BSC Audit Report that is suitable for publication (having regard to the provision of paragraph 4.3.4).	The BSC Auditor and not BSCCo has the requirement in the auditor contract to produce as a deliverable a 'non confidential' version of the auditor's report for publication. The Code should be updated to reflect this.	BSCCo shall <u>procure the production by the BSC Auditor of</u> a version of the BSC Audit Report that is suitable for publication (having regard to the provision of paragraph 4.3.4).
Changes to the BSC Service Description for BSC Audit			
Section reference	Current wording	Comment on current wording	Suggested revision(s):
Section 1.1	<p>This document is the BSC Service Description for the BSC Auditor, appointed by the Balancing and Settlement Code Company ("BSCCo"), to undertake an operational audit in relation to each Audit Year¹ on behalf of Parties and other such ad hoc operational audits as the Balancing and Settlement Code Panel (the "Panel") may require from time to time (the "BSC Audit"). The requirement for the BSC Auditor to undertake the BSC Audit is set out in Section H5.1.1 of the Balancing and Settlement Code (the "Code").</p> <p>Footnote 1: The "Audit Year" is defined in Section H5.1.1 as the "BSC Year" (1 April to 31 March)</p>	The reference to the BSC Audit should be moved to earlier in the paragraph to avoid confusion with the reference to 'ad hoc operational audits' as ad hoc audits do not always occur whereas the BSC Audit does.	<p>This document is the BSC Service Description for the BSC Auditor, appointed by the Balancing and Settlement Code Company ("BSCCo"), to undertake an operational audit <u>(the "BSC Audit")</u> in relation to each Audit Year¹ on behalf of Parties and other such ad hoc operational audits as the Balancing and Settlement Code Panel (the "Panel") may require from time to time (the "BSC Audit"). The requirement for the BSC Auditor to undertake the BSC Audit is set out in Section H5.1.1 of the Balancing and Settlement Code (the "Code").</p> <p>Footnote 1: The "Audit Year" is defined in Section H5.1.1 as the "BSC Year" <u>or such other period of time as the Panel may determine.</u> (1 April to 31 March)</p>

2.3.1	The BSC Auditor shall perform the responsibilities and obligations set out in this BSC Service Description for the duration of the BSC Auditor Contract.	The name of the contract referenced is changing from 'BSC Auditor Contract' to 'BSC Audit and Qualification Agreement'. An amendment is required to correctly reflect the contract name.	The BSC Auditor shall perform the responsibilities and obligations set out in this BSC Service Description for the duration of the BSC Audit and Qualification Agreement BSC Auditor Contract .
2.3.2	The BSC Auditor shall comply with the service levels that the BSC Audit Contract requires to be achieved in relation to the delivery of the BSC Audit Services.	The name of the contract referenced is changing from 'BSC Auditor Contract' to 'BSC Audit and Qualification Agreement'. An amendment is required to correctly reflect the contract name.	The BSC Auditor shall comply with the service levels that the BSC Audit and Qualification Agreement Contract requires to be achieved in relation to the delivery of the BSC Audit Services.
3.3.1	The BSC Auditor shall produce annually the 'Approach Document – BSC Audit' which shall be based on the requirements set out in this BSC Service Description and the BSC Audit Scope Document. The Approach Document - BSC Audit shall be produced by a date to be determined by BSCCo and shall be submitted to BSCCo for approval. The Approach Document – BSC Audit shall specify the methodology and approach to be adopted by the BSC Auditor in providing the BSC Audit and shall include the methodology and structure for providing each of the documentary deliverables stipulated in paragraph 3.6 of this BSC Service Description.	References to the BSC Audit Approach document needs to be consistent across the Service Description and Contract. Also the approach document is now called the BSC Audit Approach Documents, the documents should be updated to replace reference to 'Approach Document – BSC Audit' with 'BSC Audit Approach Document' throughout the Service Description.	The BSC Auditor shall produce annually the ' BSC Audit Approach ' and the ' Funding Shares Audit Approach Documents ' 'Approach Document – BSC Audit' which shall be based on the requirements set out in this BSC Audit Service Description and the BSC Audit Scope and BSC Funding Shares Scope Documents . The BSC Audit and Funding Shares Audit Approach Documents –BSC Audit shall be produced by a date to be determined by BSCCo and shall be submitted to BSCCo for approval. The Approach Document – BSC Audit and Funding Shares Audit Approach Documents shall specify the methodology and approach to be adopted by the BSC Auditor in providing the BSC and Funding Shares Audits and shall include the methodology and structure for providing each of the documentary deliverables stipulated in paragraph 3.6 of this BSC Service Description.
3.3.2	The BSC Auditor shall in each Audit Year submit, by a date to be determined by BSCCo, the 'Annual Programme of BSC	Minor amendment required to reflect how the item has been referred to both in	The BSC Auditor shall in each Audit Year submit, by a date to be determined by BSCCo, the ' Annual Programme of BSC Audit Activities'. This document, to be approved by BSCCo,

	<p>Audit Activities'. This document, to be approved by BSCCo, shall set out the activities to be undertaken by the BSC Auditor for the relevant Audit Year. The Annual Programme of BSC Audit Activities shall:</p> <p>3.3.2.1. include each activity to be undertaken together with a detailed timetable for each such activity;</p> <p>3.3.2.2. form the baseline for the BSC Audit for the Audit Year; and</p> <p>3.3.2.3. be kept up-to-date by the BSC Auditor to record any variances or relevant matters agreed by BSCCo at a monthly Service Review Meeting.</p>	<p>practice and in the old and new contract.</p>	<p>shall set out the activities to be undertaken by the BSC Auditor for the relevant Audit Year. The Annual Programme of BSC Audit Activities shall:</p> <p>3.3.2.1. include each activity to be undertaken together with a detailed timetable for each such activity;</p> <p>3.3.2.2. form the baseline for the BSC Audit for the Audit Year; and</p> <p>3.3.2.3. be kept up-to-date by the BSC Auditor to record any variances or relevant matters agreed by BSCCo at a monthly Service Review Meeting.</p>
3.5.1	<p>Unless otherwise instructed by the Panel, and in accordance with Section H5.4.1 of the Code, the results of the BSC Audit shall be reported by the BSC Auditor twice a year; in the BSC Auditor Opinion (which shall form part of the BSC Audit Report) and in a 6 month interim report known as the BSC Audit Status Report.</p>	<p>An amendment is needed to reflect the similar changes to Section H5.4.1</p>	<p>Remove ref to interim report and reporting frequency:</p> <p>Unless otherwise instructed by the Panel, and in accordance with Section H5.4.1 of the Code, the results of the BSC Audit shall be reported <u>at a time set out in the terms of reference for the BSC Auditor (BSC Audit Scope Document) by the BSC Auditor twice a year; in the BSC Auditor Opinion (which shall form part of the BSC Audit Report) and in a 6 month interim report known as the BSC Audit Status Report with the delivery of an opinion (the "BSC Audit Report").</u></p>
3.5.3	<p>The 'BSC Audit Report' shall relate to the 12 month Audit Year, and shall contain the BSC Audit Opinion and the 'BSC Statement of Significant Matters'.</p>	<p>The form and frequency of the BSC Audit Report is set out in the Audit Terms of Reference as set out in BSC H 5.2.3.</p> <p>It is therefore proposed to</p>	<p>Suggest deletion of paragraph:</p> <p>The 'BSC Audit Report' shall relate to the 12 month Audit Year, and shall contain the BSC Audit Opinion and the 'BSC Statement of Significant Matters'.</p>

		delete this paragraph	
3.5.4	The BSC Statement of Significant Matters shall be in the form of a report providing information on any issues arising from the BSC Audit which are considered by the BSC Auditor to be significant. The BSC Statement of Significant Matters shall be in sufficient detail for Trading Parties to determine how such issues may affect their respective financial statements. The BSC Statement of Significant Matters shall form an attachment to the BSC Audit Opinion or to the BSC Audit Status Report (as applicable).	An amendment is needed to remove the reference to Audit Status (interim) report And to wrap the Statement of Significant matters into the main body of the BSC Audit Report	The BSC Statement of Significant Matters shall be in the form of a report providing information on any issues arising from the BSC Audit which are considered by the BSC Auditor to be significant. The BSC Statement of Significant Matters shall be in sufficient detail for Trading Parties to determine how such issues may affect their respective financial statements. The BSC Statement of Significant Matters shall <u>be included in the BSC Audit Report.</u> form an attachment to the BSC Audit Opinion or to the BSC Audit Status Report (as applicable).
3.5.6	The BSC Auditor shall, if so requested by BSCCo, provide an additional report called a 'Letter to the PAB on the Less Significant Control Issues Arising'. This report shall set out the less significant control weaknesses identified during the course of the BSC Audit. This report shall be sent to BSCCo only and shall not be sent by the BSC Auditor to Trading Parties or any other person. BSCCo shall be entitled to provide this letter (or a copy thereof) to other persons.	This deliverable was not present in the old contract. It has not been requested by BSCCo in the past 5/6 years. The contract allows for such reports and others to be requested by ELEXON, Panel or the PAB as and when required and captured under ad-hoc work.	Suggest deletion of the paragraph: The BSC Auditor shall, if so requested by BSCCo, provide an additional report called a 'Letter to the PAB on the Less Significant Control Issues Arising'. This report shall set out the less significant control weaknesses identified during the course of the BSC Audit. This report shall be sent to BSCCo only and shall not be sent by the BSC Auditor to Trading Parties or any other person. BSCCo shall be entitled to provide this letter (or a copy thereof) to other persons.
3.5.9	The BSC Audit Status Report shall also be addressed to the Panel for and on behalf of the Trading Parties and the Transmission Company.	In line with the Code changes, references to the Audit Status report needs to be deleted.	Delete whole paragraph: The BSC Audit Status Report shall also be addressed to the Panel for and on behalf of the Trading Parties and the Transmission Company.

3.5.10	The BSC Auditor shall deliver the BSC Audit Report to the PAB and the Panel (pursuant to Section H5.4.4 of the Code), and shall send copies of the report to each Trading Party, the Transmission Company and the Authority.	To align with the wording in the Code this paragraph requires amendment.	The BSC Auditor shall deliver the BSC Audit Report to the PAB and the Panel (pursuant to Section H5.4.4 of the Code), and shall send copies of the report to each Trading Party, the Transmission Company and the Authority <u>on request from the Panel</u> .															
3.5.11	BSCCo shall be entitled to produce a version of the BSC Audit Report that is suitable for publication and for downloading from the BSC Website (in accordance with Section H5.4.5 of the Code). BSCCo shall (pursuant to Section H5.4.6) be entitled to provide a copy of this version of the BSC Audit Report to any person upon request.	Minor amendment is needed to ensure clarity as to which version of the Audit report on the ELEXON website should be a non-confidential version and provided by the BSC Auditor.	<u>The BSC Auditor BSCCo</u> shall be entitled to produce a version of the BSC Audit Report that is suitable for publication and for downloading distribution from the BSC Website (in accordance with Section H5.4.5 of the Code). BSCCo shall (pursuant to Section H5.4.6) be entitled to provide a copy of this version of the BSC Audit Report to any person upon request.															
3.6.1	<table><tr><td>Approach Document – BSC Audit</td></tr><tr><td>Annual Programme of BSC Audit Activities</td></tr><tr><td>BSC Audit Contingency Plans</td></tr><tr><td>BSC Audit Quality Plan (Including Statements of Auditing Standards)</td></tr><tr><td>BSC Audit Security Guidelines</td></tr><tr><td>BSC Audit Disaster Recovery Plans</td></tr><tr><td>BSc Audit Exit Management Plans</td></tr></table>	Approach Document – BSC Audit	Annual Programme of BSC Audit Activities	BSC Audit Contingency Plans	BSC Audit Quality Plan (Including Statements of Auditing Standards)	BSC Audit Security Guidelines	BSC Audit Disaster Recovery Plans	BSc Audit Exit Management Plans	<p>An amendment is needed to this table to reflect the names of the deliverables used in the contract.</p> <p>BSC Audit Contingency Plans, is captured in the Disaster Recovery Plan and therefore can be deleted from this table in the Service Description</p> <p>All other amendments are made in order to reflect changes in Future BSC Audit contract.</p>	<table><tr><td>BSC Audit Approach Document—BSC Audit</td></tr><tr><td>Annual Programme of BSC Audit Activities</td></tr><tr><td>Funding Shares Audit Approach Document</td></tr><tr><td>BSC Audit Contingency Plans</td></tr><tr><td>BSC Audit Quality Plan (Including Statements of Auditing Standards) Quality Manual</td></tr><tr><td>BSC Audit Security Guidelines Security Policy</td></tr><tr><td>BSC Audit Disaster Recovery Plans Disaster Recovery Plan</td></tr><tr><td>BSc Audit Exit Management Plans Exit Management Plan</td></tr></table>	BSC Audit Approach Document— BSC Audit	Annual Programme of BSC Audit Activities	Funding Shares Audit Approach Document	BSC Audit Contingency Plans	BSC Audit Quality Plan (Including Statements of Auditing Standards) Quality Manual	BSC Audit Security Guidelines Security Policy	BSC Audit Disaster Recovery Plans Disaster Recovery Plan	BSc Audit Exit Management Plans Exit Management Plan
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4.3.	4.3 Contingency Plan 4.3.1 The BSC Auditor shall develop and	The Contingency Plan is now part of Disaster Recovery Plan; therefore	4.4.9 The BSC Auditor shall develop and maintain BSC Audit Contingency Plans in place, in accordance with Section E1.3.1(c) (i) of the Code. The BSC Audit Contingency Plans															

	<p>maintain BSC Audit Contingency Plans in place, in accordance with Section E1.3.1(c) (i) of the Code. The BSC Audit Contingency Plans shall stipulate the designated actions to be taken and procedures to be followed by the BSC Auditor in the event of any situation (excluding a disaster) which may or does adversely affect either the provision by the BSC Auditor of the BSC Audit Services or its ability to otherwise perform its obligations under the BSC Auditor Contract. The designated actions shall be such as to ensure that the BSC Auditor can avoid or mitigate the effects of such situation and ensure the restoration and continuity of the services provided by the BSC Auditor and the performance of its obligations in accordance with the BSC Auditor Contract.</p> <p>4.3.2 The BSC Auditor shall submit the BSC Audit Contingency Plan to BSCCo for approval.</p>	<p>4.3.1 should be moved to 4.4, to ensure clarity.</p> <p>4.3.2 should be deleted as it forms part of the Disaster Recovery and Security Service and is not a separate deliverable.</p>	<p>shall stipulate the designated actions to be taken and procedures to be followed by the BSC Auditor in the event of any situation (excluding a disaster) which may or does adversely affect either the provision by the BSC Auditor of the BSC Audit Services or its ability to otherwise perform its obligations under the BSC Auditor Contract. The designated actions shall be such as to ensure that the BSC Auditor can avoid or mitigate the effects of such situation and ensure the restoration and continuity of the services provided by the BSC Auditor and the performance of its obligations in accordance with the BSC Auditor Contract.</p>
4.4 title, 4.4.1, 4.4.2, 4.4.3 and 4.4.6.	<p>4.4 BSC Audit Disaster Recovery and BSC Audit Data Security Service</p> <p>4.4.1 The BSC Auditor shall provide a 'BSC Audit Disaster Recovery and Data Security Service'. The BSC Audit Disaster Recovery and Data Security Service shall, without limiting the generality of the foregoing, ensure that a copy set of data collected, or produced, for the BSC Audit Services is held in addition to the original or working set in order to provide protection against</p>	<p>In order to reflect proposed changes in the future contract, all references in 4.4.1, 4.4.2, 4.4.3 and 4.4.6 to 'BSC Audit Data Security' need to be replaced with 'Security'.</p> <p>Also all references to 'BSC Audit Disaster Recover' should be replaced with</p>	<p>4.4 BSC Audit Disaster Recovery and BSC Audit Data Security Service</p> <p>4.4.1 The BSC Auditor shall provide a 'BSC Audit Disaster Recovery and Data Security Service'. The BSC Audit Disaster Recovery and Data Security Service shall, without limiting the generality of the foregoing, ensure that a copy set of data collected, or produced, for the BSC Audit Services is held in addition to the original or working set in order to provide protection against and to minimise or avoid the effects of a disaster. The requirement for the provision of a Disaster Recovery Service is set out in Section E1.3.1(c) of the Code.</p>

	<p>and to minimise or avoid the effects of a disaster. The requirement for the provision of a Disaster Recovery Service is set out in Section E1.3.1(c) of the Code.</p> <p>4.4.2 The BSC Disaster Recovery and BSC Data Security Service shall ensure that a copy set of audit data collected, or produced, for the BSC Audit Service is held in addition to the working set so that there will be no need for re-collection or reproduction of the audit data in the case of a disaster.</p> <p>4.4.3 The BSC Auditor shall develop and maintain 'BSC Audit Disaster Recovery Plans' as approved by BSCCo, and in accordance with the BSC Audit Contract.</p> <p>4.4.6 Following a disaster, the BSC Audit Disaster Recovery and BSC Audit Data Security Service shall be capable of ensuring that the BSC auditor can provide the full BSC Audit Service to BSCCo until the full, primary operational environment can be restored and the transfer of all services to that environment can be planned and executed within timescales as set out in the BSC Audit Disaster Recovery Plans.</p>	'Disaster Recovery'.	<p>4.4.2 The BSC Disaster Recovery and BSC Data Security Service shall ensure that a copy set of audit data collected, or produced, for the BSC Audit Service is held in addition to the working set so that there will be no need for re-collection or reproduction of the audit data in the case of a disaster.</p> <p>4.4.3 The BSC Auditor shall develop and maintain 'BSC Audit Disaster Recovery Plans' as approved by BSCCo, and in accordance with the BSC Audit Contract<u>and Qualification Agreement</u>.</p> <p>4.4.6 Following a disaster, the BSC Audit Disaster Recovery and BSC Audit Data Security Service shall be capable of ensuring that the BSC auditor can provide the full BSC Audit Service to BSCCo until the full, primary operational environment can be restored and the transfer of all services to that environment can be planned and executed within timescales as set out in the BSC Audit Disaster Recovery Plans.</p>
4.4.7 and 4.8	<p>4.4.7 The BSC Auditor shall provide physical and logical data security in accordance with its 'BSC Audit Data Security Guidelines'.</p> <p>4.4.8 The BSC Auditor shall submit the</p>	Replace BSC Audit Data Security Guidance's with Security Policy. In order to reflect proposed changes in the future contract.	<p>4.4.7 The BSC Auditor shall provide physical and logical data security in accordance with its 'BSC Audit Data Security <u>Policy Guidelines</u>'.</p> <p>4.4.8 The BSC Auditor shall submit the BSC Audit Security <u>Guidelines Policy</u> to BSCCo for approval.</p>

	BSC Audit Security Guidelines to BSCCo for approval.		
5.1.1	The 'Service Level Milestones' which the BSC Auditor is required to achieve shall be set out in the Annual Programme of BSC Audit Activities. The BSC Service Milestones shall be those milestones set or approved by BSCCo, and will be specified in full in the BSC Auditor Contract.	An amendment is needed to refer to the contract regarding the Service Levels as the key dates/deliverables are captured in the contract.	The Service Levels 'Service Level Milestones' which the BSC Auditor is required to achieve shall be set out in the Annual Programme of BSC Audit Activities. The BSC Service Milestones shall be those milestones set or <u>and</u> approved by BSCCo, and will be specified in full in the BSC Auditor Contract <u>BSC Audit and Qualification Agreement</u> .
Appendix A	<p>Items in table requiring amendment:</p> <p>Annual Programme of BSC Audit Activities</p> <p>BSC Audit Approach Document – BSC Audit</p> <p>BSC Audit Status Report</p> <p>Letter to the PAB on the Less Significant Control Issues Arising</p> <p>Service Level Millstones</p>	<p>As per the changes to 3.6.1, 5.1.1 in the Service Description, the Appendix A table should be updated so that document names reflect the naming convention in the new contract. Changes are needed to reference the BSC Audit Approach Document and Programme of Activities.</p> <p>Also the terms and supporting descriptions of 'BSC Audit Status Report', 'Letter to the PAB on the Less Significant Control Issues Arising' and 'Service Level Millstones', should be deleted as is has been removed from the other sections of the Service Description.</p>	<p><u>Amend table as follows:</u></p> <p>Annual Programme of BSC Audit Activities</p> <p><u>BSC Audit</u> Approach Document—BSC Audit</p> <p>BSC Audit Disaster Recovery and Data Security Service</p> <p>The BSC Audit Disaster Recovery and Data Security Service described in paragraph 4.4.</p> <p>BSC Audit Disaster Recovery</p> <p><u>Delete row:</u></p> <p>BSC Audit Contingency Plan</p> <p>BSC Audit Status Report</p> <p>Letter to the PAB on the Less Significant Control Issues Arising</p> <p>Service Level Millstones</p>