

# The Balancing and Settlement Code (BSC) Audit Process

## What is the BSC Audit Process?

ELEXON operates a Performance Assurance Framework (PAF) consisting of a complementary set of 'preventive', 'detective', 'incentive' and 'remedial' assurance techniques. These techniques are deployed flexibly to address Settlement Risks, by either preventing or detecting occurrence, or correcting the effects of the risk. The BSC Audit is a key detective technique.

The BSC Audit is defined in Section H5 of the BSC and seeks to provide assurance that the Settlement and Funding Share calculation provisions in the BSC and Code Subsidiary Documents are complied with.

## When does the BSC Audit Period start?

The audit reporting year runs from 1 April to 31 March (in line with the BSC Year). The BSC Auditor's Report (which contains the auditor's opinion) is published in the June following each audit year.

The steps involved in the audit cycle are summarised below.

### 1. Planning Meetings

Planning meetings are held between October and December each year prior to on-site fieldwork, known as Site Visits. The BSC Auditor and the Performance Assurance Party audited will attend to arrange the dates and times of the coming visit, complete information requests and agree working practices.

### 2. Site Visits

Site Visits are held January to March each year and vary in length according to the number and type of roles present at a site. Site Visits are the main part of the BSC Audit and several auditors may be on-site during the visit. A data request is sent prior to each visit, and it's important these are completed in good time to help your Site Visit go smoothly.

### 3. Clearance Meetings

Clearance meetings are held after the Site Visits (between March and May each year) and the Performance Assurance Party, auditor and ELEXON will discuss the issues identified in draft Issue Documents (see below) and address any concerns that arose during the Site Visit.

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#### 4. Issue Documents

Issue Documents are raised by the BSC Auditor, and sent out in July by ELEXON. Issue Documents highlight specific non compliances against the requirements in the BSC and Code Subsidiary Documents. Individual Issue Documents may be raised against Suppliers, Supplier Agents, Supplier Meter Registration Agents (SMRAs), Licensed Distribution System Operators (LDSOs), Unmetered Supplies Operators (UMSOs), Meter Administrators (MAs), BSC Agents (in relation to Central Systems) and ELEXON.

The BSC Auditor assigns an impact rating to each Issue Document. Issues are categorised as having a Higher, Medium or Lower impact. The assigned impact rating will determine whether an action plan (see below) is required.

#### 5. Issue Resolution

ELEXON's Operational Support Managers (OSMs) are responsible for undertaking an issue resolution process (Error and Failure Resolution), which involves agreeing action plans, monitoring progress on them and advising on actions taken by Performance Assurance Party to achieve compliance with the BSC. OSMs may request further information on resolution activities and, if necessary, an action plan which details the issue and rectification plan.

OSMs are responsible for updating the Performance Assurance Board (PAB) or BSC Panel on action plans and issues where necessary.

#### 6. Debrief Meetings

Debrief meetings are arranged by ELEXON and offered to Performance Assurance Parties after the BSC Audit Report has been published each year (usually in July). A debrief meeting provides an overview of the issues identified during the audit. These meetings are also an opportunity to discuss the requirements and timescales of the forthcoming audit. The BSC Auditor will use these meetings to assess the progress of issues and note any changes in the Performance Assurance Party's procedures or systems before audit work starts.

#### **Further Information**

BSC Audit Reports and other documentation including the Audit Scope and Approach are available from the PAF section of [www.elexon.co.uk](http://www.elexon.co.uk).

For more information on the BSC Audit process, including how to access the online tool, please contact Matthew Wood, the ELEXON Audit Co-ordinator on 020 7380 4190 or [bscaudit@elexon.co.uk](mailto:bscaudit@elexon.co.uk); alternatively, if you are a BSC Party or Party Agent, contact your Operational Support Manager.

#### **BSC Audit Communications System**

An online tool – the BSC Audit Communications System – has been developed to act as a secure central repository for BSC Audit related documentation and a communications tool between Performance Assurance Parties, the BSC Auditor and ELEXON. Users can upload, view and download information relating to the audit. Use of the system is optional and traditional methods can be used if preferred by individual Performance Assurance Parties.