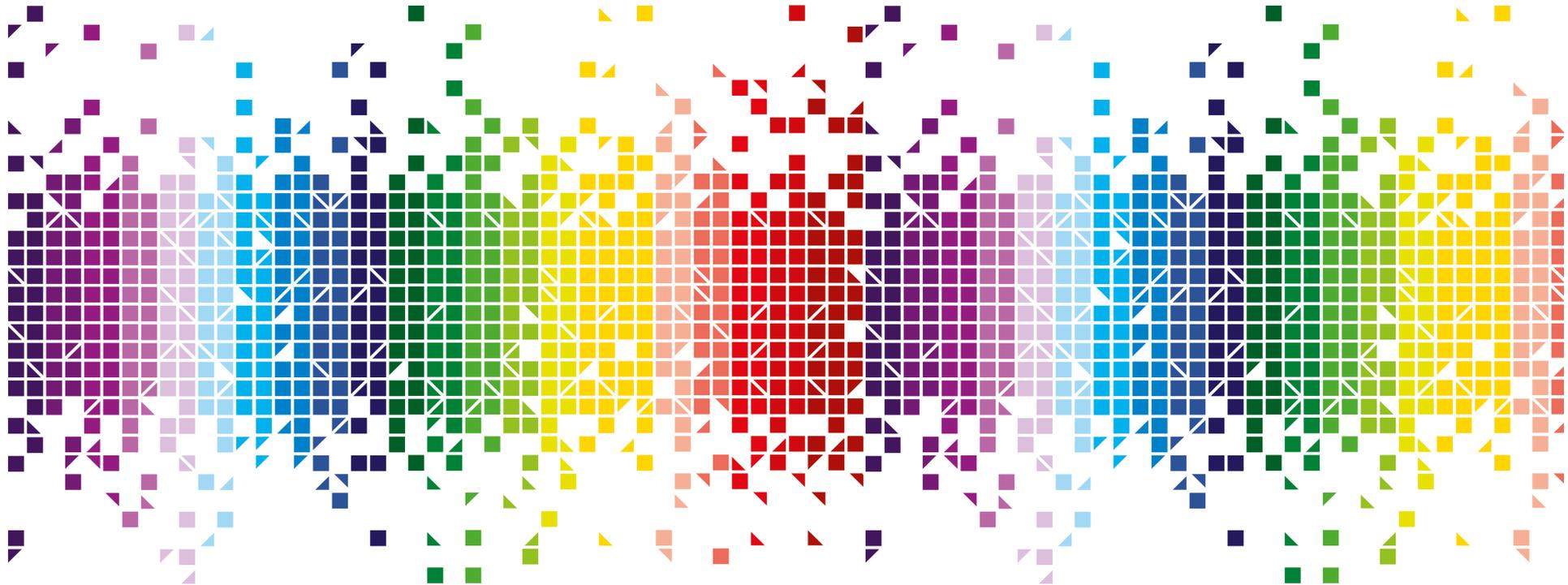


Risk Register Responses

04 October 2017





Summary

- 4 sets of PAC member responses received
- Risk Register has been amended with comments received
- No comments were conflictive of others
- Themes from comments ranged from:
 - Include additional reports to either monitor or produce as a Control mechanism
 - Discuss and potentially reduce Risk Scores
 - Refinement to wording for Risk Descriptions, Causes and Consequences



Comments for discussion

- General comment about Target Throughput and Probability potentially being too high
- Add an indication of when a Risk is considered only to, or mostly to, Allocation rather than Reconciliation
- PACR001 – Change Target Throughput score from 5 to 4
- PACR002 - Change Target Throughput score from 4 to 3
- PACR010 – Change Target Controls to Fully Effective from Partially Effective



Risk Summary

PAC Risk	Risk Title	Current Throughput (1-5)	Current Probability (1-5)	Control (Not Effective, Partially Effective, Effective)	Gross Risk Score	Net Risk Score	Allocation (£)	Reconciliation (£)	Allocation (GWh)	Reconciliation (GWh)	Associated Risk
PACR0001	Theft of Gas	5	5	Not Effective (x1)	25	25	42,218,000	43,046,000	2,483	2,532	-
PACR0002	Use of the AQ Correction Process	5	5	Not Effective (x1)	25	25	32,218,000	32,286,000	1,895	1,899	-
PACR0003	Estimated reads used for daily metered sites (Product Classes 1 and 2)	5	4	Not Effective (x1)	20	20	23,555,000	47,000	1,386	3	-
PACR0004	Identified LDZ Offtake Measurement Errors	5	3	Partially Effective (x0.8)	15	12	21,152,000	-	1,244	-	PACR0007
PACR0005	Incorrect asset data on the Supply Point Register	4	4	Not Effective (x1)	16	16	13,987,000	14,073,000	823	828	-
PACR0006	Use of Winter Annual Ratio (WAR) for End User Category (EUC) 03-08	4	4	Not Effective (x1)	16	16	8,908,000	-	524	-	-
PACR0007	Undetected LDZ Offtake Measurement Errors	3	2	Not Effective (x1)	6	6	7,051,000	7,051,000	415	415	PACR0004
PACR0008	Shipperless Sites	2	3	Not Effective (x1)	6	6	2,481,000	621,000	146	37	-
PACR0009	Unregistered Sites	2	4	Not Effective (x1)	8	8	2,326,000	-	137	-	-
PACR0010	Meter readings fail validation	2	4	Not Effective (x1)	8	8	1,439,000	-	85	-	-
PACR0011	Late check reads on meters that derive a read	2	4	Not Effective (x1)	8	8	1,437,000	467,000	85	27	-
PACR0012	Meter read submission frequency for Product Class 4 meter points	2	4	Not Effective (x1)	8	8	1,350,000	-	79	-	-
PACR0013	Estimated reads at Change of Shipper	1	3	Not Effective (x1)	3	3	408,000	410,000	24	24	-
PACR0014	Failure to obtain a meter reading within the settlement window	1	3	Not Effective (x1)	3	3	79,000	79,000	5	5	-
PACR0015	Consistent approach to retrospective updates	1	3	Not Effective (x1)	3	3	-	5,000	-	0	-



Risk Scores

Rating	Energy throughput (GWh)	Cost (£)	Likelihood
1	0 – 49	850,000	Description – Remote Probability – <10% chance
2	50 – 249	4,250,000	Description – Less Likely Probability – \geq 10% and < 40% chance
3	250 – 499	8,500,000	Description – Equally unlikely as likely Probability – \geq 40% and < 60% chance
4	500 – 999	17,000,000	Description – More likely Probability – \geq 60% and < 90% chance
5	> 1,000	42,500,000 (no upper limit)	Description – Almost certain Probability – \geq 90% chance

Cost at average SAP 1.7p for higher threshold (Oct 2012 – Nov 2016)



Risk Score Category

- **Current risk** - The current position of the risk based on the analysis you have undertaken
- **Target risk** - Where the PAC would like the risk to be in the future once controls have been put in place.
- **Inherent risk** – The worst case scenario should the risk occur



Controls

- **Not Effective** - Key controls have not been established or are deemed to be ineffective. Action plans to rectify the fundamental weakness have still to be fully identified and agreed.
- **Partially Effective** - Key controls are in place but have either not been subject to suitable assurance activity or testing reveals that some control improvements, not deemed to be fundamental, are required.
- **Effective** - Key controls are in place, are tested periodically as appropriate and are deemed satisfactory. This testing includes independent challenge where the risk is deemed significant (e.g. from Internal Audit or another independent assurance provider).



Controls and Actions

- Any score above 15 requires action with frequent monitoring and monthly reporting to the PAC.
- Any score between 8 and 15 will be actioned and monitored but will only be reported into the PAC on a quarterly basis.
- Scores below 8 – risk will be closed.



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