

RbD Audit Sub Committee Minutes

Thursday 26 April 2007

Elexon, 350 Euston Road, London

Attendees

Julian Majdanski (Chair)	JM	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Alex Travell	AT	E.ON UK (Member)
Bali Dohil	BD	Scotia Gas Network
James Boraston*	JB	RWE Npower (Member)
Linda Whitcroft	LW	xoserve
Mark Jones	MJ	Scottish and Southern (Member)
Ndidi Njoku	NN	Ofgem
Rochelle Hudson	RH	Centrica (Member)
Savita Shaunak*	SS	EdF Energy (Member)
Simon Trivella	ST	Wales and West Utilities
Sue Davies	SD	Wales and West Utilities

*Teleconference

Apologies

1. Status Review

JM welcomed members to the meeting, which was quorate.

1.1. Minutes from January 2007 RbD Audit Sub Committee

The Minutes of the previous meeting were approved.

1.2. Review of Actions from January 2007 RbD Audit Sub Committee

Action RbD0101: Ernst & Young Audit end of year audit Report Letter to be circulated to members for discussion at April's Meeting.

Action: Complete.

Action RbD0102: JM to contact members not present at January's meeting to establish their approval of the proposed Auditor arrangements.

Action: Complete.

2. 2006 Audit Update

LW advised members that the Final Audit for the period ending 31 December 2006 was conducted late February and that no significant findings were reported.

All members confirmed the report was acceptable and can now be issued to RbD Shippers.

SD requested if Transporters would also be provided a copy of the report. LW reported that Ernst & Young have to approve the list of recipients of the report and she anticipates Transporters, RbD Shippers and Ofgem will be provided a copy of the report.

3. Appointment of Auditor for 2008

LW confirmed that Ernst & Young will be conducting their final audit during 2008 and that a tender process will be entered into to appoint a new auditor in 2008.

4. AOB

4.1. Proposal 0135: "To extend the scope of the RbD Auditor's role"

LW stated that Simon Howe, RWE npower, suggested within the Modification Proposal, that there are additional feeder processes that are not being currently audited within the RbD Audit. JB confirmed that Simon Howe's intention was to allow the Sub committee to set the remit of the Audit. LW expressed an interest in understanding what feeder processes Simon Howe would like included as she has some concerns about the scope, depth and financial implications.

LW explained how the audit is currently conducted. AT suggested that the Sub-committee would like to have an input into how many days the auditors spend on site looking at Feeder Processes. Again concern was expressed about financing an extension to the audit scope.

NN confirmed that Ofgem also believe the RbD Audit Sub-committee are able to stipulate the scope of the audit.

RH expressed concern about the sample sizes historically used and the limitations of these. JM explained that as the process is automated a small sample should provide assurances that these automated processes are working correctly.

RH believed that all the data that feeds into the RbD process and is provided to xoserve could be included within the scope of the RbD Audit. AT believed that the RbD Audit Sub-committee can go beyond this and could include anything that may have a substantial impact on the RbD process.

All Members agreed that the RbD Audit Sub-committee can set the scope of the audit and anything impacting RbD could be included.

JM questioned if a list of all RbD feeder processes could be collated. LW confirmed that a number of audits are undertaken on xoserve processes and that these may want to be considered to prevent auditing the same processes twice.

Members discussed the expertise required by the auditors to enable a more detailed audit. RH believed it would be inappropriate for an auditor to be visiting Shipper premises as part of the audit.

JB agreed to communicate the views and concerns expressed to Simon Howe to allow further consideration and discussion at the May Distribution Workstream.

Action RbD 0401: All committee members to consider the feeder processes that could be included in the RbD Audit for discussion at the July RbD Audit Sub-committee.

4.2. RbD Issues Log

NN confirmed that the RbD Issue Log has been published on the Ofgem Website (http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Documents1/RbD_Issues_Log_doc.pdf). It is intended that this will reviewed after six months to assess its appropriateness. A template of the log will be provided to the RbD Audit Sub-committee Secretary for circulation to members. NN asked members to consider the log and to request any additional issues they wish to be registered.

5. Diary Planning for Sub Committee

Thursday 26 July 2007, 10:00 at Novotel, Birmingham International Airport (following the Distribution Workstream)

Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RbD0101	25.01.07	2	Ernst & Young Audit end of year audit Report Letter to be circulated to members for discussion at April's Meeting.	xoserve (LW)	Action: Complete
RbD0102	25.01.07	3	JM to contact members not present at January's meeting to establish their approval of the proposed Auditor arrangements.	Joint Office (JM)	Action: Complete
RbD0401	26.04.07	4.1	All committee members to consider the feeder processes that could be included in the RbD Audit for discussion at the July RbD Audit Sub-committee.	All	Action: Pending