T2S CHANGE REQUEST FORM

General Information (Origin of Request) ☐ User Requirements (URD) or GUI Business Functionality Document (BFD) ☒ Other User Functional or Technical Documentation (SYS)		
Request raised by: Eurosystem	**Institute:** 4CB	**Date raised:** 29/09/2023
Request title: T2S Billing – LCMM and CoCos enhancements stemming from audit report		**Request No.:** T2S 0818 SYS
Request type: Common	**Classification:** Scope enhancement	**Urgency:** Fast-track[1]
1. Legal/business importance parameter[2]: Medium		**2. Market implementation efforts parameter[3]:** Low
3. Operational/Technical risk parameter[4]: Low		**4. Financial impact parameter[5]:** Medium
Requestor Category: Eurosystem		**Status:** Proposed for a release

Reason for change and expected benefits/business motivation:

Within the scope of the audit mission, part of the 2021 Internal Auditors Committee (IAC) work programme, was to provide reasonable assurance on the adequacy and effectiveness of the risk management, controls and governance related to the T2S with a focus on the reliability of the billing process.

As an outcome of this work, the Internal Auditors Committee (IAC) was of the overall opinion that the controls for the reliability of the T2S billing process were insufficiently effective. Due to the fact that the reconciliation of invoices with source data was not part of the T2S requirements, there is the risk that errors of overcharging/undercharging may not be promptly detected, affecting the quick implementation of the respective corrective actions which can lead to financial and reputational impact.

The IAC recommended the MIB to enhance the controls and correspondingly amend the UDFS in order to allow the 4CB as service providers and the ECB T2S financials team on behalf of Eurosystem to reconcile the invoices generated with source data and ensure that automated invoices were correct and complete.

The MIB invited the 4CB to assess options to address the IAC recommendation considering the introduction of the new billing Common Component in R6.0 in June 2022 with particular reference, among others, to:

- Analysing possible solutions at functional and operational level with all the relevant stakeholders aimed at facilitating the reconciliation processes between source data and invoices, as well as instating advanced technical checks to monitor the completeness of data transfers from the different providing backend modules to STSI and Billing.

In this context, this change request is raised with the purpose to enhance the internal control/reconciliation checks of the billing process to ensure a correct and complete production of the automated invoices and the possibility to reconcile the invoices with the T2S billing source data.

Description of requested change:

In the current design for T2S billing, T2S source modules (e.g. LCMM, SETT, INTF, CRDM, BDM…) export data to STSI[6], which performs some checks during the data loading process: STSI checks that the received files are   not corrupted and performs the load if all files have been received. After the daily computation, aggregated data are sent

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[1] Fast-track justification: A fast-track approach is requested in order to address as soon as possible the IAC finding and to avoid that potential new invoices are sent out without the proper billing information

[2] Legal/business importance parameter was set to 'Medium' with this change the T2S community will benefit from a moderate improvement being the increase in the consistency of the billing invoicing.

[3] Market implementation effort parameter was set to Low' because with this change will not require a long implementation time and any significant resources on the side of Participating CSDs, CBs and their communities in order for them to be able to take full benefit of the change

[4] Operational/technical risk parameter was set to 'Low' because with this change it is expected not to threaten the Service Level for Participating CSDs or CBs or to have no or insignificant operational impact on the Participating CSDs, CBs or 4CB.

[5] Low < 100kEUR < Low-Medium < 200 kEUR < Medium < 400kEUR < High < 700kEUR < Very high

[6] Short Term Statistical Information.

by STSI to BILL Common Component (from T2S R6.0 on). As a consequence of this approach, both STSI and BILL are not aware about the completeness of the source data: if data sent by the modules contains an error or is not complete, the STSI calculation could end up in a wrong calculation for the final invoices.

Mitigate the risk of the whole process results in a high complexity task, so the agreed approach is to split the mitigation measures needed to fulfil the abovementioned requirements about the T2S billing process into 4 Change Requests. **In this CR are considered checks on export data to STSI step limiting the scope of source modules only to CoCos (ESMIG, CRDM, BILL, BDM and CoCo A2A/U2A Business Interfaces) and to LCMM.**

The solution to be designed should guarantee that all data from a Business Day (BD) are complete and are correctly sent to STSI. This can be achieved by implementing a check in the exporting process to ensure that the data prepared by T2S source modules is exactly what the modules expected. In case of inconsistencies identified in the exporting process, then:

- an alarm to Operational Team (OT)/ Technical Team (TT)/ Last Level Intervention (LLS) teams is raised;
- it must be possible to send again the set of expected data for a specific BD (all source modules or a single module).

This approach requires that the daily export to STSI for a BD x should be reproducible in the BD $x+a$, with $a= 0, 1, 2, …, n$ with the value of n to be decided during the CR Detailed Assessment (always within the retention period).

It should be possible to repeat the procedure in case an inconsistency is found/an alarm is raised during the extraction of the new automated flow.

Submitted annexes / related documents:

Outcome/Decisions:

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*CRG on 5 December 2023: the CRG agreed to recommend CR-0818 for authorisation by the T2S Steering Level, following a fast-track approach.
*AMI-SeCo on 21 December 2023: the AMI-SeCo agreed with the CRG recommendation of CR-818 for T2S Steering Level authorisation.
*CSG on 21 December 2023: the CSG agreed to authorise CR-818.
*NECSG on 21 December 2023: the NECSG agreed to authorise CR-818.
*MIB on 21 December 2023: the MIB agreed to authorise CR-818.

Documentation to be updated:

Preliminary assessment:

Not performed

Detailed assessment: