

### Roll-out Decision - Demand Position Paper

In anticipation of the criteria due to be met by 24<sup>th</sup> November not having been met by that date, and given POCL's associated concerns, POCL is proposing that the existing monitoring activities should continue and be strengthened, and is also proposing the introduction of some new activities. POCL proposes the following.

#### 1. AI 298 - System Stability

##### Objective:

- to ensure that Pathway continue to reduce the level of instability.

##### Activities:

- the current recording at the HSH does not facilitate the analysis and identification of faults and trends. POCL believe the best way of doing this is for PATHWAY, AT THEIR OWN EXPENSE, TO DEVELOP A CODIFIED AND STRUCTURED FAULT RECORDING SYSTEM THAT WILL ALLOW ANALYSIS TO SUPPORT THE COMBINED PROBLEM MANAGEMENT AND RESOLUTION FUNCTION
- the current monitoring should continue for a further four weeks. The target for this period should be the same as the current period.[DN: CCN560 Schedule 4 Part A para 27]

#### 2. AI 376 - Data Integrity

##### Objectives:

- to ensure that the integrity control is capable of detecting all relevant incidents
- to continue to monitor error levels so POCL has an appropriate view of the level of disruption and cause of new incidents
- to increase POCL's level of understanding of the design and operation of emerging reconciliation controls:
  - a) to be in a position for POCL to design complementary operational procedures
  - b) obtain confidence that the new controls will be effective - given the constrained level of testing, POCL require greater level of assurance before release into the live environment. This is necessary in order for POCL to be assured that criteria 376 iii and iv are being met

##### Activities:

- The EPOSS/TIP reconciliation feature must be proven to be capable of detecting all data errors that would be detected by the TIP cash account compare process[DN: CCN560 para 7.1]; for the avoidance of doubt, this includes an explicit check that receipts are equal to payments. This to be achieved by :
  - logical assurance of authorised design documentation
  - analysis of all previous root causes to determine that errors would be detected
  - TESTING TO A JOINTLY AGREED STRATEGY AND HIGH LEVEL TEST PLAN
  - dual running of EPOSS/TIP reconciliation and TIP Cash Account processes on test and live environments, over the periods described in CCN560, and subject to known stress conditions including outlet migration, reference data changes, transaction level data corruption
- the current monitoring should continue as defined in the second supplemental agreement for criteria 376 i-iii with the monitoring period commencing on the 18<sup>th</sup> November[DN: CCN560 Schedule 4 Part B (i)-(iii).]
- Pathway should demonstrate that they have met criterion 376 iv, if necessary by enhancing their Integrity Control design. THIS SHOULD INCLUDE FAULTS IDENTIFIED BEFORE SEPTEMBER 24<sup>TH</sup> and any faults found in the current monitoring period which would not have been detected by the current integrity control design[DN: CCN560 Schedule 4 Part B (iv).]
- PATHWAY SHOULD CO-OPERATE WITH POCL TO REVIEW AND REVISE THE RECTIFICATION PLAN TO INCLUDE NEW ACTIVITIES NECESSARY FOR THE

SUCCESSFUL DEVELOPMENT AND IMPLEMENTATION OF OPERATIONAL PROCEDURES AND ANY OTHER NEW ACTIVITIES SHOWN TO BE NECESSARY BY THE REVIEW

- PATHWAY TO EXTEND THE LOGICAL DESIGN INFORMATION THAT IS CONTRACTUALLY CONTROLLED TO COVER THOSE AREAS THAT POCL'S EXPERTS REASONABLY SAY NEED TO BE SUBJECT TO POCL'S AGREEMENT, MAINLY INTERFACE AND OPERATIONAL PROCEDURES
- MINDFUL OF THE SHORT TIME SCALES AND THE DESIRE NOT TO IMPEDE PROGRESS, THE POCL ATM TO BE INTEGRATED INTO PATHWAY'S DELIVERY TEAM SO THAT POCL CAN GAIN THE APPROPRIATE LEVEL OF VISIBILITY IN THE DESIGN AND PROGRESS TO GIVE POCL CONFIDENCE IN THE RELEASE
- PATHWAY'S PROGRESS IN DEVELOPING THE INTEGRITY RELEASE TO BE INCLUDED IN THE SCOPE OF THE REVIEW OF READINESS FOR ROLL-OUT WHICH HAS BEEN AGREED AND WILL BE CARRIED OUT BY PA CONSULTING
- TIP checking shall continue at Pathway's expense until both of the following have occurred:[DN: CCN560 para 7.2]
  - four weeks parallel running without faults as in the current contract[DN: CCN560 para 7.1, does not say 'without faults' but that both systems identify the same faults]
  - Pathway to have modified their integrity control to detect all error types that have occurred by that date.[DN: CCN560 Schedule 4 Part B (iv).]

### 3. AI 408 - HSH Performance

#### Objectives:

- to give POCL confidence that HSH can support roll-out especially:
  - a) to ensure that the HSH is appropriately resourced for the peak periods within a week
  - b) to ensure conformance to scripts.

[DN: References in the original section below to criteria 408(i) and (ii) were reversed, this has been amended below.]

#### Activities:

- continue to monitor HSH criteria ii, iii and iv for a further four weeks. The six week monitoring period to be 1<sup>st</sup> November to 12<sup>th</sup> December. As per the original criteria, the aim being to attain the target levels in four out of the six weeks.[DN: CCN560 Schedule 4 Part C] In addition, 408 i and v criteria should be enhanced (see below)
- TO FACILITATE A DETAILED ANALYSIS OF THE ROOT CAUSE OF THE PROBLEMS AND ALLOW POCL TO HAVE A MORE TRANSPARENT UNDERSTANDING OF ICL PATHWAY'S PERFORMANCE, CRITERION 408 i (CALLS ANSWERED WITHIN 20 SECONDS) SHOULD BE REPORTED DURING THE FOUR WEEK EXTENDED PERIOD ON A DAILY BASIS. THE TARGET OF 80% OF ALL CALLS ANSWERED WITHIN 20 SECONDS SHOULD BE MET EVERY WEDNESDAY AND THURSDAY FOR THREE OUT OF THE FOUR WEEKS AND ACHIEVED AS A WEEKLY AVERAGE FOR THE SAME THREE OUT OF THE FOUR WEEKS.
- TO PERMIT POCL TO PERFORM AN AUDIT OF ACTUAL PHYSICAL RESOURCE TO THE PLANNED RESOURCE LEVELS, PATHWAY TO SUPPLY THE FOUR WEEK DETAILED RESOURCING MODEL BROKEN DOWN INTO 30 MINUTE SLOTS. POCL SHOULD BE PERMITTED TO UNDERTAKE AN AUDIT OF PHYSICAL RESOURCE TO THIS MODEL AT ANY TIME DURING THE 4 WEEK PERIOD WITHOUT PRIOR NOTICE. THE ACTUAL RESOURCE LEVELS SHOULD BE WITHIN 95% OF THE PLANNED LEVELS FOR EVERY AUDIT PERFORMED
- paragraph 4.3.2.9 of schedule G10 (as amended by Schedule 5 of CCN560) to be further amended so that the compliance with the scripts shall be measured using call recordings which have been in operation since 1<sup>st</sup> November. A JOINT PATHWAY AND POCL TEAM TO REVIEW AND AGREE WHETHER THE OPERATOR HAS CONFORMED



TO THE SCRIPTS. The call logs detailing the scripts that have been used by the operator can be used as supporting evidence for the call recordings and can form part of the review to determine compliance. PATHWAY MUST ACHIEVE THE TARGET FOR THE FINAL THREE WEEKS OF THE AUDIT. For this method of monitoring compliance to be effective:

- a) PATHWAY TO SATISFY POCL THAT PATHWAY AUDITORS HAVE THE EXPERTISE TO UNDERTAKE THE REVIEW
- b) POCL to select the calls at random
- c) all cash account calls to be recorded.

Note that this also has the effect of changing the method of measuring criterion 408v

- Pathway to continue to work with POCL to review the quality of script to improve the accuracy leading to timely resolution of incidents. Additionally this will allow Pathway to acquire business knowledge from POCL.

#### 4. Reference Data

##### Objective

- to give POCL confidence that Pathway's service is robust and can accurately account for POCL's transactions during reference data changes

##### Activities:

- THE REFERENCE DATA INTERFACE AGREEMENT MUST BE RE-INTRODUCED, AGREED AND BROUGHT UNDER CONTRACT CONTROL.
- PATHWAY MUST ANALYSE ALL POSSIBLE REFERENCE DATA CHANGES IN RELATION THEIR IMPACT ON THE TARGET APPLICATION(S) AND DERIVE A SET OF RULES WHICH PROTECTS THE APPLICATIONS FROM ALL UNINTENDED EFFECTS.
- A ROBUST MANAGEMENT PROCESS IS DEFINED, AGREED AND BROUGHT UNDER CONTRACT CONTROL TO ENFORCE THIS SET OF RULES.
- A "REFERENCE DATA PROVING" TEST ENVIRONMENT IS CREATED AND MAINTAINED WITHIN THE PATHWAY DOMAIN, ON WHICH ALL REFERENCE DATA RELEASES ARE SUBJECT TO FORMAL (JOINTLY AGREED) TEST.
- ALL RECOMMENDATIONS EMERGING FROM THE JOINT END-TO-END REFERENCE DATA PROCESS REVIEW TACTICAL STAGE WHICH RELATE DIRECTLY TO ACCOUNTING INTEGRITY ARE IMPLEMENTED.
- IN PRINCIPLE AGREEMENT IS REACHED ON THE DELIVERABLES AND COSTS FOR THE JOINT END-TO-END REFERENCE DATA PROCESS REVIEW: STRATEGIC STAGE. TO INCLUDE AS A MINIMUM THAT ...
- THE PATHWAY OWNED TARGET APPLICATIONS ARE REVIEWED SUCH THAT THEY ARE MORE RESILIENT TO REFERENCE DATA CHANGES AND LESS RELIANT ON PROTECTION MECHANISMS EXPRESSED IN THE ABOVE RULE SET.
- THE DIFFERENT APPROACHES TAKEN BY THE TWO ORGANISATIONS TO ACCOUNTING PRINCIPLES IS REVIEWED AND HARMONISED WHERE DEEMED APPROPRIATE.

This CCN amends the Second Supplemental Agreement, CCN560, and as part of that change indirectly affects elements of the Codified Agreement. The details of the change are set out in the attached paper, and the table below specifies which elements of CCN560 are amended by this CCN and attached paper:

Attached paper reference	Affected part of CCN560
1.2(a)	Schedule 4, Part A, para 27
1.2(b)	New paragraph to be added to Schedule 4 Part A after para 28
2.2(a)(iii)	New paragraph to be added to Schedule 4 Part B after para (v)
2.2(b)	Schedule 4 Part B sections (i)&(ii)&(iii)
2.2(c) first part of second sentence	Schedule 4 Part B section (iv)
2.2(d)	New paragraph to be added to Schedule 4 part B after para (v)
2.2(e)	New paragraph to be added to Schedule 4 part B after para (v)
2.2(f)	New paragraph to be added to Schedule 4 part B after para (v)
2.2(g)	New paragraph to be added to Schedule 4 part B after para (v)
3.2(a)	Schedule 4, Part C, paragraph below heading (a)
3.2(b)	Schedule 4, Part C, subparagraph (i)
3.2(c)	Additional subparagraph (iv) to Schedule 4 Part C
3.2(d), 1 <sup>st</sup> sentence	Schedule 5, section 4, new paragraph 4.3.2.9 of Schedule G10
3.2(d) remainder	Extends Schedule 4, Part C, subparagraph (v)
3.2(e)	New paragraph to be added to Schedule 5 section 4, adding a new paragraph 4.3.2.10 to Schedule G10 of the Codified Agreement
4.2(a)	New paragraph to be added to ....
4.2(b)	New paragraph to be added to ....
4.2(c)	New paragraph to be added to ....
4.2(d)	New paragraph to be added to ....
4.2(e)	New paragraph to be added to ....
4.2(f)	New paragraph to be added to ....
4.2(g)	New paragraph to be added to ....
4.2(h)	New paragraph to be added to ....



---

## Roll-out Decision - Demand Position Paper

In anticipation of the criteria due to be met by 24<sup>th</sup> November not having been met by that date, and given POCL's associated concerns, POCL is proposing that the existing monitoring activities should continue and be strengthened, and is also proposing the introduction of some new activities. POCL proposes the following.

### 1. AI 298 - SYSTEM STABILITY

#### 1.1. Objective:

- (a) to ensure that Pathway continue to reduce the level of instability.

#### 1.2. Activities:

- (a) the current recording at the HSH does not facilitate the analysis and identification of faults and trends. POCL believe the best way of doing this is for Pathway, at their own expense, to develop a codified and structured fault recording system that will allow analysis to support the combined problem management and resolution function
- (b) the current monitoring should continue for a further four weeks. The target for this period should be the same as the current period.

### 2. AI 376 - DATA INTEGRITY

#### 2.1. Objectives:

- (a) to ensure that the integrity control is capable of detecting all relevant incidents
- (b) to continue to monitor error levels so POCL has an appropriate view of the level of disruption and cause of new incidents
- (c) to increase POCL's level of understanding of the design and operation of emerging reconciliation controls:
  - i. to be in a position for POCL to design complementary operational procedures
  - ii. obtain confidence that the new controls will be effective - given the constrained level of testing, POCL require greater level of assurance before release into the live environment. This is necessary in order for POCL to be assured that criteria 376 iii and iv are being met

---

## 2.2. Activities:

- (a) The EPOSS/TIP reconciliation feature must be proven to be capable of detecting all data errors that would be detected by the TIP cash account compare process; for the avoidance of doubt, this includes an explicit check that receipts are equal to payments. This to be achieved by :
  - i. logical assurance of authorised design documentation
  - ii. analysis of all previous root causes to determine that errors would be detected
  - iii. testing to a jointly agreed strategy and high level test plan
  - iv. dual running of EPOSS/TIP reconciliation and TIP Cash Account processes on test and live environments, over the periods described in CCN560, and subject to known stress conditions including outlet migration, reference data changes, transaction level data corruption
- (b) the current monitoring should continue as defined in the second supplemental agreement for criteria 376 i-iii with the monitoring period commencing on the 18<sup>th</sup> November
- (c) Pathway should demonstrate that they have met criterion 376 iv, if necessary by enhancing their Integrity Control design. This should include faults identified before September 24<sup>th</sup> and any faults found in the current monitoring period which would not have been detected by the current integrity control design
- (d) Pathway should co-operate with POCL to review and revise the Rectification Plan to include new activities necessary for the successful development and implementation of operational procedures and any other new activities shown to be necessary by the review
- (e) Pathway to extend the Logical Design information that is contractually controlled to cover those areas that POCL's experts reasonably say need to be subject to POCL's agreement, mainly interface and operational procedures
- (f) mindful of the short time scales and the desire not to impede progress, the POCL ATM to be integrated into Pathway's delivery team so that POCL can gain the appropriate level of visibility in the design and progress to give POCL confidence in the Release
- (g) Pathway's progress in developing the integrity release to be included in the scope of the review of readiness for roll-out which has been agreed and will be carried out by PA Consulting
- (h) TIP checking shall continue at Pathway's expense until both of the following have occurred:
  - i. four weeks parallel running without faults as in the current contract

- ii. Pathway to have modified their integrity control to detect all error types that have occurred by that date.

### 3. AI 408 - HSH PERFORMANCE

#### 3.1. Objectives:

- (a) to give POCL confidence that HSH can support roll-out especially:
  - i. to ensure that the HSH is appropriately resourced for the peak periods within a week
  - ii. to ensure conformance to scripts.

#### 3.2. Activities:

- (a) continue to monitor HSH criteria i, iii and iv for a further four weeks. The six week monitoring period to be 1<sup>st</sup> November to 12<sup>th</sup> December. As per the original criteria, the aim being to attain the target levels in four out of the six weeks. In addition, 408 ii and v criteria should be enhanced (see below)
- (b) to facilitate a detailed analysis of the root cause of the problems and allow POCL to have a more transparent understanding of ICL Pathway's performance, criterion 408 ii (calls answered within 20 seconds) should be reported during the four week extended period on a daily basis. The target of 80% of all calls answered within 20 seconds should be met every Wednesday and Thursday for three out of the four weeks and achieved as a weekly average for the same three out of the four weeks.
- (c) to permit POCL to perform an audit of actual physical resource to the planned resource levels, Pathway to supply the four week detailed resourcing model broken down into 30 minute slots. POCL should be permitted to undertake an audit of physical resource to this model at any time during the 4 week period without prior notice. The actual resource levels should be within 95% of the planned levels for every audit performed
- (d) paragraph 4.3.2.9 of schedule G10 (as amended by Schedule 5 of CCN560) to be further amended so that the compliance with the scripts shall be measured using call recordings which have been in operation since 1<sup>st</sup> November. A joint Pathway and POCL team to review and agree whether the operator has conformed to the scripts. The call logs detailing the scripts that have been used by the operator can be used as supporting evidence for the call recordings and can form part of the review to determine compliance. Pathway must achieve the target for the final three weeks of the audit. For this method of monitoring compliance to be effective:
  - i. Pathway to satisfy POCL that Pathway auditors have the expertise to undertake the review



- ii. POCL to select the calls at random
- iii. all cash account calls to be recorded.

Note that this also has the effect of changing the method of measuring criterion 408v

- (e) Pathway to continue to work with POCL to review the quality of script to improve the accuracy leading to timely resolution of incidents. Additionally this will allow Pathway to acquire business knowledge from POCL.

#### 4. REFERENCE DATA

##### 4.1. Objective

- (a) to give POCL confidence that Pathway's service is robust and can accurately account for POCL's transactions during reference data changes

##### 4.2. Activities:

- (a) The Reference Data interface agreement must be re-introduced, agreed and brought under contract control.
- (b) Pathway must analyse all possible reference data changes in relation their impact on the target application(s) and derive a set of rules which protects the applications from all unintended effects.
- (c) A robust management process is defined, agreed and brought under contract control to enforce this set of rules.
- (d) A "reference data proving" test environment is created and maintained within the Pathway domain, on which all reference data releases are subject to formal (jointly agreed) test.
- (e) All recommendations emerging from the joint end-to-end reference data process review Tactical stage which relate directly to accounting integrity are implemented.
- (f) In principle agreement is reached on the deliverables and costs for the joint end-to-end reference data process review: Strategic stage. To include as a minimum that ...
- (g) The Pathway owned target applications are reviewed such that they are more resilient to reference data changes and less reliant on protection mechanisms expressed in the above rule set.
- (h) The different approaches taken by the two organisations to accounting principles is reviewed and harmonised where deemed appropriate.