

**1st
Energy**



Performance Reporting Compliance Audit

In March 2020 the Australian Energy Regulator (AER) required 1st Energy to carry out a limited assurance compliance audit in connection with its performance reporting obligations under the National Energy Retail Law and the *AER (Retail Law) Performance Reporting Procedures and AER Guidelines*.

1st Energy was required to assess the adequacy and effectiveness of their compliance policies, procedures and systems in a number of key areas.

Below is a summary of the key findings and recommendations made by 1st Energy's nominated auditor, RSM Australia (RSM). 1st Energy has considered the recommendations and is implementing remediation plans to improve on each of the key areas.

Findings

Recommendations

Reporting requirements for regulated entities

Finding 1: Outdated procedural documents which do not reflect all current practices and steps.

Finding 2: No formal quality assurance process to ensure the data reported is accurate and complete.

Finding 3: Immaterial variance as result of audit recalculation (differed from the correct figure by 1).

Finding 4: Limited training provided on the data extraction and filtering process.

Finding 5: Enhancement in data collection utilised for reporting purposes (Improvement Opportunity)

Recommendation 1: 1st Energy to update their procedural documents to better reflect current practices involved in preparation of the AER Performance Report.

Recommendation 2: 1st Energy to implement an independent review of the processes used to extract the data used to populate the AER Performance Reports.

Recommendation 3: 1st Energy to implement an independent review of the data entered into the AER Performance Report template.

Recommendation 4: 1st Energy to determine which staff members require training that includes current practices involved in preparation of the AER Performance Report.

Recommendation 5: 1st Energy to update the process to extract data relating to indicators

Date(s) by which information and data must be submitted

Finding 1: Outdated procedural documents which do not reflect all current practices and steps.

Recommendation 1: 1st Energy to update their procedural documents to better reflect current practices involved in preparation of the AER Performance Report.

Finding 2: No formal quality assurance process to ensure the data reported is accurate and complete.

Recommendation 2: 1st Energy to implement an independent review of the processes used to extract the data used to populate the AER Performance Reports.

Manner and form in which the information and data must be submitted

Finding 1: No formal quality assurance process to ensure the data reported is accurate and complete.

Recommendation 1: 1st Energy to implement an independent review of the processes used to extract the data used to populate the AER Performance Reports.

Finding 2: Immaterial variance as result of audit recalculation (differed from the correct figure by 1).

Recommendation 2: 1st Energy to implement an independent review of the data entered into the AER Performance Report template.

Process for submission of reports

Finding 1: No formal quality assurance process to ensure the data reported is accurate and complete.

Recommendation 1: 1st Energy to implement an independent review of the processes used to extract the data used to populate the AER Performance Reports.

Simulation activity: Q2 1 October to 31 December 2019 Quarterly Report

Finding 1: Enhancement in data collection utilised for reporting purposes (Improvement Opportunity)

Recommendation 1: 1st Energy to update the process used to extract the data relating to indicators

Finding 2: Immaterial variance as result of audit recalculation (differed from the correct figure by 1).

Recommendation 2: 1st Energy to implement an independent review of the data entered into the AER Performance Report template.

1st Energy is currently completing an implementation plan to address the audit recommendations.