

Alinta Energy





Explicit Informed Consent Audit

In March 2019 the Australian Energy Regulator (AER) required Alinta Energy (Alinta) to carry out a compliance audit in connection with its obligations under the National Energy Retail Law and Rules to obtain and record customers' explicit informed consent to certain transactions. These include the transfer of a customer from another retailer to Alinta, the entry by a customer into a market retail contract with Alinta, and any term or condition in a market retail contract that provides for the variation of tariffs, charges or benefits to the customer under that contract.

The audit was conducted by BDO. BDO was asked to assess the adequacy and effectiveness of Alinta's compliance policies, procedures and systems in a number of key areas, and to assign an overall grading of:

- Adequate/Effective: Minimal or no action required, with only minor and low risk findings. Improvement opportunities exist to achieve best practice in meeting the relevant obligations.
- Partially adequate/effective: Improvement is required to some key processes and controls, and is likely to require substantial effort in order to support compliance with the relevant obligations.
- Inadequate/Ineffective: Significant improvement is required, and may require urgent revision to or implementation of processes and controls in order to support compliance.

A summary of BDO's findings is provided below.

Grade	BDO's assessment
 Partially adequate/effective	Transactions for which explicit informed consent is required 64 per cent of policies, procedures and systems were found to be adequate and effective. BDO found that the remainder required improvement. Recommendations focused on ensuring records of explicit informed consent are obtained, documenting recapture of explicit informed consent processes, communication of identified issues and record retention training.
 Partially adequate/effective	Nature of explicit informed consent 65 per cent of policies, procedures and systems were found to be adequate and effective. In other areas, improvements to the oversight of external sale channel explicit informed consent record retention policies were identified. Recommendations focused on ensuring records of explicit informed consent are obtained, documenting recapture of explicit informed consent processes, communication of identified issues and record retention training.
 Partially adequate/effective	Record of explicit informed consent 75 per cent of policies, procedures and systems were found to be adequate and effective. For the remainder, improvements were recommended to quality assurance review processes in relation to record retention. Recommendations focused on strengthening quality assurance processes in relation to record retention and risk assessments of record management processes.
 Partially adequate/effective	Retailer obligations in relation to customer transfer 73 per cent of policies, procedures and systems were found to be adequate and effective. In other areas improvements are required to investigation processes around customer transfer explicit informed consent complaints. Recommendations focused on strengthening customer transfer and complaints processes.



De-energisation must not be arranged when a customer enquiry regarding explicit informed consent remains open

100 per cent of policies, procedures and systems were found to be adequate and effective.

Adequate/effective



Actions to be taken where no or defective explicit informed consent

50 per cent of policies, procedures and systems were found to be effective. BDO found the remaining areas required improvement in relation to processes which ensure the recapture of explicit informed consent.

Partially adequate/effective

Recommendations focused on documenting recapture of explicit informed consent processes, strengthening complaints processes and record retention training.



Obligations to submit information and data on compliance and performance to the AER

70 per cent of policies, procedures and systems were found to be effective. Improvements are required in the remaining areas in relation to the recording of data extraction methodology.

Partially adequate/effective

Recommendations focused on improving processes around documenting data sources and quality assurance over data output and reports.

Next steps

Alinta has accepted BDO's findings and has commenced an implementation plan to address all of BDO's recommendations.

The AER will continue to monitor the progress of Alinta's implementation plan. All recommendations are expected to be implemented by December 2019.