



CitiPower and Powercor

Ring-Fencing Guideline

Compliance Report

31 December 2019

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1. Executive Summary

1.1 Introduction

The Australian Energy Regulator (the "AER") published the Electricity Distribution Ring-Fencing Guideline on 30 November 2016 under the National Electricity Rules (the "NER") with amendments made on 17 October 2017 (the "Guideline"). The Guideline requires functional separation of regulated and competitive business activities to promote competition in the provision of contestable electricity services.

Under clause 6.2.1c of the Guideline, Deloitte has been engaged per the engagement letter between CitiPower Pty Ltd ("CitiPower") and Powercor Australia Limited ("Powercor") and Deloitte dated 22 November 2019 the qualified independent authority to provide reasonable assurance that CitiPower and Powercor's Ring-Fencing Annual Compliance Report has been prepared in compliance with 6.2.1a of the Guideline as evaluated against 6.2.1b of the Guideline, in all material respects, for the period from 1 January 2019 to 31 December 2019.

1.2 Summary of Findings

The following table summarises observations and recommendations against the Obligations where an exception was identified. The rating of each Obligation has been applied in accordance with *Section 1.3*.

No.	Guideline obligation	Results of Testing	Recommendation	Rating	Material Breach
1.	4.2.3 (a) Offices, staff, branding and promotions	<p><u>Change in domain usernames for Beon employees</u></p> <p>The ring-fencing guideline 4.2.3 requires that Powercor and CitiPower must use branding for direct control services that is separate from the branding used by a related electricity service provider for contestable electricity services.</p> <p>From the testing performed, we identified that one employee transferred from Powercor to Beon Energy Solutions ("Beon") on 19 December 2019 and maintained a Powercor domain username. Beon is an affiliate of the DSNP's that provides contestable electricity services.</p> <p>The issue occurred due to an oversight in the IT change request relating to a domain username for Beon employees. As of 3 March 2020, we note that this employee transferred back to Powercor and the breach has been rectified.</p> <p>An immaterial breach has been recognised in the CitiPower/ Powercor Ring fencing Compliance Report for the year ended 31 December 2019.</p>	We recommend that management implement the automation of updating employee restrictions and email addresses when they transfer between CitiPower/ Powercor and Beon.	Exception	No
2.	4.2.3(a) Offices, staff, branding and promotions	<p><u>Branding of Beon invoices</u></p> <p>The ring-fencing guideline 4.2.3 requires that CitiPower/ Powercor must use branding for its direct control services that is separate from the branding used by a related electricity service provider for contestable electricity services.</p> <p>Management identified in May 2019 that Beon invoices referred customers to the Powercor payments inbox (payments@powercor.com.au) in the payments section of the invoice.</p> <p>Consequent to the identification of the issue there was a delay in the rectification of this and a specific inbox (payments@beon-es.com.au) for Beon was subsequently established and included on Beon invoices from 31 January 2020.</p>	We recommend management strengthen the framework to monitor identified potential breaches and to rectify these within a timely manner.	Exception	No

No.	Guideline obligation	Results of Testing	Recommendation	Rating	Material Breach
		An immaterial breach has been recognised in the CitiPower / Powercor Ring fencing Compliance Report for the year ended 31 December 2019.			
3.	<p>4.3.2 (a) (b) Protection of Confidential information</p> <p>4.3.3 (a) – (g) Disclosure of information</p> <p>4.2.4 (b) Office and staff registers</p>	<p><u>Access to restricted information / staff sharing register</u></p> <p>Per clause 4.3.2 of the guideline, the DNSP is required to keep confidential information confidential, and only use confidential information for the purpose for which it was acquired or generated.</p> <p>Additionally, clause 4.3.3 of the guideline, the DNSP must not disclose confidential information to any person, including a related electricity service provider unless it falls under the exceptions of items (a) – (g).</p> <p>Clause 4.3.1 of the guideline defines confidential information as electricity information, acquired or generated by a DNSP in connection with its provision of direct control services, that is not already publicly available, and includes electricity information that the DNSP derives from that information, or provided to the DNSP by or in relation to a customer or prospective customer of direct control services.</p> <p>In April 2019 one Beon employee had access to an IT system containing confidential information (Map Insights). Once identified the employees’ access to the system was revoked.</p> <p>Management confirmed that this Beon employee accessed this system as they were performing a role for both Powercor and Beon. Map Insights was required for this employee to fulfil their role at Powercor.</p> <p>Clause 4.2.4. of the guideline requires the DNSP to establish, maintain and keep a register that identifies the nature of the position of its members of staff to which it has not applied clause 4.2.2(a). This employee’s role was not included in the staff sharing register during the period ended 31 December 2019.</p> <p>An immaterial breach has been recognised in the CitiPower/ Powercor Ring-fencing Compliance Report for the year ended 31 December 2019.</p>	<p>We recommend that:</p> <ul style="list-style-type: none"> • Management consider implementing increased automation for: <ul style="list-style-type: none"> - System access changes (instead of manual change in the event where CitiPower/ Powercor employees change roles or enter the Beon business) - IT system access requests, restrictions and approvals. • Management periodically review confidential information available to affiliated entity employees, including Beon, NextGen and ENEA and ensure they are adequately restricted. 	Exception	No

No.	Guideline obligation	Results of Testing	Recommendation	Rating	Material Breach
4.	4.4.1 (a) (b) Conduct of service providers	<p><u>Terms and conditions in supplier contracts</u></p> <p>Per clause 4.4 of the guideline the DNSP is required to include a Ring-Fencing clause in all new or varied agreements between the DNSP and a service provider, for the provision of services to the DNSP that enable or assist the DNSP to supply direct control services.</p> <p>During our procedures performed as part of our prior period audit, we identified five contracts entered during the period relating to vendors who provided direct control services that did not include the ring-fencing clause. Of these five contracts identified, one contract was relevant to the 31 December 2019 period and represents a carryover breach.</p> <p>An immaterial breach has been recognised in the CitiPower/ Powercor Ring fencing Compliance Report for the year ended 31 December 2019.</p> <p>From our current year procedures we note the following:</p> <ul style="list-style-type: none"> • Management have developed a decision-making tree framework to apply in procurement contract negotiations to identify contracts with a supplier that require the ringfencing clause. • Contracts identified in the prior period audit to be in breach of the guidelines and confirmed that each contract was rectified to include the relevant ring-fencing clauses during 2019. 	No further recommendations have been identified.	Exception	No
5.	4.2.4 (b) Office and staff registers 4.2.1 (a) Offices, staff, branding and promotions	<p><u>Office and Staff sharing</u></p> <p>Per clause 4.2.4 of the guideline, the DNSP must establish, maintain and keep a register that identified the nature of the position of its members of staff to which it has not applied clause 4.2.2(a).</p> <p>Per clause 4.2.1 of the guideline, A DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.</p> <p>From our testing performed we identified the following employees not included on the staff sharing register:</p> <ul style="list-style-type: none"> • One Powercor employee whose employment is shared between CitiPower / Powercor and Beon. The employee was not included 	<p>We recommend that management update the register for staff sharing and includes names and roles throughout the Group at a detailed level to ensure the register is complete and accurate. We understand that management are in the process of completing this comprehensive review and update.</p> <p>We recommend that this register is published on the website as soon as practical.</p>	Exception	

No.	Guideline obligation	Results of Testing	Recommendation	Rating	Material Breach
		<p>in the staff sharing register for the year ended 31 December 2019.</p> <p>We note that Powercor’s staff sharing register includes the broader role of GM People, Culture and Legal (inclusive of Health and Safety) however the staff sharing register lacks the additional detail of other shared staff roles at a more granular level.</p> <ul style="list-style-type: none"> • 2 ENEA staff (an affiliated entity) have unrestricted access to the CitiPower and Powercor offices and are not included in the staff sharing register. • 3 Next Generation staff (an affiliated entity) have unrestricted access to the CitiPower and Powercor offices are not included in the staff sharing register. <p>A non-material breach has been recognised in the CitiPower/ Powercor Ring fencing Compliance Report for the year ended 31 December 2019.</p>			

1.3 Rating Applied

The ratings applied to the results of our testing are defined below based on Deloitte’s interpretation of the Guideline. The evaluation of the results of our tests as they relate to the Obligations is based on applying our professional judgement and considering the available facts and circumstances.

No Exception	Requirements of the Obligation have been met with no or only minor improvement opportunities. Any findings noted are considered minor and require routine efforts to correct in the normal course of business.
Exception	The requirements of the Obligation have not been fully met. Findings noted require remedial action.

2 Independent Assurance Report to the Directors of CitiPower and Powercor

Opinion

We have undertaken a reasonable assurance engagement on whether CitiPower Pty Ltd ("CitiPower") and Powercor Australia Limited's ("Powercor") Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Ring-Fencing Guideline - Electricity Distribution (the "Guideline") as evaluated against 6.2.1b of the Guideline in all material respects for the period from 1 January 2019 to 31 December 2019. The Ring-Fencing Compliance Report will accompany our report, for the purpose of reporting to the Australian Energy Regulator ("AER").

In our opinion, the CitiPower and Powercor's Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Guideline as evaluated against 6.2.1b of the Guideline in all material respects for the period from 1 January 2019 to 31 December 2019.

Basis for Opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* ("ASAE 3100") issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management of CitiPower and Powercor

CitiPower and Powercor management are responsible for:

- a) Providing a statement with respect to the outcome of the evaluation of the compliance activity against the requirements of the Guideline, which accompanies this independent assurance report.
- b) Identifying risks that threaten the 6.2.1b of the Guideline identified above being met;
- c) Identifying suitable compliance requirements in the Guideline as required by the AER; and
- d) Identifying, designing and implementing controls to enable the requirements of the Guideline to be met and to monitor ongoing compliance.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on whether CitiPower and Powercor's Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Guideline as evaluated against 6.2.1b of the Guideline in all material respects for the period from 1 January 2019 to 31 December 2019. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether CitiPower and Powercor's Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Guideline as evaluated against 6.2.1b of the Guideline in all material respects for the period from 1 January 2019 to 31 December 2019.

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An assurance engagement to report on the CitiPower and Powercor's Ring-Fencing Compliance Report involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the requirements of the Guideline. The procedures selected depend on our judgement, including the identification and assessment of risks of material misstatement in the Ring-Fencing Compliance Report, as evaluated against 6.2.1b of the Guideline.

Our procedures included, but were not limited to:

- Inquiring with CitiPower and Powercor personnel about controls are in place to allow CitiPower and Powercor to comply with the Obligations;
- On a sample basis, observing the control being performed, and/or inspecting documentation to evidence the design, implementation and effectiveness of the controls;
- Inquiring with management whether they are compliant with the Obligations and corroborating our inquiry with the results of our procedures.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or exception with compliance requirements may occur and not be detected.

A reasonable assurance engagement for the period from 1 January 2019 to 31 December 2019 does not provide assurance on whether compliance with the Guideline will continue in the future.

Restricted Use

This report has been prepared for use by CitiPower and Powercor for the purpose of meeting the reporting requirements to the AER. We disclaim any assumption of responsibility for any reliance on this report to any person other than CitiPower and Powercor, or for any purpose other than that for which it was prepared. However, we understand that a copy of the report has been requested by AER. We agree that a copy of the report may be provided to AER for their information in connection with this purpose but, as will be made clear in the report, only on the basis that we accept no duty, responsibility or liability to any party, other than you, in connection with the report or this engagement.

It is our understanding that the AER may publish a copy of our report on their website. We do not accept responsibility for the electronic presentation of our report on the AER's website. The security and controls over information on the web site is not evaluated or addressed by the independent auditor. The examination of the controls over the electronic presentation of the Ring-fencing Compliance Report on the AER's web site is beyond the scope of this engagement.

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DELOITTE TOUCHE TOHMATSU



Samuel Vorweg
Partner

Chartered Accountant
Melbourne, 30 April 2020

3 Detailed Audit Findings

The descriptions of the tests of compliance that were performed, findings relating to the tests of compliance or particular aspects of the engagement, our recommendations and conclusion of whether there has been a breach of the requirements of the Guideline are described below.

The rating of each Obligation has been applied in accordance with *Section 1.3*.

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
1.	Legal separation	3.1 (a)	A DNSP must be a legal entity.	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Analyst <p>Key Controls:</p> <ul style="list-style-type: none"> CitiPower and Powercor are separate legal entities with a registered Australian Business Number (ABN) which is distinct from its affiliated entities that provide "other services" <p>Information Obtained:</p> <ul style="list-style-type: none"> ASIC ABN Search Distribution Network service provider Licence <p>Test Performed:</p> <ul style="list-style-type: none"> We performed a search of the ASIC register for CitiPower Pty Ltd and Powercor Australia Limited's ABN to verify they are separate legal entities We cross checked the registered ABN against the Distribution Network Services Provider Licence. 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception
2.	Legal separation	3.1 (b)	A DNSP may provide distribution services and transmission services but must not provide other services.	<p>Discussions held with:</p> <ul style="list-style-type: none"> Financial Controller Senior Finance Business Partner – Corporate and Regulatory <p>Key Controls:</p> <ul style="list-style-type: none"> CitiPower and Powercor are separate legal entities with a registered Australian Business Number (ABN) which is distinct 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<p>from its affiliated entities that provide "other services"</p> <ul style="list-style-type: none"> • A separate affiliated entity Beon was established to perform "other services" outside distribution and transmission services which are performed by CitiPower and Powercor • A monthly review of general ledger accounts is performed by finance and an attestation is provided by the Financial Controller that no breaches in this requirement have occurred <p>Other compliance measures:</p> <ul style="list-style-type: none"> • A waiver was obtained from the AER in relation to unclassified services that are provided by the DSNP <p>Information Obtained:</p> <ul style="list-style-type: none"> • Audited financial statements for CitiPower and Powercor for the year ended 31 December 2019 • General ledger information recording revenue generated in the period by the DSNP • AER approved waiver detailing unclassified services that may be provided by the DSNPs <p>Test Performed:</p> <ul style="list-style-type: none"> • We have performed a review of the nature of each revenue streams recorded in CitiPower/ Powercor financial statements and assessed whether these are related to distribution services. • For "other services" revenue generated, we assessed whether the waiver approved by the AER included the services provided. 			
3.	Separate accounts	3.2.1 (a)	A DSNP must establish and maintain appropriate internal	<p>Discussions held with:</p> <ul style="list-style-type: none"> • Financial Controller 	Based on the testing performed we have not identified any matters of exception against the obligation.	We recommend that management ensure that monthly attestations are completed on a timelier basis to allow	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the DNSP and its affiliated entities.</p>	<ul style="list-style-type: none"> • Senior Finance Business Partner – Corporate and Regulatory <p>Key Controls:</p> <ul style="list-style-type: none"> • A separate general ledger is maintained for CitiPower/ Powercor and its affiliates with separate general ledger accounts and cost centre to segregate transactions between affiliates • A monthly review of general ledger accounts is performed by the finance and attestation is provided by the Financial Controller that no breaches in this requirement have occurred <p>Information Obtained:</p> <ul style="list-style-type: none"> • Corporate Service agreements between CitiPower/ Powercor and their affiliates • Audited financial statements for CitiPower Pty Ltd and Powercor Australia Limited for the year ended 31 December 2019 • Balance sheet reconciliations and monthly attestation by Financial Controller <p>Test Performed:</p> <ul style="list-style-type: none"> • We performed a process walk through to understand the key controls in place to maintain separate accounts and be able to demonstrate the extent of transactions between CitiPower/ Powercor and its affiliates • We tested the design and operating effectiveness of the monthly attestation provided by the Financial Controller • We reconciled the affiliate transactions disclosure in the Compliance report to underlying accounting records to assess accuracy and challenged the completeness of these transactions. 	<p>Based on controls testing performed, we observed the monthly attestations performed by the Financial Controller confirming that transactions have been allocated to the correct general ledger accounts. Upon reviewing we noted that the monthly attestations performed were signed up to approximately one month after month end.</p>	<p>for potential breaches to be identified and addressed.</p>	

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
4.	Cost allocation and attribution	3.2.2 (a), (b) (c)	<p>A DNSP must allocate or attribute costs to distribution services:</p> <ul style="list-style-type: none"> - in a manner that is consistent with the Cost Allocation Principles and its approved CAM, as if the Cost Allocation Principles and CAM otherwise applied to the allocation and attribution of costs between distribution services and non-distribution services. - and must not allocate or attribute other costs to the distribution services it provides. <p>A DNSP must establish, maintain and keep records that demonstrate how it meets cost allocation and attribution obligations.</p> <p>A DNSP must establish, maintain and keep records that demonstrate how it meets cost allocation and attribution Obligations.</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> • Financial Controller • Senior Finance Business Partner – Corporate and Regulatory <p>Key Controls:</p> <ul style="list-style-type: none"> • Costs are allocated using approved profit centres and function codes within the ERP system (SAP) in line with the approved CitiPower and Powercor’s Cost Allocation Methodology (CAM). These are uploaded within SAP and cannot be amended unless reviewed and approved • A quarterly review of cost attribution is performed by the finance team and an attestation is provided by the Financial Controller that this has been performed and whether any breaches have been identified <p>Information Obtained:</p> <ul style="list-style-type: none"> • Powercor and CitiPower Cost Allocation Method • Quarterly Finance Controller attestation of cost attribution • Transactions with affiliates data <p>Test Performed:</p> <ul style="list-style-type: none"> • We performed a process walk through to understand the key controls in place to ensure costs are allocated accurately and in line with CAM • We obtained and reviewed the CAM, noting it addresses the allocation of costs between distribution services and non-distribution services • We tested the design and operating effectiveness by inspecting the quarterly review of the cost attribution attestation • Tested the balances disclosed for transactions with affiliates in the 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				compliance report for completeness and accuracy and consistency to the audited financial statement information			
5.	Obligation not to discriminate	4.1(b)	<p>A DNSP must not discriminate (either directly or indirectly) between a related electricity service provider and a competitor (or potential competitor) of a related electricity service provider in connection with the provision of:</p> <p>i. direct control services by the DNSP (whether to itself or to any other legal entity); and / or</p> <p>ii. contestable electricity services by any other legal entity.</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Analyst Team Leader Engineering and Consulting Manager Customer Requests <p>Key Controls:</p> <ul style="list-style-type: none"> Approval of project costs and scheduling so that contestable services are not prioritised over direct control services Annual review of ring-fencing obligations by each Responsible Manager or General Manager and declaration of any breaches/no breaches occurring in relevant area of the business Mandatory training of CitiPower and Powercor staff on the ring-fencing requirements is performed <ul style="list-style-type: none"> On initial adoption of the guideline in the year ended 31 December 2018 For new employees on joining CitiPower/Powercor. Refresher training on a bi-annual basis (refresher training is scheduled to be completed in the year ending 31 December 2020). <p>Information Obtained:</p> <ul style="list-style-type: none"> Training materials Listing of customer projects Annual declaration by General Managers <p>Test Performed:</p> <ul style="list-style-type: none"> We tested the operating effectiveness testing of the project approvals 	<p>Based on the testing performed we have not identified any matters of exception against the obligation.</p> <p>However, in relation to Ringfencing training we observed the following:</p> <ul style="list-style-type: none"> Approximately 20% of employees in the business have not completed the required ring-fencing training as at 31 December 2018 and 2019 in accordance with the DNSP's ring fencing policy. The Governance team responsible for reviewing training attendance confirmed that employees had been followed up during the 12-month period ended 31 December 2019 however they were not able to confirm the reason for non-completion of the mandatory training. <p>Ringfencing training for employees of the Group is a key preventative control. We have concluded that this is an area for improvement however have not identified any breaches of the guideline in relation to the control and have therefore concluded that it is not an exception (consistent with the definition in Section 1.3).</p>	<p>Non-completion increases the risk of inadvertent breaches of the guideline and we recommend that controls to monitor training completion are strengthened.</p>	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<ul style="list-style-type: none"> • We have obtained and reviewed each of the General Manager annual compliance declaration • We reviewed the training material and noted that the training included the requirement not discriminate • We performed sample testing of training attendance register to assess whether it was accurate • We performed a sample of employees that did not attend training to validate the reason. 			
6.	Offices, staff, branding and promotions	4.2.1(a)	A DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.	<p>Discussions held with:</p> <ul style="list-style-type: none"> • Senior Facilities Specialist <p>Key Controls:</p> <ul style="list-style-type: none"> • CitiPower and Powercor have a separate office from Beon. • Beon employees are physically restricted from accessing certain floors of CitiPower and Powercor office using the Gallagher security system (through electronic access cards and security doors) • On a monthly basis, the Senior Facilities Specialist performs a review of physical access restriction for the CitiPower/Powercor building to identify any Beon staff who have inappropriate access • On an annual basis the office and staff sharing register is maintained and updated by CitiPower/Powercor <p>Information Obtained:</p> <ul style="list-style-type: none"> • Gallagher security system access listings to the Powercor and CitiPower office • Beon employee staff listing • Next Generation employee listing • ENEA employee listing • Staff and office sharing register 	<p>Based on controls testing performed, we noted that on a monthly basis Facilities Management Services review building access rights of Beon staff for the CitiPower and Powercor office.</p> <p>Based on testing performed, we identified the following:</p> <ul style="list-style-type: none"> • 2 ENEA staff (an affiliated entity) have unrestricted access to the CitiPower and Powercor offices and are not included in the staff sharing register. • 3 Next Generation staff (an affiliated entity) have unrestricted access to the CitiPower and Powercor offices are not included in the staff sharing register. <p>A non-material breach has been recognised in the CitiPower/ Powercor Ring fencing Compliance Report for the year ended 31 December 2019.</p>	We recommend that the monthly review of building facilities access should be extended to review access of other affiliated entity employees that provide direct control services, rather than just Beon employees.	Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<p>Test Performed:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of the monthly review control of physical access We tested Beon, ENEA and Next Generation staff and reviewed the physical access restrictions for CitiPower and Powercor building within Gallagher system We reviewed the office sharing register for completeness and accuracy and sighted evidence of the annual review performed in the period. 			
7.	Staff sharing	4.2.2(a)	<p>A DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Analyst <p>Key Control:</p> <ul style="list-style-type: none"> An annual review is performed by the Regulations team for any changes to job description or new roles to ensure that any shared staff are identified, and that shared staff are not in breach of the ring-fencing requirements <p>Information Obtained:</p> <ul style="list-style-type: none"> Staff and office sharing register Sample of employee contracts Affiliate employee listings <p>Test Performed:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of the annual review of the staff sharing arrangements We tested a sample of staff to review their role description in order to assess whether they are involved in provision of direct control services and contestable electricity services and if so that appropriate safeguards are in place 	<p>Consistent with the prior year audit, we observed that the majority of Beon staff are contractually employed by Powercor. Management have advised that it was financially prohibitive to transfer employment contracts from Powercor to Beon when the ring-fencing guideline came into effect. However, where Beon staff are employed by Powercor and are incentivised to promote Beon, this may result in a breach of the ring-fencing guideline. Further, following prior year audits management disclosed the arrangement to the AER and it was not identified by the AER to be of concern.</p>	<p>We recommend that the contractual arrangement between Powercor and Beon for the secondment of staff should reflect obligations under the ring-fencing requirement.</p>	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<ul style="list-style-type: none"> Testing of affiliated entity staff that are shared to ensure they are included in the staff sharing register 			
8.	Staff sharing	4.2.2(c)	<p>The remuneration, incentives and other benefits (financial or otherwise) a DNSP provides to a member of its staff must not give the member of staff an incentive to act in manner that is contrary to the DNSP's obligations under this Guideline.</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Analyst Remuneration & Benefits Specialist Payroll Manager Business Performance Management <p>Key Control:</p> <ul style="list-style-type: none"> On an annual basis the Head of business performance management reviews the remuneration, incentives and other benefits of staff working for CitiPower and Powercor to ensure that these do not incentivise them to breach the ring-fencing requirements <p>Information obtained:</p> <ul style="list-style-type: none"> 2020 KPIs by Business Unit presentation pack Sample of Employee KPIs for 2019 <p>Test Performed:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of the annual review of the KPIs performed in the period. We tested a sample of employees to review that incentives included in their performance measures did not incentivise CitiPower and Powercor staff to breach their obligations under the Ring-fencing guideline. 	Refer to above 4.2.2(a).	Refer to above 4.2.2(a).	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
9.	Branding and cross-promotion	4.2.3(a)	<p>A DNSP:</p> <p>i. must use branding for its direct control services that is independent and separate from the branding used by a related electricity service provider for contestable electricity services, such that a reasonable person would not infer from the respective branding that the DNSP and the related electricity service provider are related.</p> <p>ii. must not advertise or promote its direct control services and its contestable electricity services that are not direct control services together (including by way of cross-advertisement or cross-promotion).</p> <p>iii. must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself.</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> • Manager Customer relations • Contact Centre Manager • Marketing and Community Partnership Manager <p>Key Controls:</p> <ul style="list-style-type: none"> • Contact centre scripts are utilised for scenarios where a customer requests contestable electricity services. These scripts are reviewed on an annual basis to ensure they do not recommend affiliated entities. • Phone calls to contact centre are monitored to detect any instances of cross-promotion. A monthly attestation is provided that this has occurred whether any breaches identified were reported. • An Annual review of the CitiPower/ Powercor electronic materials (website and social media content) is reviewed for any inappropriate co-branding or cross promotion • Mandatory training on the ring-fencing requirements is completed annually <p>Information Obtained:</p> <ul style="list-style-type: none"> • Call centre scripts • Monthly attestation of call centre monitoring • Sample of customer calls • Training materials <p>Other compliance measures:</p> <ul style="list-style-type: none"> • CitiPower and Powercor have a waiver for 4.2.3(a) of the guideline in relation to the use of CitiPower and Powercor brands until 31 December 2019. <p>Test Performed:</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of the 	<p>Based on the testing performed we identified the following:</p> <ul style="list-style-type: none"> • CitiPower and Powercor have a waiver for 4.2.3(a) of the guideline in relation to the use of CitiPower and Powercor brands until 31 December 2019. <p>We note the following exceptions which have been disclosed in the CitiPower/ Powercor Ring fencing Compliance Report for the year ended 31 December 2019:</p> <ul style="list-style-type: none"> • As mentioned in item 1 of Section 1.2 above, we identified that one employee transferred from Powercor to Beon Energy Solutions ("Beon") on 19 December 2019 and maintained a Powercor domain username. <p>This has been disclosed as a non-material breach in the CitiPower/ Powercor ring-fencing compliance report for the period ended 31 December 2019.</p> <ul style="list-style-type: none"> • As mentioned in item 2 of Section 1.2 above, prior to 31 January 2020 all Beon invoices referred customers to the Powercor payments inbox in the payments section of the invoice. <p>This has been disclosed as a non-material breach in the CitiPower / Powercor ring fencing compliance report for the period ended 31 December 2019.</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> • That management consider the automation of updating employee restrictions and email addresses when they transfer between CitiPower/ Powercor and Beon. • That management strengthen the framework to monitor identified potential breaches and to rectify these within a timely manner. 	Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<p>annual review of the website and social media content.</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of monthly attestation for the monitoring of contact centre phone calls. We inspected the CitiPower/ Powercor website and social media for evidence of promotion of contestable service provider Beon. We listened to a sample of customer calls (faults and connections) to identify any branding of cross-promotion. We reviewed the training content and it covered the branding and cross-promotion requirements. 			
10.	Office and staff registers	4.2.4 (a), (b)	<p>A DNSP must establish, maintain and keep a register that identifies: (a) the classes of offices to which it has not applied; and (b) the nature of the positions (including a description of the roles, functions and duties) of its members of staff and must make the register publicly available on its website.</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Analyst <p>Key Control:</p> <ul style="list-style-type: none"> Annual review of the Staff and Office sharing register <p>Information Obtained:</p> <ul style="list-style-type: none"> Staff and office sharing register <p>Test Performed:</p> <ul style="list-style-type: none"> We reviewed the staff and office register to determine whether it included the required information and was publicly available on its website. 	<p>From our testing performed we identified the following employees were not included on the staff sharing register:</p> <ul style="list-style-type: none"> One Powercor employee whose employment role is shared with CitiPower / Powercor and Beon. The employee was not included in the staff sharing register for the year ended 31 December 2019. <p>We note that Powercor's staff sharing register includes the broader role of GM People, Culture and Legal (inclusive of Health and Safety) however the staff sharing register lacks the additional detail of other shared staff roles at a more granular level.</p> <ul style="list-style-type: none"> One Beon employee had access to an IT system containing confidential information and was not included in the staff sharing register (Item 3 of Section 1.2) 	<p>We recommend that management update the register for staff sharing and includes names and roles throughout the Group at a detailed level to ensure the register is complete and accurate. We understand that management are in the process of completing this comprehensive review and update. We recommend that this register is published on the website as soon as practical.</p>	Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
					<ul style="list-style-type: none"> 2 ENEA staff (an affiliated entity) have unrestricted access to the CitiPower and Powercor offices and are not included in the staff sharing register. 3 Next Generation staff (an affiliated entity) have unrestricted access to the CitiPower and Powercor offices and are not included in the staff sharing register. <p>A non-material breach has been recognised in the CitiPower/ Powercor Ring fencing Compliance Report for the year ended 31 December 2019.</p>		
11.	Protection of confidential information	4.3.2 (a) (b)	<p>A DNSP must: (a) keep confidential information confidential (b) only use confidential information for the purpose for which it was acquired or generated</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> IT Assurance Manager IT Customer Service <p>Key Controls:</p> <ul style="list-style-type: none"> Beon staff are restricted from accessing confidential electricity information through IT access controls A monthly review of IT user access is performed by the system owner to monitor any inappropriate access to systems for Beon staff <p>Information Obtained:</p> <ul style="list-style-type: none"> Information sharing protocol Beon employee listing Next Generation employee listing ENEA employee listing Listing of IT access of systems containing confidential information <p>Test Performed:</p> <ul style="list-style-type: none"> We tested the operating effectiveness of IT access controls 	<p>Based on the work performed we have identified the following:</p> <ul style="list-style-type: none"> In April 2019 one Beon employee had access to an IT system containing confidential information (Map Insights). Once identified the employees' access to the system was revoked. <p>Management confirmed that this Beon employee accessed this system as they were performing a role for both Powercor and Beon. Map Insights was required for this employee to fulfil their role at Powercor.</p> <p>A non-material breach has been recognised in the CitiPower/ Powercor Ring fencing Compliance Report for the year ended 31 December 2019.</p>	<p>We recommend that:</p> <ul style="list-style-type: none"> Management consider increasing the automation for: <ul style="list-style-type: none"> System access changes (instead of manual change in the event where CitiPower/ Powercor employees change roles or enter the Beon business) IT system access requests, restrictions and approvals. Management review confidential information available to affiliated entity employees, including Beon, NextGen and ENEA and ensure they are adequately restricted. 	Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<ul style="list-style-type: none"> We obtained an IT user access listing for all CitiPower and Powercor systems that contain confidential information and compared to listing of Beon employee to determine whether there was any inappropriate access. 			
12.	Disclosure of information	4.3.3 (a)-(g)	<p>A DNSP must not disclose confidential information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the confidential information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Analyst IT Assurance Manager IT Customer Service <p>Key Controls:</p> <ul style="list-style-type: none"> Information sharing protocol and information sharing register is publicly available Beon staff are restricted through IT access controls from confidential information Monthly review of IT user access to monitor any inappropriate access to systems for Beon staff Bi-annual review of IT user access for any inappropriate access to systems by Beon staff <p>Information Obtained:</p> <ul style="list-style-type: none"> Information sharing protocol Information sharing register Beon employee listing Next Generation employee listing ENE employee listing Monthly IT user access attestation form Bi-annual attestation form <p>Test Performed:</p> <ul style="list-style-type: none"> We tested the design operating effectiveness of IT access controls We tested the design and operating effectiveness of the monthly and bi-annual IT user access attestation forms We obtained an IT user access listing for all CitiPower/ Powercor 	Based on the testing performed we have identified the exceptions and control weaknesses in relation to this requirement. Both matters are reported in Section 4.3.2 (a) (b) above.	Refer above for 4.3.2 (a) (b).	Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to another Network Service Provider in response to an event (such as an emergency) that is beyond the other Network Service Provider’s reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP</p> <p>(g) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.4 in relation to that confidential information.</p>	<p>systems that contain confidential information and compared to listing of Beon employee to determine whether there is any inappropriate access</p> <ul style="list-style-type: none"> • We have reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline. • We sighted the information register is publicly available on the CitiPower/ Powercor website 			
13.	Sharing of information	4.3.4	<p>(a) Subject to clause 4.1(c)iv. and to this clause 4.3.4, where a DNSP shares confidential information with a related electricity service provider, or</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> • Regulatory Analyst • IT Assurance Manager <p>Key Control:</p> <ul style="list-style-type: none"> • Information sharing protocol and information sharing register is publicly available 	Based on the testing performed we have identified the exceptions and control weaknesses in relation to this requirement. Both matters are reported in Section 4.3.2 (a) (b) above.	Refer above for 4.3.2 (a) (b).	Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>where confidential information that a DNSP has disclosed under clause 4.3.3(f) is then disclosed by any person to a related electricity service provider of the DNSP, the DNSP must provide access to that confidential information (including the derived information) to other legal entities on an equal basis.</p> <p>(b) A DNSP is only required by clause 4.3.4(a) to provide information to a legal entity where:</p> <p>i. the legal entity has requested that it be included on the information register in respect of information of that kind; and</p> <p>ii. the legal entity is competing, or is seeking to compete, with the DNSP, or a related electricity service provider of the DNSP, in relation to the provision of contestable electricity services.</p> <p>(c) A DNSP is not required by clause 4.3.4(a) to provide information to a legal entity where the DNSP has disclosed the information in the circumstances set out in clauses 4.3.3(a) to (e).</p> <p>(d) Without limiting clause 4.3.4(a), a DNSP must</p>	<p>Information Obtained:</p> <ul style="list-style-type: none"> • Information sharing protocol • Information sharing register <p>Test Performed:</p> <ul style="list-style-type: none"> • We have reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline • We sighted the information register is publicly available on the CitiPower/ Powercor website • We made enquiry of the Regulatory Projects Manager and confirmed that there was no information requested in the period. 			

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>establish an information sharing protocol that sets how and when it will make the information referred to in clause 4.3.4(a) available to legal entities and must make that protocol publicly available on its website.</p> <p>(e) Where a DNSP discloses information referred to in clause 4.3.4(a) to any other legal entity under this clause 4.3.4, it must do so on terms and conditions that require the other legal entity to comply with clause 4.3.2 and 4.3.3(a) to (d) in relation to that information as if the other legal entity was a DNSP.</p>				
14.	Information register	4.3.5 (a) - (c)	<p>(a) A DNSP must establish, maintain and keep a register of all:</p> <p>i. related electricity service providers;</p> <p>ii. other legal entities who provide contestable electricity services but who are not affiliates of the DNSP; who request access to information identified in clause 4.3.4(a), and must make the register publicly available on its website.</p> <p>(b) For each legal entity that has requested that a DNSP provide access to information identified in</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> • Regulatory Analyst • IT Assurance Manager <p>Key Control:</p> <ul style="list-style-type: none"> • Information sharing protocol and information sharing register is publicly available <p>Information Obtained:</p> <ul style="list-style-type: none"> • Information sharing protocol • Information sharing register <p>Test Performed:</p> <ul style="list-style-type: none"> • We have reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline • We sighted the information register is publicly available on the CitiPower/ Powercor website 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>clause 4.3.4(a), the DNSP's information register must:</p> <p>i. identify the kind of information requested by the legal entity; and</p> <p>ii. describe the kind of information requested by the legal entity in sufficient detail to enable other legal entities to make an informed decision about whether to request that kind of information from the DNSP.</p> <p>(c) A legal entity may request that the DNSP include it on the information register in relation to some or all of the kinds of information that the DNSP is required to provide under clause 4.3.4(a), and the DNSP must comply with that request.</p>	<ul style="list-style-type: none"> We made enquiry of the Regulatory Projects Manager and confirmed that there was no information requested in the period. 			
15.	Conduct of service providers	4.4.1 (a) (b)	<p>A DNSP:</p> <p>(a) must ensure that any new or varied agreement between the DNSP and a service provider, for the provision of services to the DNSP that enable or assist the DNSP to supply direct control services, requires the service provider to comply, in providing those</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> Procurement Specialist <p>Key Controls:</p> <ul style="list-style-type: none"> The standard terms and conditions for VPN supply contracts include compliance with ring-fencing requirements. These standard terms and conditions are included in all new and amended contracts for suppliers involved in the provision of direct control services. Purchase orders include ring-fencing specific clauses 	<p>During our procedures as part of our prior period audit, we identified five contracts entered during the period relating to vendors who provided direct control services that did not include the ring-fencing clause. Of these five contracts identified, one contract was relevant to the 31 December 2019 period and represents a carryover breach.</p> <p>An immaterial breach has been recognised in the CitiPower/ Powercor</p>	<p>This matter was initially identified in the prior period audit.</p> <p>During the current year, management have developed a decision-making tree framework to apply in procurement contract negotiations to identify contracts with a supplier that require the ringfencing clause.</p> <p>In addition, contracts that did not include the relevant ring-fencing clauses were rectified during 2019, and the clauses have also extended</p>	Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>services, with:</p> <p>i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.2 of this Guideline; and</p> <p>ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP; as if the service provider was the DNSP.</p> <p>A DNSP:</p> <p>(b) must not, directly or indirectly, encourage or incentivise a service provider to engage in conduct which, if the DNSP engaged in the conduct itself, would be contrary to the DNSP's obligations.</p>	<ul style="list-style-type: none"> Decision matrix provided to procurement staff to apply in contract negotiations Internal controls implemented within the procurement team to ensure Beon procurement staff cannot see CitiPower / Powercor tenders All non-compliant contracts from the 2018 audit have either expired or have been amended to include ringfencing clauses. <p>Information Obtained:</p> <ul style="list-style-type: none"> Standard term and conditions Prior year amended contracts Sample of new and revised supplier contacts entered in the period Decision matrix <p>Test Performed:</p> <ul style="list-style-type: none"> We selected a sample of suppliers with new contracts entered into in the period to determine whether the Standard Terms and Conditions attached to the contract contained the requirement to comply with ring-fencing Guideline Tested prior period contracts that were a breach of the guidelines to ensure these had been rectified during 2019 	<p>Ring fencing Compliance Report for the year ended 31 December 2019.</p> <p>We have tested the contracts identified in the prior period audit to be in breach of the guidelines and confirmed that each contract was rectified to include the relevant ring-fencing clauses during 2019.</p>	<p>to be included in purchase orders where necessary.</p> <p>No other recommendations have been identified.</p>	
16.	Waiver register	5.7 (a) (b)	<p>A DNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) and must make the register publicly available on its website.</p> <p>The register established under clause 5.7(a) must include:</p> <p>i. the description of the</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Analyst <p>Key Control:</p> <ul style="list-style-type: none"> Waiver register is maintained and publicly available <p>Information Obtained:</p> <ul style="list-style-type: none"> Waiver register Ring-fencing Compliance Procedure 	<p>Based on the testing performed we have not identified any matters of exception against the obligation.</p> <p>We note that CitiPower and Powercor did not apply for any additional waivers during the period ended 31 December 2019.</p>	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			conduct to which the waiver or interim waiver applies; and ii. the terms and conditions of the waiver or interim waiver ; as set out in the AER's written decision, provided by the AER to the DNSP, to grant (or vary) the waiver or interim waiver.	Test Performed: <ul style="list-style-type: none"> We sighted that the waiver register is publicly available on CitiPower/Powercor's website We cross-checked the details contained on the waiver register against the waiver decisions published on the AER website. 			
17.	Maintaining compliance	6.1	A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline.	Discussions held with: <ul style="list-style-type: none"> Regulatory Analyst Key Control(s): <ul style="list-style-type: none"> General Manager Annual Compliance review and declaration Mandatory training on the ring-fencing requirements Information Obtained: <ul style="list-style-type: none"> General Manager Annual Compliance review and declaration Training materials Test Performed: <ul style="list-style-type: none"> We have obtained and reviewed the General Manager annual compliance declarations We reviewed the training material and the attendance register. 	Based on the testing performed we have not identified any matters of exception against the obligation.	Additionally, we identified an opportunity for improvement to the control environment in relation to the completion of training. This is documented at reference 4.1(b).	No Exception
18.	Annual compliance report	6.2.1 (a), (b) (c)	A DNSP must prepare an annual ring-fencing compliance report each regulatory year. The annual compliance	Discussions held with: <ul style="list-style-type: none"> Regulatory Analyst Key Controls: <ul style="list-style-type: none"> Ring-fencing compliance report 	Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below: <ul style="list-style-type: none"> CitiPower/Powercor have prepared a compliance report 	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>report must identify and describe, in respect of the regulatory year to which the report relates:</p> <p>i. the measures the DNSP has taken to ensure compliance with its obligations under this Guideline;</p> <p>ii. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP; and</p> <p>iii. all other services provided by the DNSP in accordance with clause 3.1; and</p> <p>iv. the purpose of all transactions between the DNSP and an affiliated entity.</p> <p>The annual compliance report must be accompanied by an assessment of compliance by a suitably qualified independent authority.</p>	<ul style="list-style-type: none"> Deloitte has been engaged as the independent authority to assess CitiPower and Powercor’s compliance with the Guideline <p>Information Obtained:</p> <ul style="list-style-type: none"> CitiPower and Powercor Ring-fencing Compliance report <p>Test Performed:</p> <ul style="list-style-type: none"> We reviewed the draft annual ring-fencing compliance report to assess whether it includes all required information required and that the disclosures are consistent with our expectation based on the reasonable assurance procedures performed. 	<p>that is consistent with the requirements of the AER Electricity Distribution Ring-Fencing Guideline – Compliance reporting best practice manual.</p> <ul style="list-style-type: none"> The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority. 		
19.	Compliance breaches	6.3	<p>A DNSP must notify the AER in writing within 5 (five) business days of becoming aware of a material breach of its obligations under this Guideline.</p>	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Analyst <p>Key Controls:</p> <ul style="list-style-type: none"> Mandatory training on the ring-fencing requirements A breach register is maintained and updated by the Regulations team General Manager Annual Compliance review and declaration A mailbox is maintained by the Regulations team for CitiPower/ 	<p>Consistent with our findings in the prior year we identified that:</p> <ul style="list-style-type: none"> There continues to be no documented formal policy for reporting breaches to the compliance team. The materiality guidance adopted by the business is not consistent with the AER compliance manual; therefore, inconsistent assessments may be made in relation to the materiality of breaches 	<p>We recommend that:</p> <ul style="list-style-type: none"> A documented policy is prepared which outlines the reporting requirement and procedures where a potential breach is identified. This procedure should be consistent across the business and the policy publicly available to all staff members to access on the intranet. The compliance team implement monthly meetings inclusive of other independent stakeholders 	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<p>Powercor to report any potential breaches</p> <p>Information Obtained:</p> <ul style="list-style-type: none"> • Training materials • Breach register • General Manager Annual Compliance review and declaration • Email correspondence received in the mailbox in the period <p>Test Performed:</p> <ul style="list-style-type: none"> • We obtained redacted copies of all emails sent to the ring-fencing mailbox and reviewed the email correspondence received during the year • We reviewed and assessed the breach register • We obtained and reviewed the General Manager Annual Compliance review and declarations • We reviewed the training content and confirmed that this did include the process for reporting breaches through the ring-fencing inbox which is monitored by the regulations team. 	<p>identified. Based on the results of our procedures, this inconsistency did not result in them not reporting material breaches</p> <ul style="list-style-type: none"> • The training materials presented to the Group did not contain a clear process for the reporting of breaches. • There is presently limited information on reporting breaches/suspected breaches on the intranet. 	<p>within the business to review and approve:</p> <ul style="list-style-type: none"> - Breaches identified and whether they are material - Agree on an appropriate course of action to investigate potential breaches and resolve - Design and effectiveness of compliance controls. 	