



**CitiPower and Powercor**

Ring-Fencing Guideline

Compliance Report

31 December 2020

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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 11 November 2020 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 2020 to 31 December 2020.

## 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><b><u>Power Network Services Employee Email Signatures</u></b></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>On 2 September 2020 it was identified that two former Power Network Service employees were using incorrect branding in their email signatures.</p> <p>Management immediately issued a reminder to all Network Services staff informing them of the rebrand and instructing them to review their email signatures. The breach was also reported to the AER on 9 September 2020 in accordance with the ring fencing reporting policy.</p> <p>An immaterial breach has been recognised in the CitiPower/ Powercor Ring-fencing Compliance Report for the year ended 31 December 2020.</p>	<p>No recommendation.</p> <p>The breach was remediated during 2020.</p>	Exception	No
2.	4.2.3 (a) Offices, staff, branding and promotions	<p><b><u>Change in domain usernames for Beon employees [Breach reported in prior year report]</u></b></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>During our procedures performed in the prior period , 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>As previously reported, 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 this employee transferred back to Powercor and the breach has been rectified.</p>	<p>None noted.</p> <p>The breach was rectified on 3 March 2020.</p>	Exception	No

No.	Guideline obligation	Results of Testing	Recommendation	Rating	Material Breach
		<p>As this was rectified during the current period an immaterial breach has been recognised in the CitiPower/ Powercor Ring fencing Compliance Report for the year ended 31 December 2020. No further instances of similar exceptions were identified in the current year, consistent with the prior period.</p>			
3.	4.2.3(a) Offices, staff, branding and promotions	<p><b><u>Branding of Beon invoices [Breach reported in prior year report]</u></b></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>As previously reported, Management identified in May 2019 that Beon invoices referred customers to the Powercor payments inbox (<a href="mailto:payments@powercor.com.au">payments@powercor.com.au</a>) 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 (<a href="mailto:payments@beon-es.com.au">payments@beon-es.com.au</a>) for Beon was subsequently established and included on Beon invoices from 31 January 2020.</p> <p>As this was rectified during the current period an immaterial breach has been recognised in the CitiPower / Powercor Ring fencing Compliance Report for the year ended 31 December 2020, consistent with the prior period.</p>	<p>None noted.</p> <p>The breach was rectified on 31 January 2020.</p>	Exception	No
4.	4.2.4 (b) Office and staff registers 4.2.1 (a) Offices, staff, branding and promotions	<p><b><u>Office and Staff sharing [Breach reported in prior year report]</u></b></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>During our procedures performed in the prior period and as previously reported, we identified the following employees not included on the staff sharing register as at 31 December 2019:</p>	<p>No recommendation.</p> <p>We note the access was reviewed and staff sharing register was updated in June 2020.</p>	Exception	No

No.	Guideline obligation	Results of Testing	Recommendation	Rating	Material Breach
		<ul style="list-style-type: none"> <li>• One Powercor employee whose employment was shared between CitiPower / Powercor and Beon.</li> </ul> <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"> <li>• 2 ENEA Australia Pty Ltd staff (“ENEA”, an affiliated entity) had unrestricted access to the CitiPower and Powercor offices and were not included in the staff sharing register.</li> <li>• 3 Next Generation Electrical Group Pty Ltd staff (“NG/E”, an affiliated entity) had unrestricted access to the CitiPower and Powercor offices were not included in the staff sharing register.</li> </ul> <p>As this was rectified during the current period, a non-material breach has been recognised in the CitiPower/ Powercor Ring fencing Compliance Report for the year ended 31 December 2020, consistent with the prior period.</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 2020 to 31 December 2020. The Ring-Fencing Compliance Report will accompany our report, for the purpose of reporting to the Australian Energy Regulator ("AER").

In our opinion, 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 2020 to 31 December 2020.

### 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 2020 to 31 December 2020. 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 2020 to 31 December 2020.

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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 2020 to 31 December 2020 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 assisting them in 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 this report has been requested by AER. We agree that a copy of this report may be provided to AER for their information in connection with this purpose but only on the basis that we accept no duty, responsibility or liability to any party, other than you, in connection with this report or this engagement.

It is our understanding that the AER may publish a copy of this report on their website. We do not accept responsibility for the electronic presentation of this report on the AER's website. The security and controls over information on the web site is not evaluated or addressed by the independent assurance practitioner. 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 Accountants  
Melbourne, 30 April 2021



### 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 <b>must be a legal entity.</b>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Regulatory Analyst</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>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"</li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>ASIC ABN Search</li> <li>Distribution Network service provider Licence</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>We performed a search of the ASIC register for CitiPower Pty Ltd and Powercor Australia Limited's ABN to check that they are separate legal entities</li> <li>We cross checked the registered ABN against the Distribution Network Services Provider Licence.</li> </ul>	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 <b>must not provide other services.</b>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Financial Controller</li> <li>Senior Finance Business Partner – Corporate and Regulatory</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>CitiPower and Powercor are separate legal entities with a registered Australian Business Number (ABN) which is distinct</li> </ul>	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"> <li>• A separate affiliated entity Beon was established to perform "other services" outside distribution and transmission services which are performed by CitiPower and Powercor</li> <li>• 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</li> </ul> <p><b>Other compliance measures:</b></p> <ul style="list-style-type: none"> <li>• A waiver was obtained from the AER in relation to unclassified services that are provided by the DSNP</li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>• Audited financial statements for CitiPower and Powercor for the year ended 31 December 2020</li> <li>• General ledger information recording revenue generated in the period by the DSNP</li> <li>• AER approved waiver detailing unclassified services that may be provided by the DSNPs</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• For "other services" revenue generated, we assessed whether the waiver approved by the AER included the services provided.</li> <li>• We tested the design and operating effectiveness by inspecting the monthly completion of the attestation on a sample basis</li> </ul>			

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
3.	Separate accounts	3.2.1 (a)	A DNSP <b>must establish and maintain appropriate internal accounting procedures</b> to ensure that it can demonstrate the extent and nature of transactions between the DNSP and its affiliated entities.	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Financial Controller</li> <li>Senior Finance Business Partner – Corporate and Regulatory</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>Corporate Service agreements between CitiPower/ Powercor and their affiliates</li> <li>Audited financial statements for CitiPower Pty Ltd and Powercor Australia Limited for the year ended 31 December 2020</li> <li>Balance sheet reconciliations and monthly attestation by Financial Controller</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>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</li> <li>We tested the design and operating effectiveness of the monthly attestation provided by the Financial Controller</li> <li>We reconciled the affiliate transactions disclosure in the Compliance report to underlying accounting records to assess</li> </ul>	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
				accuracy and challenged the completeness of these transactions.			
4.	Cost allocation and attribution	3.2.2 (a), (b) (c)	<p>A DNSP <b>must allocate or attribute costs to distribution services:</b></p> <ul style="list-style-type: none"> <li>- in a manner that is <b>consistent with the Cost Allocation Principles and its approved CAM</b>, as if the Cost Allocation Principles and CAM otherwise applied to the allocation and attribution of costs between distribution services and non-distribution services.</li> <li>- and must not allocate or <b>attribute other costs to the distribution services</b> it provides.</li> </ul> <p>A DNSP <b>must establish, maintain and keep records</b> that demonstrate how it meets cost allocation and attribution obligations.</p> <p>A DNSP <b>must establish, maintain and keep records</b> that demonstrate how it meets cost allocation and attribution Obligations.</p>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>• Financial Controller</li> <li>• Senior Finance Business Partner – Corporate and Regulatory</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>• Powercor and CitiPower Cost Allocation Method</li> <li>• Quarterly Finance Controller attestation of cost attribution</li> <li>• Transactions with affiliates data</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• We performed a process walk through to understand the key controls in place to ensure costs are allocated accurately and in line with CAM</li> <li>• We obtained and reviewed the CAM, noting it addresses the allocation of costs between distribution services and non-distribution services</li> </ul>	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
				<ul style="list-style-type: none"> <li>We tested the design and operating effectiveness by inspecting the quarterly review of the cost attribution attestation on a sample basis</li> <li>Tested the balances disclosed for transactions with affiliates in the compliance report for completeness and accuracy and consistency to the audited financial statement information</li> </ul>			
5.	Obligation not to discriminate	4.1(b)	<p><b>A DNSP must not discriminate</b> (either directly or indirectly) <b>between a related electricity service provider and a competitor</b> (or potential competitor) of a related electricity service provider in connection with the provision of:</p> <p>i. <b>direct control services by the DNSP</b> (whether to itself or to any other legal entity); and / or</p> <p>ii. <b>contestable electricity services</b> by any other legal entity.</p>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Regulatory Analyst</li> <li>Team Leader Engineering and Consulting</li> <li>Manager Customer Requests</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>Approval of project costs and scheduling so that contestable services are not prioritised over direct control services</li> <li>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</li> <li>Mandatory online training of CitiPower and Powercor staff on the ring-fencing requirements is performed <ul style="list-style-type: none"> <li>On initial adoption of the guideline in the year ended 31 December 2018</li> <li>For new employees on joining CitiPower/Powercor.</li> <li>Refresher training on a bi-annual basis).</li> </ul> </li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>Training materials</li> <li>Listing of customer projects</li> <li>Annual declaration by General Managers</li> </ul>	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><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>We tested the operating effectiveness of the control over the project approvals</li> <li>We have obtained and reviewed each of the General Manager annual compliance declarations</li> <li>We reviewed the training material and noted that the training included the requirement not to discriminate</li> <li>We performed sample testing of training attendance register to assess whether it was accurate</li> <li>We selected a sample of employees that did not attend training and inspected the reason for non-completion.</li> </ul>			
6.	Offices, staff, branding and promotions	4.2.1(a)	A DNSP <b>must use offices that are separate from any offices from which a related electricity service provider</b> provides contestable electricity services.	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Senior Facilities Specialist</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>CitiPower and Powercor have a separate office from Beon, ENEA and NG/E.</li> <li>Beon, ENEA and NG/E staff are physically restricted from accessing certain floors of CitiPower and Powercor office using the Gallagher security system (through electronic access cards and security doors)</li> <li>On a monthly basis, the Operations Manager Facility Management Services performs a review of physical access restriction for the CitiPower/Powercor building to identify any Beon, ENEA and NG/E staff who have inappropriate access</li> <li>On an annual basis the office and staff sharing register is maintained and updated by CitiPower/Powercor</li> </ul>	<p>In the prior period, we identified an immaterial breach of this guideline obligation. Refer to the finding documented on page 5 of this report.</p> <p>In the current period, except for the carry-over impact of the item above, based on the testing performed we have not identified any matters of exception against the obligation.</p>	<p>None noted.</p> <p>We note that the breach was rectified in June 2020.</p>	Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>Gallagher security system access listings to the Powercor and CitiPower office</li> <li>Beon employee staff listing</li> <li>Next Generation employee listing</li> <li>ENEA employee listing</li> <li>Staff and office sharing register</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>We tested the design and operating effectiveness of the monthly review control of physical access</li> <li>We tested Beon, ENEA and NG/E staff and reviewed the physical access restrictions for CitiPower and Powercor building within Gallagher system</li> <li>We reviewed the office sharing register for completeness and accuracy and sighted evidence of the annual review performed in the period.</li> </ul>			
7.	Staff sharing	4.2.2(a)	<p>A DNSP <b>must ensure that its staff involved in the provision or marketing of direct control services</b> are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Regulatory Analyst</li> </ul> <p><b>Key Control:</b></p> <ul style="list-style-type: none"> <li>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</li> <li>All office-based staff complete a mandatory online ring-fencing training, and in-person induction course that includes a module on ring-fencing. These courses cover the requirement for staff to not provide or market contestable electricity service by a related electricity service provider.</li> </ul>	<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.</p> <p>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>Refer to 4.1 (b) above for training testing results.</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
				<p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>• Staff and office sharing register</li> <li>• Sample of employee contracts</li> <li>• Affiliate employee listings</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of the annual review of the staff sharing arrangements</li> <li>• 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</li> <li>• We reviewed the training material and noted that the training included the requirement not to discriminate</li> <li>• We performed sample testing of training attendance register to assess whether it was accurate</li> <li>• We tested a sample of employees that did not attend training to validate the reason.</li> <li>• Testing of affiliated entity staff that are shared to ensure they are included in the staff sharing register</li> </ul>	<p>In the current period, based on the testing performed we have not identified any matters of exception against the obligation.</p>		
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 <b>must not give the member of staff an incentive to act in manner that is contrary to the DNSP's</b></p>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>• Regulatory Analyst</li> <li>• Remuneration &amp; Benefits Specialist</li> <li>• Payroll Manager</li> <li>• Business Performance Management</li> </ul> <p><b>Key Control:</b></p> <ul style="list-style-type: none"> <li>• On an annual basis the Head of business performance management reviews the remuneration, incentives and</li> </ul>	<p>Based on the testing performed we have not identified any matters of exception against the obligation.</p>	<p>None noted.</p>	<p>No Exception</p>



No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p><b>obligations</b> under this Guideline.</p>	<p>other benefits of staff working for CitiPower and Powercor to ensure that these do not incentivise them to breach the ring-fencing requirements</p> <p><b>Information obtained:</b></p> <ul style="list-style-type: none"> <li>• 2021 KPIs by Business Unit presentation pack</li> <li>• Sample of Employee KPIs for 2020</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of the annual review of the KPIs performed in the period.</li> <li>• 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.</li> </ul>			
9.	Branding and cross-promotion	4.2.3(a)	<p>A DNSP:</p> <p>i. <b>must use branding for its direct control services</b> 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. <b>must not advertise or promote its direct control services and</b></p>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>• Manager Customer relations</li> <li>• Contact Centre Manager</li> <li>• Marketing and Community Partnership Manager</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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</li> <li>• An Annual review of the CitiPower/ Powercor electronic materials (website and social media content)</li> </ul>	<p>In the prior period, we identified immaterial breaches of this guideline obligation. Refer to the findings documented on pages 4 and 5 of this report.</p> <p>During the current year, we identified an immaterial breach of this guideline obligation. Refer to the finding documented on page 5 of this report.</p>	<p>We recommend that management consider the automation of updating employee restrictions and email addresses when they transfer between CitiPower/ Powercor and Beon.</p> <p>No recommendation is made in relation to the prior period breaches, as they have been rectified on 3 March 2020 and 31 January 2020 respectively.</p>	Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p><b>its contestable electricity services</b> that are not direct control services together (including by way of cross-advertisement or cross-promotion).</p> <p>ii. <b>must not advertise or promote contestable electricity services</b> provided by a related electricity service provider other than the DNSP itself.</p>	<p>is reviewed for any inappropriate co-branding or cross promotion</p> <ul style="list-style-type: none"> <li>• Mandatory training on the ring-fencing requirements is completed annually</li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>• Call centre scripts</li> <li>• Monthly attestation of call centre monitoring</li> <li>• Sample of customer calls</li> <li>• Training materials</li> </ul> <p><b>Other compliance measures:</b></p> <ul style="list-style-type: none"> <li>• In 2019, all field branding of the regulated business was separated from branding used by related service providers.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of the annual review of the website and social media content.</li> <li>• We tested the design and operating effectiveness of monthly attestation for the monitoring of contact centre phone calls.</li> <li>• We inspected the CitiPower/ Powercor website and social media for evidence of promotion of contestable service provider Beon.</li> <li>• We listened to a sample of customer calls (faults and connections) to identify any cross-promotion of affiliated entities.</li> <li>• We reviewed the training content and noted it covered the branding and cross-promotion requirements.</li> <li>• We performed sample testing of training attendance register to assess whether it was accurate</li> <li>• We tested a sample of employees that did not attend training to validate the reason.</li> </ul>			

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
10.	Office and staff registers	4.2.4 (a), (b)	A DNSP <b>must establish, maintain and keep a register</b> that identifies: (a) the <b>classes of offices</b> to which it has not applied; and (b) the <b>nature of the positions (including a description of the roles, functions and duties) of its members of staff</b> and must make the register publicly available on its website.	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Regulatory Analyst</li> </ul> <p><b>Key Control:</b></p> <ul style="list-style-type: none"> <li>Annual review of the Staff and Office sharing register</li> <li>Additional ad-hoc review of the staff and office sharing register when arrangements change and an update is required</li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>Staff and office sharing register</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>We reviewed the staff and office register to determine whether it included the required information and was publicly available on its website. We note the register was updated in June 2020 in line with the annual review.</li> </ul>	<p>In the prior period, we identified an immaterial breach of this guideline obligation. Refer to the finding documented on page 5 of this report.</p> <p>In the current period, except for the carry-over impact of the item above, based on the testing performed we have not identified any matters of exception against the obligation.</p>	None noted. We note that the breach was rectified in June 2020.	Exception
11.	Protection of confidential information	4.3.2 (a) (b)	A DNSP <b>must:</b> (a) <b>keep confidential confidential</b> (b) only <b>use confidential information for the purpose for which it was acquired or generated</b>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>IT Assurance Manager</li> <li>IT Customer Service</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>Beon, ENEA and NG/E staff are restricted from accessing confidential electricity information through IT access controls</li> <li>A monthly review of IT user access is performed by the system owner to monitor any inappropriate access to systems for Beon, ENEA and NG/E staff</li> <li>Bi-annual review of IT user access for any inappropriate access to systems by Beon, ENEA and NG/E staff. As a part of this process the business owners of each ring-fenced application must approve access and permissions.</li> </ul>	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><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>Information sharing protocol</li> <li>Beon employee listing</li> <li>Next Generation employee listing</li> <li>ENEA employee listing</li> <li>Listing of IT access of systems containing confidential information</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>We tested the operating effectiveness of IT access controls</li> <li>We obtained an IT user access listing for all CitiPower and Powercor systems that contain confidential information and compared to listing of Beon, ENEA and NG/E employees to determine whether there was any inappropriate access.</li> </ul>			
12.	Disclosure of information	4.3.3 (a)-(g)	<p>A DNSP <b>must not disclose confidential information to any person</b>, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first <b>obtained the explicit informed consent</b> of the relevant customer, or prospective customer, to whom the confidential information relates;</p> <p>(b) the <b>disclosure is required by</b>, or for the purpose of complying with <b>any law</b>;</p> <p>(c) the <b>disclosure is necessary to enable the DNSP to provide its distribution services</b>, its</p>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Regulatory Analyst</li> <li>IT Assurance Manager</li> <li>IT Customer Service</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>Information sharing protocol and information sharing register is publicly available</li> <li>Beon, ENEA and NG/E staff are restricted through IT access controls from confidential information</li> <li>Monthly review of IT user access to monitor any inappropriate access to systems for Beon staff</li> <li>Bi-annual review of IT user access for any inappropriate access to systems by Beon staff</li> <li>Tailored mandatory training for IT system owners on how ring fencing relates to access and disclosure</li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>Information sharing protocol</li> </ul>	Based on the testing performed we have not identified any matters of exception against the obligation.	<p>We have noted that an attendance register is not maintained for the tailored in-person trainings. We have added a best practice recommendation to implement a register to keep a formal record of the other trainings conducted in relation to ring-fencing and their associated attendance.</p> <p>No Exception was identified as the instance did not indicate the DNSP was acting contrary to the guidelines.</p>	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the <b>information has been requested by or on behalf of a customer</b>, or potential customer, of another legal entity, and the disclosure 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 <b>disclosure is solely for the purpose of providing assistance to another Network Service Provider</b> in response to an event (such as an emergency) that is beyond the other Network Service Provider's reasonable control;</p> <p>(f) the <b>disclosure is solely for the purposes of research by a legal entity</b> other than a related electricity service provider of the DNSP</p> <p>(g) a <b>related electricity service provider of the DNSP has requested the disclosure</b> and the DNSP complies with clause 4.3.4 in relation to</p>	<ul style="list-style-type: none"> <li>• Information sharing register</li> <li>• Beon employee listing</li> <li>• Next Generation employee listing</li> <li>• ENEA employee listing</li> <li>• Monthly IT user access attestation form</li> <li>• Bi-annual attestation form</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• We tested the design operating effectiveness of IT access controls</li> <li>• We tested the design and operating effectiveness of the monthly and bi-annual IT user access attestation forms</li> <li>• We obtained an IT user access listing for all CitiPower/ Powercor systems that contain confidential information and compared to listing of Beon, ENEA and NG/E employees to determine whether there is any inappropriate access</li> <li>• We have reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline.</li> <li>• We sighted the information register is publicly available on the CitiPower/ Powercor website</li> </ul>			

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			that confidential information.				
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 <b>DNSP</b> shares <b>confidential information</b> with a <b>related electricity service provider</b>, or where confidential information that a <b>DNSP</b> has disclosed under clause 4.3.3(f) is then disclosed by any person to a <b>related electricity service provider</b> of the <b>DNSP</b>, the <b>DNSP</b> must provide access to that <b>confidential information</b> (including the derived information) to other <b>legal entities</b> on an equal basis.</p> <p>(b) A <b>DNSP</b> is only required by clause 4.3.4(a) to provide information to a <b>legal entity</b> where:</p> <p>i. the <b>legal entity</b> has requested that it be included on the <b>information register</b> in respect of information of that kind; and</p> <p>ii. the <b>legal entity</b> is competing, or is seeking to compete, with the <b>DNSP</b>, or a <b>related electricity service provider</b> of the <b>DNSP</b>, in relation to the provision of</p>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Regulatory Analyst</li> <li>IT Assurance Manager</li> </ul> <p><b>Key Control:</b></p> <ul style="list-style-type: none"> <li>Information sharing protocol and information sharing register is publicly available</li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>Information sharing protocol</li> <li>Information sharing register</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>We have reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline</li> <li>We sighted the information register is publicly available on the CitiPower/ Powercor website</li> <li>We made enquiry of the Regulatory Projects Manager and confirmed that All information requests received were added to the information register</li> <li>We obtained redacted copies of all emails sent to the ring-fencing mailbox and reviewed the email correspondence received during the year and did not identify any information requests not added to the register</li> </ul>	Based on the testing performed we have not identified any matters of exception against the obligation.		No Exception.

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p><b>contestable electricity services.</b>  (c) A <b>DNSP</b> is not required by clause 4.3.4(a) to provide information to a <b>legal entity</b> where the <b>DNSP</b> 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 <b>DNSP</b> must 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 <b>legal entities</b> and must make that protocol publicly available on its website.</p> <p>(e) Where a <b>DNSP</b> discloses information referred to in clause 4.3.4(a) to any other <b>legal entity</b> under this clause 4.3.4, it must do so on terms and conditions that require the other <b>legal entity</b> to comply with clause 4.3.2 and 4.3.3(a) to (d) in relation to that information as if the other <b>legal entity</b> was a <b>DNSP</b>.</p>				
14.	Information register	4.3.5 (a) - (c)	<p>(a) A <b>DNSP must establish, maintain and keep a register</b> of all:</p> <ul style="list-style-type: none"> <li>i. related electricity service providers;</li> <li>ii. other legal entities who provide contestable</li> </ul>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>• Regulatory Analyst</li> <li>• IT Assurance Manager</li> </ul> <p><b>Key Control:</b></p> <ul style="list-style-type: none"> <li>• Information sharing protocol and information sharing register is publicly available</li> </ul>	<p>Based on the testing performed we have not identified any matters of exception against the obligation.</p> <p>However, we did identify that one entity was added to the Information Sharing Register during the year. We note the request was received on 1 July</p>	<p>We recommend additions to the information sharing register are made on a timely basis to ensure information is provided appropriately.</p> <p>No Exception noted as the instance did not indicate the DNSP was acting contrary to the guidelines.</p>	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>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 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) <b>A legal entity may request that the DNSP</b> 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>	<p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>• Information sharing protocol</li> <li>• Information sharing register</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• We have reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline</li> <li>• We sighted the information register is publicly available on the CitiPower/ Powercor website</li> <li>• We note as part of our testing performed, there was a request made in the current period to be added to the information sharing register.</li> </ul>	<p>2020, but the entity was added to the Information Sharing Register on 10 August 2020. We have included a recommendation on the timing of the additions to the Information Sharing Register.</p>		



No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
15.	Conduct of service providers	4.4.1 (a) (b)	<p>A DNSP: (a) <b>must ensure that any new or varied agreement between</b> 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 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: (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>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Procurement Specialist</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>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</li> <li>Purchase orders include ring-fencing specific clauses</li> <li>Decision matrix provided to procurement staff to apply in contract negotiations</li> <li>Internal controls implemented within the procurement team to ensure Beon procurement staff cannot see CitiPower / Powercor tenders</li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>Standard term and conditions</li> <li>Sample of new and revised supplier contacts entered in the period</li> <li>Decision matrix</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>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</li> </ul>	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception
16.	Waiver register	5.7 (a) (b)	<p>A DNSP <b>must establish, maintain and keep a register of all waivers</b> (including any variation of a waiver) and must make</p>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Regulatory Analyst</li> </ul> <p><b>Key Control:</b></p> <ul style="list-style-type: none"> <li>Waiver register is maintained and publicly available</li> </ul>	<p>Based on the testing performed we have not identified any matters of exception against the obligation.</p> <p>In 2020 a waiver extension was received from the AER in relation to both CitiPower and Powercor's</p>	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>the register publicly available on its website.</p> <p>The register established under clause 5.7(a) <b>must include:</b></p> <p><b>i. the description of the conduct</b> to which the waiver or interim waiver applies; and</p> <p><b>ii. the terms and conditions of the waiver or interim waiver;</b> 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.</p>	<p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>• Waiver register</li> <li>• Ring-fencing Compliance Procedure</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• We sighted that the waiver register is publicly available on CitiPower/Powercor's website</li> <li>• We cross-checked the details contained on the waiver register against the waiver decisions published on the AER website.</li> </ul>	<p>obligation to comply with clauses 4.2.1, 4.2.2 and 4.2.3 of the guideline in relation to certain services from 31 December 2020 to 30 June 2021.</p>		
17.	Maintaining compliance	6.1	<p>A DNSP <b>must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline.</b></p>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>• Regulatory Analyst</li> </ul> <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>• General Manager Annual Compliance review and declaration</li> <li>• Mandatory training on the ring-fencing requirements</li> <li>• Tailored in-person trainings for different parts of the business which have particular obligations, such as procurement, the contact centre, IT and the service desk</li> <li>• A mailbox is maintained by the Regulation group for CitiPower/Powercor to report any potential breaches</li> <li>• A materiality and breach reporting policy is available to all staff on the intranet</li> <li>• A monthly ring fencing champions meeting is held to identify and</li> </ul>	<p>Based on the testing performed we have not identified any matters of exception against the obligation.</p>	<p>We have noted that an attendance register is not maintained for the tailored in-person trainings. We have added a best practice recommendation to implement a register to keep a formal record of the other trainings held in relation to ring fencing and their associated attendance.</p> <p>No Exception noted as the instance did not indicate the DNSP was acting contrary to the guidelines.</p>	No Exception.

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<p>assess and ring fencing issues as they arise</p> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>• General Manager Annual Compliance review and declaration</li> <li>• Training materials</li> <li>• Monthly ring fencing update meeting material</li> <li>• Emails sent to the ring fencing compliance inbox</li> <li>• Obtained the VPN breach reporting policy</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• We have obtained and reviewed the General Manager annual compliance declarations</li> <li>• We reviewed the training material and the attendance register.</li> <li>• We obtained redacted copies of all emails sent to the ring-fencing mailbox and reviewed the email correspondence received during the year</li> <li>• Reviewed the VPN breach reporting policy for appropriateness, noting the policy has been formalised in the current period.</li> </ul>			
18.	Annual compliance report	6.2.1 (a), (b) (c)	<p>A DNSP <b>must prepare an annual ring-fencing compliance report each regulatory year.</b></p> <p><b>The annual compliance report must identify and describe,</b> in respect of the regulatory year to which the report relates:</p> <p>i. the <b>measures the DNSP has taken to</b></p>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>• Regulatory Analyst</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>• Ring-fencing compliance report</li> <li>• Deloitte has been engaged as the independent authority to assess CitiPower and Powercor's compliance with the Guideline</li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>• CitiPower and Powercor Ring-fencing Compliance report</li> </ul>	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> <li>• CitiPower/Powercor have prepared a compliance report that is consistent with the requirements of the AER Electricity Distribution Ring-Fencing Guideline – Compliance reporting best practice manual.</li> </ul>	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>ensure compliance with its obligations under this Guideline;</p> <p>ii. <b>any breaches of this Guideline by the DNSP</b>, or which otherwise relate to the DNSP; and</p> <p>iii. <b>all other services provided by the DNSP</b> in accordance with clause 3.1; and</p> <p>iv. <b>the purpose of all transactions between the DNSP and an affiliated entity.</b></p> <p>The <b>annual compliance report must be accompanied by an assessment of compliance</b> by a suitably qualified independent authority.</p>	<p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>We reviewed the draft annual ring-fencing compliance report to assess whether it includes all required information and that the disclosures are consistent with our expectation based on the reasonable assurance procedures performed.</li> <li>Obtained and reviewed sign-off by the Head of Regulation on the final compliance report</li> </ul>	<ul style="list-style-type: none"> <li>The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority.</li> </ul>		
19.	Compliance breaches	6.3	<p>A DNSP must <b>notify the AER in writing within 5 (five) business days of becoming aware of a material breach of its obligations</b> under this Guideline.</p>	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Regulatory Analyst</li> </ul> <p><b>Key Controls:</b></p> <ul style="list-style-type: none"> <li>Mandatory training on the ring-fencing requirements</li> <li>A breach register is maintained and updated by the Regulations team</li> <li>General Manager Annual Compliance review and declaration</li> <li>A materiality and breach reporting policy is available to all staff on the intranet. In this policy CitiPower/Powercor commit to report all potential breaches to the AER within five business days</li> </ul> <p><b>Information Obtained:</b></p> <ul style="list-style-type: none"> <li>Training materials</li> <li>Breach register</li> </ul>	<p>Based on the testing performed we have not identified any matters of exception against the obligation, noting during the 12 month period Management have rectified Deloitte's prior period findings in relation to;</p> <ul style="list-style-type: none"> <li>Having a documented policy for breach reporting, and;</li> <li>A defined breach materiality guide which is provided/communicated to employees of the business via "Champions" in the business and is readily available on the intranet</li> </ul> <p>We have reviewed the businesses updated breach policy, noting the following key features:</p> <ul style="list-style-type: none"> <li>The channels the business utilises to identify breaches</li> </ul>	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<ul style="list-style-type: none"> <li>• General Manager Annual Compliance review and declaration</li> <li>• Email correspondence received in the mailbox in the period</li> <li>• Obtained the VPN breach reporting policy</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• We obtained redacted copies of all emails sent to the ring-fencing mailbox and reviewed the email correspondence received during the year</li> <li>• We reviewed and assessed the breach register</li> <li>• We obtained and reviewed the General Manager Annual Compliance review and declarations</li> <li>• 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.</li> <li>• Reviewed the VPN breach reporting policy for appropriateness</li> </ul>	<ul style="list-style-type: none"> <li>• The tools utilised by the business to investigate potential breaches</li> <li>• The basis on which the materiality is considered with reference to the AER's ring fencing guideline</li> <li>• A commitment that all breaches, whether material or immaterial, will be notified to the AER within five business days.</li> </ul> <p>Deloitte conclude that the policy is in accordance with the guidelines.</p>		