

In July 2021, the Australian Energy Regulator (AER) required Powershop Australia to carry out a reasonable assurance compliance audit in connection with its disconnection and hardship obligations under the National Energy Retail Law and Rules, and its obligation to submit compliance information and data to the AER under the AER Compliance Procedures and Guidelines.

Powershop Australia was required to assess the adequacy and effectiveness of their disconnection, hardship and compliance policies, procedures, and systems.

Below is a summary of the key findings and recommendations made by Powershop Australia’s nominated auditor, O’Connor Marsden and Associates (OCM). Powershop Australia has considered the recommendation/s and an implementation plan has been undertaken.

Findings	Recommendations
Grading: Partially compliant	
<p>Finding 1: Independent oversight on customer disconnection process:</p> <p>There is inadequate segregation of duties within the process that provides oversight on customer disconnections. Testing indicated that the control to ensure due process is followed is performed by the staff who are involved in the disconnection approval process.</p>	<p>Recommendation 1: Segregation of duties should be implemented within the oversight process on customer disconnections.</p> <p>Target date of completion: 30 June 2022</p>
<p>Finding 2: Enhance existing quality assurance processes.</p> <p>Quality assurance process is not defined in terms of coverage of business processes, methodology of review, sample selection, reporting and management of exceptions.</p>	<p>Recommendation 2: Quality assurance process be defined in terms of its intent, methodology and outcomes. This should include at a minimum the following:</p> <ul style="list-style-type: none"> • end-to-end coverage of the hardship management process

Findings	Recommendations
	<ul style="list-style-type: none"> • approach, and methodology including sample selection • exception management; and • management reporting <p>Recommendation 3: Quality assurance process be formally documented.</p> <p>Recommendation 4: Provide appropriate training to the quality assurance staff.</p> <p>Target date of completion: 30 June 2022</p>
<p>Finding 3: Governance processes</p> <p>The Credit Management and Vulnerable Customer Guideline which describes key activities required to ensure that vulnerable customers are handled in the most appropriate manner and in compliance with the regulatory requirements does not provide adequate guidance in all areas relating to management of vulnerable customers.</p> <p>Formal position descriptions including roles and responsibilities were not prepared for all the key positions within the hardship management process.</p>	<p>Recommendation 5: Prepare clear, up to date procedures and work instructions for the end-to-end activities within the management of vulnerable customers.</p> <p>Recommendation 6: Update the hardship policy to inform customers that debt recovery is the final step in dealing with hardship customers.</p> <p>Recommendation 7: Prepare formal job descriptions including roles and responsibilities for all key positions within the hardship process.</p> <p>Target date of completion: 30 June 2022</p>
<p>Finding 4: Training documents and management oversight</p> <p>There is limited training material in relation to disconnection, debt recovery and statutory reporting obligations. Reliance is placed upon the knowledge and experience of the Credit Delivery and Performance Manager and Compliance Advisor to discharge critical compliance obligations. This reliance presents a key-person risk.</p> <p>There is no defined process to provide assurance to the management that all relevant staff have been trained in the hardship obligations.</p>	<p>Recommendation 8: Revisit and enhance the existing training material on disconnection, debt recovery and reporting requirements under the guideline.</p> <p>Recommendation 9: Implement oversight controls to ensure management is provided reports on status of staff training in relation to hardship and relevant reporting obligations.</p> <p>Target date of completion: 30 June 2022</p>