

Simply Energy





Explicit Informed Consent Audit

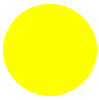
In March 2019 the Australian Energy Regulator (AER) required Simply Energy to carry out a compliance audit in connection with its obligations under the National Energy Retail Law and Rules to obtain and record customers' explicit informed consent to certain transactions. These include the transfer of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

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

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

A summary of Grant Thornton's findings is provided below.

Grade	Grant Thornton's assessment
 Partially effective	Transactions for which explicit informed consent is required 68 per cent of policies, procedures and systems were found to be adequate and effective. The remainder were found to be either partially effective or ineffective. Grant Thornton's findings identified areas in which Simply Energy and/or its external sales channels had not followed existing policy and procedures, inconsistent staff re-training records and quality assurance processes. Recommendations focused on improving record management around staff re-training registers and strengthening quality assurance processes.
 Partially effective	Nature of explicit informed consent 64 per cent of policies, procedures and systems were found to be adequate and effective. The remainder were found to be partially effective as Grant Thornton identified instances where sales agents did not follow established explicit informed consent procedures. Recommendations focused on ensuring third party vendors provide re-training to sales agents.
 Partially effective	Records of explicit informed consent 62 per cent of policies, procedures and systems were found to be adequate and effective. For the remainder, Grant Thornton identified areas for improvement, particularly in relation to the retrieval of records and measures to address issues when records cannot be located. Recommendations focused on establishing an audit trail where explicit informed consent could not be retrieved and implementing remedial action to recapture explicit informed consent in these instances.
 Partially effective	Retailer obligations in relation to customer transfer 63 per cent of policies, procedures and systems were found to be adequate and effective. The remainder were found to be either partially effective or ineffective due to instances of inconsistent staff re-training and quality assurance processes. Recommendations focused on staff re-training, staff training record management and strengthening quality assurance processes.



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

Partially effective

71 per cent of policies, procedures and systems were found to be adequate and effective. For the remainder, Grant Thornton identified improvements were required to ensure customers requesting a copy of their explicit informed consent are easily identified in Simply Energy's systems and not de-energised while their request is outstanding.

Recommendations focused on implementing a system which allows Simply Energy to track explicit informed consent record requests and implementation of a formal re-training process when a wrongful de-energisation is processed.



Actions to be taken where no or defective explicit informed consent

Partially effective

60 per cent of policies, procedures and systems were found to be effective. The remainder were found to be both partially effective and ineffective and related to explicit informed consent record retention.

Recommendations focused on establishing processes to ensure explicit informed consent records are captured and stored effectively.



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

Effective

76 per cent of policies, procedures and systems were found to be effective. The remainder were found to be partially compliant as Simply Energy had no formal process to conduct AER reporting obligations training.

Recommendations focused on implementing formal training in relation to AER reporting requirements.

Next steps

Simply Energy has accepted Grant Thornton's findings and has commenced an implementation plan to address Grant Thornton's recommendations.

The AER will continue to monitor the progress of Simply Energy's implementation plan. All recommendations are expected to be implemented by 30 June 2020.