



INFORMATION

Electricity Retail Corporation (trading as Synergy)

2013 PERFORMANCE AUDIT

The Economic Regulation Authority has published the 2013 performance audit (**Audit**) report for the electricity retail licence of Electricity Retail Corporation (**trading as Synergy**).¹ The report includes the post-audit implementation plan prepared by Synergy (in the form of management actions responding to the auditor's recommendations).

- [2013 Audit report](#)

Action by the Authority

The Authority is satisfied that Synergy has demonstrated an adequate level of compliance with its licence conditions. The Authority also notes the auditor's positive comments regarding Synergy's commitment to meeting its compliance obligations.

Accordingly, the Authority has decided to increase the period of time until the next Audit from 18 months to 24 months. The next Audit will cover the period from 1 July 2013 to 30 June 2015, with the report on the Audit to be provided to the Authority by 30 September 2015.

BACKGROUND TO THE AUTHORITY'S DECISION

The 2013 Audit report identified 15 non-compliances, the majority of which related to Synergy's obligations under the *Code of Conduct for the Supply of Electricity to Small Use Customers* (**Code of Conduct**). By the time the report was provided to the Authority, half of the 28 actions proposed by Synergy to address the non-compliances had been completed with a significant portion of the remaining actions due to be completed during 2014.²

The 2013 Audit report also shows that Synergy is still experiencing some problems with its SAP billing and customer management system. Compared to SAP related issues identified in the two previous Audit reports, the Authority is of the view that the proportion of the system's functionality, as well as the number of customers affected by the problems, is significantly less than when it was last assessed in the 2011 Audit. There is also evidence that shows that the timeliness and accuracy of bills issued by Synergy has improved.

The auditor has determined that several non-compliances were caused by Customer Service Representatives (CSR) in the Call Centre and the back office credit management department not following operating procedures. Synergy's internal policies and procedures themselves were reported as being compliant with the Code. In some cases the SAP system was found to be programmed to prevent non-compliant transactions, but in other cases SAP was not programmed to require the CSR's to complete actions within the timeframes specified in the Code. Synergy has put in place initiatives to deal with the CSR

¹ On 1 January 2014, Electricity Retail Corporation changed its name to Electricity Generation and Retail Corporation (trading as Synergy).

² There are some actions, which relate to cyclic process based activities, such as on-time billing, where the actions involve ongoing process improvement, rather than the implementation of a specific fix. Consequently, the actions proposed by Synergy do not have a completion date.

related issues via information and training sessions, and the system problems through SAP enhancement projects.

The Authority is pleased to note that a number of the non-compliances disclosed in the Audit report had been identified by Synergy's internal compliance monitoring framework. In some cases, the auditor has also commented that Synergy has implemented remedial actions to address the cause(s) of the non-compliance in a timely manner. The Authority considers the management actions proposed by Synergy to address the auditor's recommendations show a commitment to improving the overall level of compliance. This is particularly evident in the actions that address the CSR problems discussed above, and the implementation of monitoring and detection programs to assess the effectiveness of the remedial actions to address the cause(s) of non-compliance after they have been implemented.

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