



ATCO Gas Australia Ltd

**Gas Distribution Licence (GDL 8)
Performance Audit Report**

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Acronym list

Acronym / Reference	Description
AGA	ATCO Gas Australia Pty Ltd
AS/NZS 31000:2009	Australian/New Zealand Standard 31000-2009 Risk Management
Authority	Economic Regulation Authority
DBYD	Dial Before You Dig
GDL8	Gas Distribution Licence
GIS	Geographical Information System
GSL	Guaranteed Service Level
Guidelines	Audit and Review Guidelines: Electricity and Gas Licences April 2014
MIRN	Meter Installation Registration Number
NMIS	Network Management Information System
NOD	Notice of Defect
SAP	Systems Applications and Products – business systems software
REMCo	Retail Energy Market Company Ltd
TTY	Teletypewriter
WAGN	WA Gas Networks Pty Ltd

1. Independent Auditors Report

Introduction

ATCO Gas Australia's ("AGA") distribution licence is subject to a number of obligations contained within the licence itself and under the below key pieces legislation:

- The Energy Coordination Act (WA) 1994 ("Act");
- The Energy Coordination (Customer Contracts) Regulations 2004;
- The Gas Standards Act 1972;
- The Gas Standards (Gas Supply and System Safety) Regulations 2000; and
- Gas Customer Code.

Under section 11ZA(1) of the Energy Coordination Act 1994, AGA is required to provide the Authority with a performance audit by an independent expert acceptable to the Authority within 24 months of commencement and every 24 months thereafter. (unless a shorter or longer period is approved by the Authority). We note for the current period that AGA has been granted an extension to 36 months. The Authority approved Grant Thornton Australia Ltd (Grant Thornton) to conduct the performance audit of AGA's compliance with the conditions of its Gas Distribution Licence 8 (GDL8).

An audit plan was developed and approved by the Authority using a risk based approach to focus on key risk areas in accordance with the risk evaluation model, Australian/New Zealand Standard ("AS/NZS") 31000:2009. Grant Thornton has assessed the controls and performance against those standards through a combination of interviews/enquiries, examination of documents and detailed testing.

The audit plan upon which the audit was completed was developed in accordance with the Authority's "Audit and Review Guidelines: Electricity and Gas Licences (April 2014)" ("Audit Guidelines").

Our Responsibility

In accordance with section 11 of the Audit Guidelines, our responsibility is to provide a comprehensive report to AGA and the Authority that clearly expresses our opinion in respect of the findings of the performance audit.

Our audit was also performed in accordance with ASAE 3000 which provides for the standards on assurance engagements other than audits or review of historical financial information.

Our engagement provides reasonable assurance as defined under paragraph 5 in ASAE 3000. Our approach and methodology was set out in the audit plan reviewed and approved by the Authority on 30 May 2016.

AGA Responsibility

AGA is responsible for designing, implementing and maintaining mechanisms to ensure its compliance with its GDL8 obligations.

AGA is also responsible for evaluating the effectiveness of those controls implemented within its organisation in achieving and maintaining its compliance requirements.

Further, AGA is responsible for providing an accurate and complete record of its level of compliance to the Authority.

Limitations of Use

This report has been prepared solely for the management of AGA for the purposes of its reporting requirements under section 11ZA(1) of the Act and for no other purpose.

Inherent Limitations

Because of the inherent limitations of any internal control system it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected.

An audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis. Accordingly, readers of this report should not rely on this report to identify all potential instances of non-compliance which may occur.

Any projection of our evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the degree of compliance with them may deteriorate.

Our audit opinion expressed in this report has been formed on the above basis.

Independence

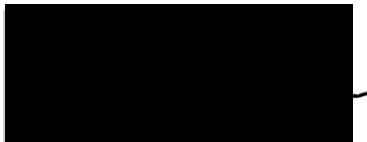
In performing our engagement, we have complied with the independence requirement of the Australian professional accounting bodies and Audit Guidelines.

Opinion

In our opinion, except for the matters identified in Section 8 – Compliance Obligation Elements which Require Corrective Measures and any effects thereof, we are satisfied that AGA in all material respects has policies, procedures and systems in place to support compliance with the licence conditions and the integrity of its reporting requirements to the Authority and other statutory organisations for the period 1 July 2013 to 30 June 2016



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner – Audit & Assurance

Perth, 19th October 2016

2. Executive Summary

Overview

AGA owns and operates the largest gas distribution network in Western Australia, delivering gas to approximately 725,000 end users and covering approximately 14,000 kilometres. The gas distribution network services Geraldton, Kalgoorlie, Albany, Bunbury, Busselton, Harvey, Pinjarra, Brunswick Junction, Capel and the wider Perth metropolitan area.

Since July 2000, AGA (previously WAGN) has held a gas distribution licence (“GDL8”) granted by the Authority. GDL8 provides AGA with the legal right to distribute gas to customers.

Section 11ZA(1) of the Act requires AGA to provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority no less than once in every 24 month period (or such longer period as the Authority allows). Grant Thornton notes that the Authority decided to maintain AGA’s audit period at 36 months on the 18th December 2013.

Grant Thornton notes that the Licensee has moved its Head Office operations to 81 Prinsep Road, Jandakot within the audit period. However, the re-location was not determined to have any major impact to either the licence or business since the previous Performance Audit.

Objective

The primary objective of this audit was to provide the Authority with an independent assessment of AGA’s compliance with its licence conditions.

To achieve this objective we evaluated the adequacy and effectiveness of controls implemented by AGA to fulfil its obligations to comply with the performance and quality standards referred to in its GDL8.

Summary of Actions – Previous Audit Report

AGA’s last performance audit of compliance with its GDL8 was conducted in 2013. Our review of the status of management actions from the previous audit report identified that 4 recommendations addressing 4 licence obligations were resolved before the end of the previous audit period, 6 recommendations addressing 6 licence obligations were resolved during the current audit period and 1 recommendation addressing 1 licence obligation remained unresolved at the end of the audit period. These observations are further discussed in Section 6 – Review of Status of Management Actions for Previous Audit Report.

Summary of Issues and Recommendations – Current Audit

Table 1: Summary of Findings

Audit Priority	Adequacy of Controls Rating (refer to above). NP = Not Performed: N/A Not Applicable						Compliance Rating			
	N/A	A	B	C	D	NP	1	2	3	4
Audit Priority 1		2	7				1	8		
Audit Priority 2		3					3			
Audit Priority 3										
Audit Priority 4		35	2			7	35	2		
Audit Priority 5		9				2	9			
Not Applicable	3									
Total	3	49	9			9	48	10		

The above table illustrates the compliance profile of AGA for the 2016 Performance Audit.

For the audit period 1 July 2013 to 30 June 2016, a total of 10 licence obligations were rated as non-compliant. These obligations are summarised at a high level in Section 11 – “Recommendation Summary” of the report. In addition, these obligations are further discussed in-depth in Section 8 – “Detailed Findings Compliance Elements which Require Corrective Measures” of the report.

Of those 10 non-compliant ratings, 5 related to obligations that were effectively carried forward from the 2013 performance audit. In each case, the cause of the non-compliance was identified through the 2013 performance audit and subsequently corrected part-way through the current audit period. Therefore, the non-compliance audit rating also applies to this current audit period. A further 3 related to obligations that were self-reported by AGA as non-compliance in its annual compliance reports to the Authority during the audit period.

As AGA addressed the causes of the non-compliances by implementing relevant remedial plans during the period 1 July 2013 to 30 June 2016, no further recommendations or action plans are required to address the non-compliances.

Opinion

Please find below an extract from the Independent Auditor Report stating the opinion of the auditor.

“In our opinion, except for the matters identified in Section 8 – Compliance Obligation Elements which Require Corrective Measures and any effects thereof, we are satisfied that AGA in all material

respects has policies, procedures and systems in place to support compliance with the licence conditions and the integrity of its reporting requirements to the Authority and other statutory organisations for the period 1 July 2013 to 30 June 2016.”

3. Scope

The performance audit covered AGA's Distribution Licence, GDL8, for the 36 month period from 1 July 2013 to 30 June 2016 and examined a total of 67 obligations from the Compliance Manual.

The time period over which the performance audit was conducted was from May 2016 to September 2016 which included planning, fieldwork, reporting and the presentation of results to AGA's management and the Authority.

The performance audit included a review of the status of management actions pertaining to AGA's 2013 Performance Audit Report.

The key legislation, regulations and codes that govern the licensing of providers of gas distribution are:

- The Energy Coordination Act (WA) 1994;
- The Energy Coordination (Customer Contracts) Regulations 2004;
- The Gas Standards Act 1972;
- The Gas Standards (Gas Supply and System Safety) Regulations 2000; and
- Gas Customer Code

It is important to emphasise that not all obligations in the Compliance Manual were applicable to AGA and accordingly the audit did not evaluate the performance of AGA's compliance with those obligations. In this regards the following licence obligations were determined to be "not applicable" in accordance with the Audit Guidelines.

- Gas Compliance Reporting Manual 2015 - Obligation 26, 27 & 87.

4. Our approach and methodology

Risk Identification and Assessment

Grant Thornton analysed each licence compliance element in terms of the inherent risk level, the rated controls and assigned the audit priorities based on the risk level and controls which management exercised over those risks.

Furthermore, we considered and adopted the Authority's Audit Guidelines in conducting the performance audit.

Our fieldwork involved extensive interviews and discussions with the process owner or delegated representative to obtain an understanding of the business environment and organisation structure. Through examination of documents, policies and procedures, we identified key controls. We have undertaken substantive testing to confirm the operational effectiveness of those controls.

The risk assessment rating for each compliance manual reference obligation was reviewed during the fieldwork of the audit and, where applicable, was updated in accordance with the audit findings in this report.

Risk Evaluation

Risk evaluation for AGA involved Grant Thornton assessing compliance with the requirements of the licence by examining:

- The design effectiveness of the controls through the evaluation of the:
 - Control environment;
 - Information system;
 - Control procedures; and
 - Compliance attitude of management.
- The operating effectiveness of controls throughout the period.
- Tests of operating effectiveness were concerned with how the controls were applied at relevant times during the period under audit, the consistency with which they were applied and by whom or by what means they were applied. The focus was on the

systems and effectiveness of processes employed to ensure compliance with the standards, outputs and outcomes required by the licence obligation.

In accordance with the Audit Guidelines, the following compliance rating scale measuring the extent of AGA's compliance with the applicable licence obligations was employed.

Performance Audit compliance and controls rating scale			
Adequacy of Controls Rating		Compliance of Controls Rating	
Rating	Description	Rating	Description
A	Adequate Controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant - minor impact on customers or third parties
C	Inadequate Controls – Significant improvement required	3	Non-compliant – moderate impact on customers and third parties
D	No Controls Evident	4	Non-compliant – major impact on customers and third parties

Risk Treatment

If a control risk is identified, which in the Auditor's professional judgement, left untreated, could cause AGA to become non-compliant with its obligation under the licence, Grant Thornton has provided recommendations to mitigate the risk to an appropriately low level. The treatment of risks either involves reducing the likelihood of the risk materialising or mitigating the impact of the risk.

5. Engagement team hours

Team Members	Hours
Michael Hillgrove, Engagement Partner	36
Graeme Morissey, Senior Manager	36
Brooke Williams, Senior Accountant	76
Mitch Tolman, Senior Accountant	76
Marilyn Wee, Accountant	76
Total	300

6. Review of status of management actions from previous audit report

Table of Previous Non Compliances and Audit Recommendations

A. Resolved before the end of the previous audit period

2013 Compliance Manual Reference Number	Compliance Rating/Legislative Obligation/details of issue	Auditors' Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable) & Details of further action required including current recommendation reference if applicable.
1	<p><i>Non-compliant - 2</i></p> <p><i>Energy Coordination Act section 11Q(1-2)</i></p> <p>Review of documentation identified that the licence fee for 2011 & 2012 was not paid within 30 days of the day of grant anniversary, as the licence fee was found to be paid four and two days late, respectively.</p>	Nil	30/06/2013	Yes – See 01/2016 in Section 8 - Detailed findings – compliance elements requiring corrective measure.
87	<p><i>Non-compliant 2</i></p> <p><i>Energy Coordination (Customer Contract) Reg 28, clause 3.1.2 AGA Code</i></p> <p>We noted the existence of a conflict in regards to the number of business days the licensee has to reconnect a customer's supply between obligations 230 and 87. Obligation 230 requires the licensee to reconnect supply within two business days, whereas obligation 87 identifies one business day. Further, the reference to "period agreed with the customer" is not included in obligation 230. We understand that AGA and</p>	<p>Engage the Public Utilities Office to determine as to when the Office will revise the applicable Regulations to and clarify as to whether AGA is required to take remedial action to facilitate compliance with this obligation.</p> <p>Alternatively:</p> <ol style="list-style-type: none"> 1. Consider developing functionality within SAP that provides for the identification of an "agreed date." 2. Alternatively, develop and implement a process that facilitates the 	N/A	Not Applicable – This licence obligation was deemed as not applicable in the current year audit plan as it conflicts with licence obligation 230 and the AGA Code under which the licence obligation relates is obsolete.

Table of Previous Non Compliances and Audit Recommendations
A. Resolved before the end of the previous audit period

2013 Compliance Manual Reference Number	Compliance Rating/Legislative Obligation/details of issue	Auditors' Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable) & Details of further action required including current recommendation reference if applicable.
	<p>the Authority have noted the conflict.</p> <p>Because of the conflicting obligations, we noted that AGA has developed and implemented procedures only to comply with obligation 230, which is to support a standard business practice of reconnecting customers within 2 business days with no agreed date. AGA does not have a provision for customers to agree a date for reconnection.</p> <p>Further, AGA brought to our attention, that the Australian Gas Association Code is now obsolete. However, we understand that the references made to the Code within AGA's licence are to remain in place until such time the Public Utilities Office removes the applicable references and hence the requirement to comply with applicable clauses of the Code.</p>	<p>reconnection of gas supply to a customer's address on or by the agreed date.</p> <p>3. Implement a monitoring mechanism that provides for an accurate and complete report for those re-connections performed outside the period specified.</p>		
269	<p><i>Non-compliant – 2</i></p> <p><i>Energy Coordination Act section 11M</i></p> <p>In the absence of an ability to capture an agreed connection date, and accurately monitor those</p>	<p>Implement a monitoring mechanism that provides for an accurate and complete report for those connections performed outside the period specified.</p>	30/06/13	No

Table of Previous Non Compliances and Audit Recommendations
A. Resolved before the end of the previous audit period

2013 Compliance Manual Reference Number	Compliance Rating/Legislative Obligation/details of issue	Auditors' Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable) & Details of further action required including current recommendation reference if applicable.
	connections made on or before the due date, we could not confirm the accuracy and completeness of AGA's records in this regard.			
273	<p><i>Non-compliant – 2</i> <i>Energy Coordination Act section 11M</i></p> <p>Discussions with Supervisor Call Centre revealed that AGA utilises Nortel Customer Call Centre 6 (CC6) to monitor and record its call centre performance. Walkthrough of the call centre performance monitoring process revealed that call centre performance indicators are reviewed manually on a monthly basis.</p> <p>An automated message is provided to customers when they call the fault and emergency, dial before you dig or scheduling lines. AGA provided that a pre-recorded message plays for 30 second. At the conclusion of which, the customer is progressed in a queue to speak to call centre staff. A walkthrough of the recording process revealed that CC6 was not capturing time 0 correctly.</p>	<ol style="list-style-type: none"> 1. Consideration should be given to re-examining the approach, methodology and mechanisms utilised to monitor, capture and report call centre performance. 2. AGA considers the feasibility of implementing an automated call centre monitoring system that accurately measures call centre performance to enable reporting in accordance with this obligation. If determined feasible, AGA considers implementing the call centre monitoring system. 3. Alternatively, if an automated call centre monitoring system is not determined to be feasible, AGA revisits its current procedures and processes with the objective of 	30/06/13	No

Table of Previous Non Compliances and Audit Recommendations

A. Resolved before the end of the previous audit period

2013 Compliance Manual Reference Number	Compliance Rating/Legislative Obligation/details of issue	Auditors' Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable) & Details of further action required including current recommendation reference if applicable.
	<p>Our examination of the automated message process revealed that time 0 occurred at 14 seconds and not 30 seconds. The impact of which translated to inaccurate recording of call centre performance indicators.</p> <p>AGA could not provide for the cause of the anomaly with regard to the duration of the automated message not being accurately measured.</p> <p>Our re-performance of call centre statistics revealed that the reports provided to the Authority were also incomplete as AGA was determined not to have reported call centre performance based on all calls received to its call centre. We noted that the performance report was for one of its two call centre lines.</p>	<p>applying remedial actions necessary to address the gaps identified. Further consideration should be given to undertaking regular reviews of call centre performance to ensure integrity, accuracy and completeness of call centre records.</p>		

Table of Previous Non Compliances and Audit Recommendations

B. Resolved during the current Audit period

2013 Compliance Manual Reference Number	Compliance Rating/Legislative Obligation/details of issue	Auditors' Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable) & Details of further action required including current recommendation reference if applicable.
88	<p><i>Non-compliant - 2</i></p> <p><i>Energy Coordination (Customer Contract) Reg 28, clause 3.1.3.1 AGA Code</i></p> <p>Discussion with Risk, Compliance and Internal Audit Manager also indicated that retailers submit new connection requests, and the connection requests do not specify an agreed date.</p> <p>Walkthrough of the process for connecting a new supply address within an agreed date revealed that AGA does not have a process for capturing an agreed connection date, and identify those connections not performed on or before the agreed date.</p>	<ol style="list-style-type: none"> 1. Consider developing functionality within SAP that provides for the identification of an "agreed date." 2. Develop and implement a process that facilitates the connection of gas supply to a customer's address on or by the agreed date. 	30/11/13	No
226	<p><i>Non-compliant - 2</i></p> <p><i>Energy Coordination Act section 11M</i></p> <p>Walkthrough of the process for the provision and maintenance of the 24 hour emergency line revealed, whilst AGA provides for a 24 hour</p>	That AGA designs and implements a process that provides for the notification of an estimated time for restoration of supply in the event of an emergency disconnection.	27/08/13	No

Table of Previous Non Compliances and Audit Recommendations
B. Resolved during the current Audit period

2013 Compliance Manual Reference Number	Compliance Rating/Legislative Obligation/details of issue	Auditors' Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable) & Details of further action required including current recommendation reference if applicable.
	emergency line, It does not inform its customers of the estimated time for the restoration of supply.			
227	<p><i>Non-compliant - 2</i> <i>Energy Coordination Act section 11M</i> Sample based testing of disconnection documents from field officers revealed a small number of work orders prior to February 2011 that did not include the time of disconnection. As a result, we could not determine the time of disconnections with those samples.</p> <p>Discussions with Operations and Manager Risk, Compliance and Internal Audit revealed that the Commercial Operations Team conducted monthly physical review of the completed work order forms since 2010 to check whether disconnection had occurred after 3pm or on a Friday.</p> <p>However, review of disconnection documents identified disconnections had been undertaken</p>	<ol style="list-style-type: none"> 1. Ensure that the Authority is informed of the detected non-compliance matters in accordance with the reporting protocols. 2. AGA continues to monitor its disconnection process to ensure that its disconnection activity aligns with the timeframes as prescribed. 3. The requirement for compliance by its Operations staff to complete the disconnection documentation is reinforced. 4. Upon receipt of the field completion notices, the manual entries made for disconnections be reviewed and reconciled to ensure accuracy of disconnection timeframes detected 	11/11/13	No

Table of Previous Non Compliances and Audit Recommendations

B. Resolved during the current Audit period

2013 Compliance Manual Reference Number	Compliance Rating/Legislative Obligation/details of issue	Auditors' Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable) & Details of further action required including current recommendation reference if applicable.
	<p>on a Friday or a day before a public holiday prior to June 2012. The review did not identify any non-complying disconnections during the 2012/2013 period.</p> <p>Walkthrough of the record capturing process revealed that staff were manually entering disconnection information into SAP. The time of disconnection was noted to be the time of entry. Upon receipt of the field documents, an exception report would be reviewed, however adjustments to accurately reflect disconnection times was not carried out.</p>	non-compliance matters in accordance with the reporting protocols.		
250	<p><i>Non-compliant - 2</i> <i>Energy Coordination Act section 11M</i></p> <p>Sample based testing of invoices issued to residential customers revealed that the telephone number for TTY services, the telephone number for independent multi-lingual services and the National Interpreter Symbol with the words "Interpreter Services" was not included.</p>	That AGA considers redesigning its residential bill and bill related information templates to ensure that the prescribed information is included.	09/09/13	No

Table of Previous Non Compliances and Audit Recommendations
B. Resolved during the current Audit period

2013 Compliance Manual Reference Number	Compliance Rating/Legislative Obligation/details of issue	Auditors' Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable) & Details of further action required including current recommendation reference if applicable.
271	<p><i>Non-compliant - 2</i> <i>Energy Coordination Act section 11M</i></p> <p>Our review of the methodology for capturing customer complaints revealed that AGA did not record complaints that have been resolved to the customer's satisfaction on first contact. Further, there is an absence of a mechanism to facilitate the recording of the associated complaint statistic.</p> <p>We understand that AGA does not have a telephony system that automatically records its inbound calls and therefore it was unable to demonstrate that it had retained complaint information that was addressed at first call.</p> <p>Analysis of the complaint related information revealed that complaints were not categorised in accordance with the sub-clauses as prescribed.</p> <p>AGA was determined to be unaware of their obligation to record those complaints resolved at first contact and the requirement for the separation of complaints received that related to</p>	<ol style="list-style-type: none"> 1. AGA should review its complaint record keeping process to include the requirement for capturing the statistical count and associated record to ensure completeness and accuracy of its complaint data. 2. Investigate the feasibility of a customisation within SAP to facilitate the complaint record retention requirement to ensure it maintains complaint record and related information in accordance with the obligations as prescribed under clause 13.10(1)(a)-(e). If deemed feasible, implement the customisation. 3. Consideration should be given to strengthen the current complaint training provided to call centre staff to ensure the maintenance of accurate and complete complaint records. 4. AGA should investigate and if 	01/01/15	No

Table of Previous Non Compliances and Audit Recommendations

B. Resolved during the current Audit period

2013 Compliance Manual Reference Number	Compliance Rating/Legislative Obligation/details of issue	Auditors' Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable) & Details of further action required including current recommendation reference if applicable.
	administrative or customer service complaints and other complaints.	determined feasible, implement a mechanism that facilitates the recording of at a minimum, the inbound calls made to its call centre.		
276	<p><i>Non-compliant - 2</i> <i>Energy Coordination Act section 11M</i> Based on our observations made under obligation numbers 269, 271, 273, we noted the existence of inaccurate and incomplete records maintained by AGA and determined that AGA did not kept the required record in compliance with this obligation Based on the observations made about the aforementioned obligations, we identified that the reports that had been prepared and submitted to the Authority were inaccurate and incomplete.</p>	AGA considers reviewing its processes, methodology and approach surrounding its recording and reporting of the records as specified under this licence obligation to ensure data accuracy, completeness and integrity.	01/01/15	No

Table of Previous Non Compliances and Audit Recommendations

C. Unresolved at end of current Audit period

2013 Compliance Manual Reference Number	Compliance Rating/Legislative Obligation/details of issue	Auditors' Recommendation	Further Action Required (Yes/No/Not Applicable) & Details of further action required.
254	<p><i>Non-compliant - 2</i> <i>Energy Coordination Act section 11M</i></p> <p>Walkthrough of the complaints handling process revealed that AGA does not have a process in place to inform the customer of their right to have the complaint considered by a senior employee when responding to a complaint.</p> <p>Whilst we have observed the escalation of a number of complaints to a senior employee within AGA, it was not normal practice to inform the customer of their rights.</p> <p>Review of written responses sent to customers also noted the absence of the notification of their right to have their complaint escalated.</p>	<p>AGA considers developing and implementing a process that provides for the notification to be given to the customer of their rights to have the complaint considered by a senior employee when responding to a customer's complaint.</p>	<p>Yes – See 07/2016 in Section 8 - Detailed findings – compliance elements requiring corrective measure.</p>

7. Overall compliance summary

The performance audit covers AGA's GDL8, for the 36 month period 1 July 2013 to 30 June 2016 and tested a total of 67 licence obligations.

Table 2 presents the audit compliance summary for each manual reference obligation.

Key:

Font in black	Refer to August 2015 Gas Compliance Reporting Manual
Font in orange	Refer to June 2013 Gas Compliance Reporting Manual

Table 2 - Compliance Profile Summary Table

Compliance Obligation Reference No.	Licence Reference 2015	Audit Priority applied (Rated 1 – highest to 5 lowest)	Adequacy of Controls Rating (refer to above). NP = Not Performed					Compliance Rating (Refer to above)				
			A	B	C	D	NP	1	2	3	4	
1 1	Energy Coordination Act section 11Q(1-2)	4		✓						✓		
6 6	Energy Coordination Act section 11X(3)	5	✓						✓			
7 7	Energy Coordination Act section 11Y(1)(a)	5	✓						✓			
8 8	Energy Coordination Act section 11Y(1)(b)	4						✓				
9 9	Energy Coordination Act section 11Y(1)(c)	5	✓						✓			
10 10	Energy Coordination Act section 11ZA(1)	4	✓						✓			
17 17	Energy Coordination Act section 11ZK(3)	5						✓				

Compliance Obligation Reference No.	Licence Reference 2015	Audit Priority applied (Rated 1 – highest to 5 lowest)	Adequacy of Controls Rating (refer to above). NP = Not Performed					Compliance Rating (Refer to above)			
			A	B	C	D	NP	1	2	3	4
18 18	Energy Coordination Act section 11ZOR(1)	4	✓					✓			
20 20	Energy Coordination Act section 11ZOV(1)	4	✓					✓			
21 21	Energy Coordination Act section 11ZOV(2)	4	✓					✓			
22 22	Energy Coordination Act section 11ZOZ(3)	4					✓				
23 23	Energy Coordination Act schedule 3, section 2(1)	4					✓				
24 24	Energy Coordination Act section 11ZQH	4	✓					✓			
25 25	Energy Coordination Act section 11Z	2	✓					✓			
28 28	Energy Coordination Act section 11Z Gas Standards Act 1972 Section 13(1)	2	✓					✓			
88 88	Energy Coordination Act section 11M, Energy Coordination (Customer Contract) Reg 28, clause 3.1.3.1 AGA Code	1		✓					✓		
89 89	Energy Coordination (Customer Contract) Reg 33 (3), clause 3.5.2.1 AGA Code	5	✓					✓			

Compliance Obligation Reference No.	Licence Reference 2015	Audit Priority applied (Rated 1 – highest to 5 lowest)	Adequacy of Controls Rating (refer to above). NP = Not Performed					Compliance Rating (Refer to above)				
			A	B	C	D	NP	1	2	3	4	
90 90	Energy Coordination (Customer Contract) Reg 33 (3), clause 3.5.2.2 AGA Code	5	✓						✓			
92 92	Energy Coordination Act section 11M Distribution Licence clause 12	2	✓						✓			
93 93	Energy Coordination Act section 11M Distribution Licence clause 13	4					✓					
94 94	Energy Coordination Act section 11M Distribution Licence clause 14.4	4	✓						✓			
95 95	Energy Coordination Act section 11M Distribution Licence clause 14.6	5	✓						✓			
96 96	Energy Coordination Act section 11M Distribution Licence clause 15.2	4	✓						✓			
97 97	Energy Coordination Act section 11M Distribution Licence clause 15.4	5	✓						✓			
98 98	Energy Coordination Act section 11M Distribution Licence clause 16	5					✓					

Compliance Obligation Reference No.	Licence Reference 2015	Audit Priority applied (Rated 1 – highest to 5 lowest)	Adequacy of Controls Rating (refer to above). NP = Not Performed					Compliance Rating (Refer to above)				
			A	B	C	D	NP	1	2	3	4	
99 99	Energy Coordination Act section 11M Distribution Licence clause 18	5	✓					✓				
100 100	Energy Coordination Act section 11M Distribution Licence clause 19.1	4	✓					✓				
101 101	Energy Coordination Act section 11M Distribution Licence clause 20	4					✓					
102 102	Energy Coordination Act section 11M Distribution Licence clause 21.1	4	✓					✓				
103 103	Energy Coordination Act section 11M Distribution Licence clause 22	4					✓					
104 104	Energy Coordination Act section 11M Distribution Licence Schedule 3 clause 1	4	✓					✓				
105 105	Energy Coordination Act section 11M Distribution Licence Schedule 3 clause 2	4	✓					✓				
226 226	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 7.5	1		✓					✓			

Compliance Obligation Reference No.	Licence Reference 2015	Audit Priority applied (Rated 1 – highest to 5 lowest)	Adequacy of Controls Rating (refer to above). NP = Not Performed					Compliance Rating (Refer to above)				
			A	B	C	D	NP	1	2	3	4	
227 227	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 7.6	1		✓						✓		
230 230	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 8.2(1)-(3)	1		✓						✓		
230A	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 8.2(4)	4	✓						✓			
230B	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 8.2(5)	4	✓						✓			
244 244	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.6	4	✓						✓			
245 245	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.9	5	✓						✓			
246	Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code 10.10(1)	4	✓						✓			
247 247	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.10(2)	4	✓						✓			
248	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.10(3)	4	✓						✓			

Compliance Obligation Reference No.	Licence Reference 2015	Audit Priority applied (Rated 1 – highest to 5 lowest)	Adequacy of Controls Rating (refer to above). NP = Not Performed					Compliance Rating (Refer to above)			
			A	B	C	D	NP	1	2	3	4
249 249	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.11(1)	4	✓					✓			
250 250	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.11(2)	1	✓						✓		
251 251	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 12.1(1)	4	✓					✓			
252 252	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 12.1(2)(a), (b) & (d)	4	✓					✓			
254 254	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 12.1(3)(a)	1		✓					✓		
255 255	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 12.1(3)(b)	4		✓					✓		
255A	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 12.1(4)	4	✓					✓			
257 257	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 12.3	4	✓					✓			
258 258	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 12.4	4	✓					✓			

Compliance Obligation Reference No.	Licence Reference 2015	Audit Priority applied (Rated 1 – highest to 5 lowest)	Adequacy of Controls Rating (refer to above). NP = Not Performed					Compliance Rating (Refer to above)			
			A	B	C	D	NP	1	2	3	4
259	Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.1	4	✓					✓			
261	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.1(3)	4	✓					✓			
269	Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.8	4	✓					✓			
270	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.8(2)	4	✓					✓			
271	Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.10(1)	1		✓					✓		
272	Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.10(2)	4	✓					✓			
273	Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.12	1	✓					✓			
274	Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.14	4	✓					✓			

Compliance Obligation Reference No.	Licence Reference 2015	Audit Priority applied (Rated 1 – highest to 5 lowest)	Adequacy of Controls Rating (refer to above). NP = Not Performed					Compliance Rating (Refer to above)				
			A	B	C	D	NP	1	2	3	4	
276	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.16	1		✓						✓		
277	Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.15(1)	4	✓						✓			
278	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.17(2)	4	✓						✓			
279	Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.15(3)	4	✓						✓			
280	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.18	4	✓						✓			
281	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.1	4	✓						✓			
282	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.2	4	✓						✓			
283	Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.3	4						✓				

8. Detailed findings – compliance elements requiring corrective measure

No 2015 (2013)	Obligation	Description	Compliance Rating		Observation
1 01/2016	Energy Coordination Act section 11Q(1-2)	A licensee must pay the applicable fees in accordance with the Regulations. (Energy Coordination (Licensing Fees) Reg Clause 4 & 5).	B	2	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that there are procedures in place to pay applicable fees in accordance with the prescribed timeframe.</p> <p>Review of invoices for licence fees paid during the audit period revealed that the invoice for the 2014 year was physically received by the licensee from the Authority on 24 July and paid on 15 August 2014. The invoice was required to be paid by 31 July 2014, and was paid 15 days late.</p> <p>Based on audit procedures performed we deem AGA not compliant with this licence obligation.</p>
Cause			Recommendation		
A delay in the 2014 invoice being issued by the Authority contributed to AGA not facilitating payment of the Authority's invoice in line with the requirements of the licence obligation.			We recommend that AGA build into its compliance calendar a reminder if the invoice from the Authority has not been received 7 days from the licensee anniversary date. This will facilitate the timely payment of licence fees in accordance with the requirements.		
Management Response/Action					
<p>AGA is required to pay the applicable licence fee by 1 August each year, which is with reference to the licence date and not the invoice date. During the audit period covered by this report, 2 out of the 3 licensing fee invoices were received by AGA after 22 July. This left AGA with limited time to process the invoice.</p> <p>To avoid future reoccurrence, AGA has put in place a scheduled task to approach the Authority for the license fees invoice on the first Monday in July each year.</p>					
Due Date			Responsible Business Unit		
Completed.			Risk and Compliance		

No 2015 (2013)	Obligation	Description	Compliance Rating		Observation
88 02/2016	Energy Coordination Act section 11M, Energy Coordination (Customer Contract) Reg 28, clause 3.1.3.1 AGA Code	A licensee must connect a new supply address (subject to supply, available gas installations, adherence to regulatory requirements and a meter) within an agreed date, or where no date is agreed then within 20 business days from the date of the application.	B	2	<p>Discussions with Manager New Connections and Senior Manager Risk, Compliance and Internal Audit revealed that, as a result of new Contractors being appointed at the start of 2016, they had failed to meet the prescribed timeframe for new connections under the licence obligation. AGA determined that between March and June 2016, 7,394 new connections were completed with 264 connections not performed within the prescribed timeframe. This resulted in 3.8% of new connections that did not meet the requirement within this three month period.</p> <p>Review of correspondence between the Contractor and AGA revealed that when AGA identified the new connections that were not performed on time, steps were taken in conjunction with the Contractor to work towards remedying the issue. AGA continues to monitor the performance of the Contractor to ensure that the prescribed timeframe in accordance with the licence obligation is being met.</p> <p>AGA has reported in its Gas Reporting Datasheets for the 2013/2014 and 2014/2015 period that 16 new connections were not provided on or before the agreed date.</p> <p>Sample based testing of 35 new connections within the audit period did not reveal any exceptions where the connection of a supply address fell outside the requirements of the licence obligation.</p> <p>Based on audit procedures performed, AGA is deemed to be non-compliant with this licence obligation.</p>
Cause			Recommendation		
AGA's Contractor experienced delay in sourcing the required level of skilled labour and also had issues with integrating its IT system with AGA's system.			We recommended that AGA continues to monitor the contractor issue to ensure it has been fully resolved.		
Management Response/Action					

No 2015 (2013)	Obligation	Description	Compliance Rating	Observation
<p>AGA appointed a new contractor in 2016, and had worked with the contractor to implement a transition and mobilisation plan. Due to unforeseen circumstances, the contractor was unable to engage the required level of skilled labour to ensure the new connections were completed within required timeframe. AGA has internal controls in place to monitor its compliance with the new connection requirements, and was aware of the issues experienced by the new contractor. In response, AGA mobilised its own workforce to minimise the number of new connections affected. This issue was resolved in June 2016, and all new connections in July 2016 met the required connection timeframe.</p> <p>While this issue has resulted in an increase in the number of new connections not meeting the required connection timeframe, the number of new connections affected by this issue was around 1% of the total number of new connections completed for the year.</p>				
Due Date			Responsible Business Unit	
N/A			N/A	

No 2015 (2013)	Obligation	Description	Compliance Rating		Observation
226 03/2016	Energy Coordination Act section 11M	A distributor who disconnects a customer's supply address for emergency reasons must provide a 24 hour emergency line providing the information specified and use its best endeavours to restore supply as soon as possible.	B	2	<p>Discussions with the Call Centre Supervisor and Senior Manager Risk, Compliance and Internal Audit revealed that a 24 hour emergency line (13 13 52) is maintained and staffed 24/7 through a rotational roster system.</p> <p>Review of Call Centre Work Instructions demonstrated that in the event that a customer is disconnected from the network for emergency reasons they are advised of a standard estimated restoration time of 4 hours.</p> <p>Obligation 226 was reported as non-compliant in the 2013 Performance Audit as there were no documented procedures in place to inform its customers of an estimated time for the restoration of supply.</p> <p>Notwithstanding that, AGA has since remedied the cause of the non-compliance on 27 August 2013 by including documented procedures to provide an estimate of the restoration time for customers who were disconnected for emergency reasons, AGA was non-compliant within the audit period.</p>
Cause			Recommendation		
It was a finding from the 2013 Performance Audit that AGA did not have a documented mechanism in place to advise customers of an estimated time of restoration of supply in the event of an emergency.			Nil.		
Management Response/Action					
This was a finding from the 2013 Performance Audit, which was addressed and resolved in August 2013. AGA's implementation of the remedial action was verified by the audit team as part of the current audit.					
Due Date			Responsible Business Unit		
N/A			N/A		

No 2015 (2013)	Obligation	Description	Compliance Rating		Observation
227 04/2016	Energy Coordination Act section 11M	A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified in clause 7.6.	B	2	<p>Discussions with the Manager Commercial Operations and Senior Manager Risk, Compliance and Internal Audit revealed that there are procedures and reporting mechanisms in place to support compliance with this licence obligation.</p> <p>Review of AGA 2013/2014 compliance report noted that AGA has self-reported a disconnection that was outside the circumstances specified in clause 7.6. AGA has since implemented internal procedures whereby the time that Contractor can perform the disconnection is more rigorous. Furthermore, field members are to undertake regular "toolbox" meetings whereby the requirement to comply with the requirements is reinforced.</p> <p>Sample based testing of 35 disconnections during the audit period and review of minutes of meetings held with AGA's Contractors did not identify any exceptions where AGA or its Contractors had arranged for a disconnection outside the specified circumstances in clause 7.6.</p> <p>Based on our understanding of the cause and the subsequent actions implement by AGA. We do not have any subsequent recommendations for this non-compliance matter.</p>
Cause			Recommendation		
AGA determined the cause of the breach to be oversight of a field staff member.			Nil.		
Management Response/Action					
AGA self-reported this issue the Authority in 2014, and implemented appropriate controls to monitor and ensure compliance with this obligation.					
Due Date			Responsible Business Unit		
N/A			N/A		

No 2015 (2013)	Obligation	Description	Compliance Rating		Observation
230 05/2016	Energy Coordination Act section 11M	A distributor must reconnect the customer's supply address upon the request of a retailer and subject to the retailer complying with the retail market rules, within 2 business days of receipt of the request, or where the retailer has notified the distributor of a later date for reconnection, within 2 business days of that later date. In the event of an emergency or where access to the customer's supply address has been restricted or where it is unsafe to reconnect the customer's supply address, the distributor must reconnect the customer's supply address within 2 business days from becoming aware that the relevant issue has been resolved. Where reconnection requires excavation, the distributor must reconnect the customer's	B	2	<p>Discussions with the Manager Commercial Operations and Senior Manager Risk, Compliance and Internal Audit and review of AGA's compliance reports revealed that AGA had self-reported two breaches in regard to this licence obligation.</p> <p>We understand that in February 2015 the obligation was revised to address circumstances where reconnection did not occur within the prescribed timeframe due to access or safety issues.</p> <p>Notwithstanding the amendments to the licence obligation, two reconnections in the 2013/2014 period were determined to be non-compliant.</p> <p>We note that as a result of the non-compliance identified in 2013/2014 AGA and its Contractor have implemented a process whereby daily reporting is used to monitor the progress of reconnection jobs issued. This process improvement strengthened internal controls surrounding the reconnection process to address the cause of the non-compliance as detailed below.</p> <p>Furthermore, one reconnection was identified as non-compliant in 2014/2015 for exceeding the timeframe required in the licence obligation due to an IT system issue.</p> <p>AGA has since remedied the cause of this non-compliance prior to the end of the audit period by rolling out an NIMS system upgrade on the 12 August 2015.</p> <p>Sample based testing of 35 reconnections within the audit period did not identify any exceptions.</p> <p>Based on our understanding of the cause and the subsequent actions implement by AGA. We do not have any subsequent recommendations for this non-compliance matter.</p>

No 2015 (2013)	Obligation	Description	Compliance Rating		Observation
		supply address within 10 business days of receipt of the request to reconnect.			
Cause			Recommendation		
1. An administration error occurring at AGA. 2. An administration error occurring at AGA's Contractor. 3. IT system issue at AGA.			Nil.		
Management Response/Action					
AGA self-reported this issue to the Authority in 2014 and 2015, and implemented appropriate controls to monitor and ensure compliance with this obligation. The affected reconnections were less 0.02% of all reconnections completed for the period.					
Due Date			Responsible Business Unit		
N/A			N/A		

No 2015 (2013)	Obligation	Description	Compliance Rating		Observation
250 06/2016	Energy Coordination Act section 11M	A retailer and, where appropriate, a distributor must include on a residential customer's bill and bill related information, reminder notice and disconnection warning: the telephone number for their TTY services; the telephone number for independent multi-lingual services; the National Interpreter Symbol with the words "Interpreter Services".	A	2	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit and Account Receivables Officer revealed that all invoices are generated off a template which is defined with SAP.</p> <p>It was identified during the 2013 Performance Audit that TTY information was not included on the previous invoice template. This issue was rectified and template updated on 9th September 2013.</p> <p>Review of the invoice template at the time fieldwork was conducted revealed that TTY information was included as part of this template and transposed onto invoices generated in the system.</p> <p>Sample based testing of 35 invoices to customer during the period did not identify any exceptions.</p> <p>Notwithstanding that AGA has since remedied the cause of the failure to provide the telephone number for TTY services, AGA was non-compliant within the audit period. AGA has complied with the licence condition post implementation of the revised template on 9 September 2013.</p>
Cause			Recommendation		
AGA did not include the required information on the invoice template prior to it being identified as part of the 2013 Performance Audit.			Nil.		
Management Response/Action					
This was a finding from the 2013 Performance Audit, which was addressed and resolved in September 2013. AGA's implementation of the remedial action was verified by the audit team as part of the current audit.					
Due Date			Responsible Business Unit		
N/A			N/A		

No 2015 (2013)	Obligation	Description	Compliance Rating		Observation
254 07/2016	Energy Coordination Act section 11M	When responding to a customer complaint a retailer or distributor must advise the customer that the customer has the right to have the complaint considered by a senior employee within the retailer or distributor (in accordance with its complaints handling process)	B	2	<p>Discussions with the Call Centre Supervisor and Senior Manager Risk, Compliance and Internal Audit revealed that AGA had implemented a new complaints handling process based on the findings from the 2013 Performance Audit on the 31 December 2014. As part of this process AGA will escalate a customer complaint to a senior employee if the customer is determined to be dissatisfied with the response provided by the Call Centre Representative.</p> <p>Sample based testing of 35 complaints recorded within the period revealed that in all cases where the customer was determined to be dissatisfied by the Call Centre Representative the complaint was escalated to a senior employee within the business. However, we note that it was not normal practice to advise the customer of their right to have their complaint considered by a senior employee.</p> <p>Based on discussions held and sample based testing, we determine that AGA was not compliant with this licence obligation.</p>
Cause			Recommendation		
The complaints handling process does not include a mechanism whereby the Call Centre Representative advises the customer of their right to have their complaint heard by a senior employee within the business.			We recommend that AGA insert a step in the complaints handling process whereby at the point that the Call Centre Representative identifies the call as a complaint, the Call Centre Representative advises the customer of their right to have their complaint heard by a senior employee within the business.		
Management Response/Action					

No 2015 (2013)	Obligation	Description	Compliance Rating	Observation
<p>This was a finding from the 2013 performance audit, and AGA implemented the following management action –</p> <p><i>“AGA to update its complaints handling procedures to formalise the process for notifying customers of their rights to have the complaint considered by a senior employee, where it is not resolved to the customer’s satisfaction.”</i></p> <p>Based on AGA’s updated complaints handling procedure, where a complaint could not be resolved to the customer’s satisfaction by the Call Centre Representatives, the Call Centre Representatives would proactively escalate the complaint to a senior employee, and advise the customer of the escalation. The audit team verified that AGA has implemented the updated procedure.</p> <p>The issue raised by the auditor is whether AGA needs to advise a customer of his/her rights of escalation when the complaint has been resolved to the customer’s satisfaction. While AGA’s view is that it has complied with the licensing obligation, AGA has further updated its complaints handling script to ensure all customers who lodge a complaint are advised of their rights to escalate.</p>				
Due Date			Responsible Business Unit	
Completed			Call Centre	

No 2015 (2013)	Obligation	Description	Compliance Rating		Observation
255 08/2016	Energy Coordination Act section 11M	When a complaint has not been resolved internally in a manner acceptable to the customer, a retailer or distributor must advise the customer of the reasons for the outcome (on request, the retailer or distributor must supply such reasons in writing); and that the customer has the right to raise the complaint with the gas ombudsman or another relevant external dispute resolution body and provide the Freecall telephone number of the gas ombudsman.	B	2	<p>Discussions with the Call Centre Supervisor and Senior Manager Risk, Compliance and Internal Audit revealed if a customer had not responded to a complaint resolution provided by AGA the complaint was determined to be resolved.</p> <p>Sample based testing of 35 complaints identified a written response where AGA did not actively advise the customer of their rights to raise the complaint with the Energy Ombudsman, if the customer was unsatisfied with the response provided.</p> <p>We did note that all written complaints were responded by AGA in writing and where requested by the customer for complaint calls.</p> <p>Based on discussions held and sample based testing, we determine that AGA was not compliant with this licence obligation.</p>
Cause			Recommendation		
<ol style="list-style-type: none"> The template used to respond to a customer complaint does not include the information for the Energy Ombudsman. The complaints handling process does not have a mechanism whereby when responding to a customer complaint, if the customer is not satisfied with the response by AGA the Energy Ombudsman details are provided. 			<p>We recommend:</p> <ol style="list-style-type: none"> When responding to a complaint the information for the Energy Ombudsman to be included in a template on all written responses to customer complaints; and Include and implement a mechanism whereby all if the customer is not satisfied with the response provided by AGA the Energy Ombudsman details are provided. 		
Management Response/Action					

No 2015 (2013)	Obligation	Description	Compliance Rating	Observation
<p>This was a finding from the 2013 Performance Audit, and the agreed action was to implement a letter template with standard wordings to advise customers of their rights to raise the complaint with the Energy Ombudsman. The agreed completion date of this action was 31 January 2014, and was completed by this date.</p>				
<p>The one instance of non-compliance identified during this audit relates to a complaint dated in 2013 with AGA's response letter dated 22 November 2013. The revised complaint handling process post 31 January 2014 adequately addresses this compliance obligation.</p>				
Due Date			Responsible Business Unit	
N/A			N/A	

No 2015 (2013)	Obligation	Description	Compliance Rating		Observation
(271) 09/2016	Energy Coordination Act section 11M	A distributor must keep a record of the customer complaint indicators specified in clause 13.10(1)(a)-(e).	B	2	<p>It was a finding from the 2013 Performance Audit that AGA was not recording complaints resolved on first contact.</p> <p>Discussions with the Customer Relations Coordinator, Supervisor Call Centre and Senior Manager Risk, Compliance and Internal Audit revealed that since 1 January 2015 AGA has implemented a new complaints handling procedure to clarify the definition of a complaint and functionality within SAP to record complaints on first contact. This has remedied the cause of the failure to keep a record of customer complaints in accordance with the requirements.</p> <p>Review of training documentation and sample based testing of 35 complaint calls demonstrated that all Call Centre Representatives attended training on the new process and are aware of the definition of a complaint and the process to record complaints resolved on first contact within the system.</p> <p>Notwithstanding that AGA has since remedied the cause of the failure to keep a record of customer complaints in accordance with the requirements, AGA was non-compliant prior to the implementation of the revised complaints handling procedure on 1 January 2015.</p>
Cause			Recommendation		
It was a finding from the 2013 Performance Audit that AGA's definition of a complaint did not include complaints resolved on first contact within the Call Centre.			Nil.		
Management Response/Action					
This was a finding from the 2013 Performance Audit. AGA completed the remedial action by the agreed completion date of 31 December 2014, which has been verified by the audit team as part of the current audit.					
Due Date			Responsible Business Unit		

No 2015 (2013)	Obligation	Description	Compliance Rating	Observation
N/A			N/A	

No 2015 (2013)	Obligation	Description	Compliance Rating		Observation
(276) 10/2016	Energy Coordination Act section 11M	A distributor must prepare a report in respect of each reporting year setting out the information in the records specified in clause 13.16(a)-(d).	B	2	<p>Review of AGA's record keeping process confirmed the existence of a process to facilitate the maintenance of data in accordance with the requirements of this obligation.</p> <p>Based on our observations made under obligation number (271) we noted the existence of inaccurate complaints records maintained and determined that AGA did not keep the required record in compliance with this obligation prior to the implementation of the revised complaints handling procedure on 1 January 2015.</p> <p>We understand that this licence obligation was removed in February 2015 and consolidated under licence obligation 281.</p> <p>Notwithstanding that AGA has since remedied the cause of the failure to keep a record of customer complaints in accordance with the requirements, AGA was non-compliant prior to the implementation of the revised complaints handling procedure on 1 January 2015.</p>
Cause			Recommendation		
It was a finding from the 2013 Performance Audit that AGA was not recording complaints resolved on first contact in its Call Centre.			Nil.		
Management Response/Action					
This was a finding from the 2013 Performance Audit. AGA completed the remedial action by the agreed completion date of 31 December 2014, which has been verified by the audit team as part of the current audit.					
Due Date			Responsible Business Unit		
N/A			N/A		

9. Detailed findings – compliance elements not requiring further action

Key	
Font in black	Refer to August 2015 Gas Compliance Reporting Manual
Font in orange	Refer to June 2013 Gas Compliance Reporting Manual

No	Obligation	Description	Compliance Rating		Observation
6 6	Energy Coordination Act section 11X(3)	A licensee must take reasonable steps to minimise the extent of the duration of any interruption, suspension or restriction of the supply of gas due to an accident, emergency, potential danger or other unavoidable cause.	A	1	<p>Discussions with the Manager Network Control, Supervisor Call Centre and Supervisor Control Room revealed that AGA had an Emergency Response Management Plan in place to minimise the extent of any interruption due to an unavoidable cause.</p> <p>Walkthrough of the response process identified that Call Centre Representatives and Control Room staff escalated incidents and deployed resources in accordance with priority ratings as defined in the Emergency Response Management Plan.</p> <p>Sample based testing of incidents that affected more than 70 customers within the period confirmed that in each case AGA deployed its resources to minimise the extent of the duration of the interruption to its customers.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
7 7	Energy Coordination Act section 11Y(1)(a)	A licensee must provide for an asset management system in respect of its assets within 2 business days from the commencement date, or from the completion of construction of the distribution system, whichever is later.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit and Asset Services team revealed that AGA has a number of policies and procedures in place to facilitate the operation of its asset management system.</p> <p>We identified that the following components made up AGA's asset management system:</p> <ul style="list-style-type: none"> • SAP database for retaining details such as maintenance records; • GIS/Asset View for geographical display of AGA's assets; • Synergee for network pressure and flow modelling. <p>Review of AGA's asset management plan, asset class plans and maintenance schedules confirmed that AGA conducted maintenance of its asset management system to ensure it is able to meet the operational needs of the business and AGA customers.</p> <p>Furthermore, it was noted that the policies and procedures in place were reviewed on an annual basis by management. Access to AGA's Asset View system was found to be given to other network providers to assist customers in "Dial before you Dig" queries.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
9	Energy Coordination Act section 11Y(1)(c)	A licensee must provide the Authority with a report by an independent expert acceptable to the Authority within 24 months of commencement and every 24 months thereafter (or longer if the Authority allows) as to the effectiveness of the asset management system.	A	1	Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that there are robust procedures in place to facilitate compliance with this licence obligation. A tender process is undertaken to select a suitable independent expert to which AGA will subsequently seek approval from the Authority of the expert. Review of communication with the Authority revealed that the independent expert was approved by the Authority and both the Performance Audit and Asset Management Review were conducted in the timeframe agreed by the Authority. We noted that AGA received an extension of the audit period to 36 months for both the Performance Audit and Asset Management Review.
10	Energy Coordination Act section 11ZA(1)	A licensee must provide the Authority with a performance audit by an independent expert acceptable to the Authority within 24 months of commencement and every 24 months thereafter (or longer if the Authority allows).	A	1	Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.
18	Energy Coordination Act section 11ZOR(1)	A licensee that transports gas through a distribution system must be a member of an approved retail market scheme if a scheme is in force.	A	1	Discussions with the Manager Commercial Operations confirmed that AGA was a member of a retail market scheme. Review of the Retail Energy Market Company's website and the listing of members who make up the retail scheme confirmed AGA's inclusion. Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.

No	Obligation	Description	Compliance Rating		Observation
20 20	Energy Coordination Act section 11ZOV(1)	A licensee must not engage in prohibited conduct relating to the operation of a retail market scheme.	A	1	Discussions with the Manager Commercial Operations and review of compliance reports tabled at quarterly Risk and Compliance Committee meetings did not identify any instances where AGA has participated in prohibited conduct to restrict the operation of a retail market scheme. Furthermore, the Manager Commercial Operations stated that the Company is to have an independent review of the compliance of RemCo rules on an annual basis. Review of the audit report for these engagements did not reveal any instances where AGA had participated or assisted another party to participate in prohibited conduct.
21 21	Energy Coordination Act section 11ZOV(2)	A licensee must not assist another party to engage in prohibited conduct relating to the operation of a retail market scheme.	A	1	Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.
24 24	Energy Coordination Act section 11ZQH	The licensee must not supply gas to customers unless the licensee is a member of an approved Gas Industry Ombudsman Scheme and is bound by any decision or direction of the ombudsman under the Scheme.	A	1	Review of invoices obtained from the Gas Industry Ombudsman revealed that AGA is to have been a member of the scheme for the entirety of the audit period. Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.

No	Obligation	Description	Compliance Rating		Observation
25 25	Energy Coordination Act section 11Z	A licensee must comply with the applicable standards of the Gas Standards Act 1972.	A	1	<p>Discussions with the Technical Compliance Manager revealed that a Safety Case was put into place in 2011 to address the requirements of this licence obligation. Furthermore, audits of the Safety Case are performed annually to determine AGA's compliance.</p> <p>Review of the audit reports provided and did not identify any non-compliance with the Safety Case for the audit period.</p> <p>In addition, review of minutes obtained from the Risk and Compliance Committee over the audit period and did not identify any near misses or breaches of requirements surrounding the Safety Case.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
28 28	Energy Coordination Act section 11Z Gas Standards Act 1972 Section 13(1)	A licensee shall not commence to supply gas to a customer's gas installation unless that installation meets the requirements prescribed in respect of that installation.	A	1	<p>Discussions with the Manager Gas Inspections and Senior Manager Risk, Compliance and Internal Audit revealed that new connections were required to be inspected by approved personnel in accordance with AGA's Inspection Plan which is approved by the Director of Energy Safety. Review of subsequent direction given by the Director of Energy Safety on a yearly basis confirmed that the current Inspection Plan was deemed appropriate.</p> <p>Review of internal audit reports performed on a yearly basis by AGA's internal audit team revealed there were no instances where AGA was non-compliant with its Inspection Plan.</p> <p>Sample based testing of 25 inspections that had occurred revealed that they had been carried out in accordance with the Inspection Plan in a timely manner.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
89	Energy Coordination (Customer Contract) Reg 33 (3), clause 3.5.2.1 AGA Code	A licensee must give at least four days' notice to a customer of its intentions to undertake inspections, repairs, testing or maintenance at the customer's supply address.	A	1	<p>Discussions with the Supervisor Planning and Senior Manager Risk, Compliance and Internal Audit revealed that AGA had procedures and processes in place to notify customers on its intentions to undertake inspections, repairs, testing or maintenance to a customer's supply address.</p> <p>Walkthrough of the planning process confirmed that works are scheduled in advance and notifications are sent out via a mail merge process one month in advance, therefore facilitating compliance with this licence obligation.</p> <p>Sample based testing of 5 scheduled jobs revealed that the customer supply addresses associated with the jobs were notified within the timeframes prescribed.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
90	Energy Coordination (Customer Contract) Reg 33 (3), clause 3.5.2.2 AGA Code	A licensee must ensure that any representatives seeking access to the supply address on its behalf wear carry and show official identification.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that all field staff upon induction are supplied with official AGA identification.</p> <p>Based on our observation of staff at the AGA office we observed that all field staff carried official identification tags and vehicles were marked with AGA branding.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
92	Energy Coordination Act section 11M	A licensee must continuously operate those parts of the distribution system required to meet its obligations to supply gas, except to the extent necessary for compliance with the <i>Gas Standards (Gas Supply and System Safety) Regulations 2000</i> .	A	1	<p>Discussions with the Manager Network Control and Senior Manager Risk, Compliance and Internal Audit revealed that AGA has mechanisms in place to continually monitor gas supply and quality along its network. In the event an anomaly is detected through AGA's monitoring activity Field Officers are deployed to respond.</p> <p>Furthermore, it was noted that AGA has a Crisis Management Team that is deployed in the event of an emergency in accordance with the Emergency Response Management Plan. Discussions confirmed that this Team was not required to be activated within the period.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
94	Energy Coordination Act section 11M	A licensee must comply and require its expert to comply with the Authority's standard guidelines dealing with the asset management review.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that AGA engages an expert for its asset management review through a tender process which includes the requirement that the expert must comply with the Authority's standard guidelines.</p> <p>Review of the contract issued to the expert engaged for asset management review confirmed the inclusion of requirement to comply with the Authority's standard guidelines.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
95 95	Energy Coordination Act section 11M	A licensee's independent expert must be approved by the Authority prior to reviewing the effectiveness of the asset management system.	A	1	<p>Discussions with Senior Manager Risk, Compliance and Internal Audit indicated that once AGA had engaged an expert to perform a review of the asset management system, the expert would be presented to the Authority for approval.</p> <p>Review of correspondence between AGA and the Authority confirmed that the expert was approving prior to conducting the review of the effectiveness of the asset management system.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
96 96	Energy Coordination Act section 11M	A licensee must comply and require its expert to comply with the Authority's standard guidelines dealing with the performance audit.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that AGA engages an expert for its performance audit through a tender process which includes the requirement that the expert must comply with the Authority's standard guidelines.</p> <p>Review of the contract issued to the expert engaged for the performance audit confirmed the inclusion of requirement to comply with the Authority's standard guidelines.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
97 97	Energy Coordination Act section 11M	A licensee's independent auditor must be approved by the Authority prior to the audit.	A	1	<p>Discussions with Senior Manager Risk, Compliance and Internal Audit indicated that once AGA had engaged an independent auditor to conduct its performance audit, the auditor would be presented to the Authority for approval.</p> <p>Review of correspondence between AGA and the Authority confirmed that the independent auditor was approving prior to conducting the performance audit.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
99 99	Energy Coordination Act section 11M	Unless otherwise specified, all notices must be in writing and will be regarded as having been sent and received in accordance with defined parameters.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit indicated that unless otherwise specified all notices provided by AGA were in writing.</p> <p>Furthermore, discussions confirmed that the Senior Manager Risk, Compliance and Internal Audit understood the defined parameters in regard to a notice having been sent and received.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
100 100	Energy Coordination Act section 11M	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board or equivalent International Accounting Standards.	A	1	<p>Discussions with the Financial Controller confirmed that AGA has been maintaining accounting records in accordance with the Australian Accounting Standards and further review of audited financial statements and monthly / quarterly management reports confirmed that the Standards have been adhered to.</p> <p>Review of the audit report contained within the AGA's financial statement was confirmed that the opinion issued was unqualified.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
102 102	Energy Coordination Act section 11M	A licensee must provide to the Authority any information that the Authority may require in connection with its functions under the Energy Coordination Act 1994 in the time, manner and form specified by the Authority.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that AGA is required to submit a performance audit report, asset management review report, compliance report and annual performance report to the Authority. Outside these reports no other information had been requested by the Authority to be provided under the Act.</p> <p>Walkthrough of the preparation process of the required information revealed that it was in the time, manner and form specified by the Authority.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
104 104	Energy Coordination Act section 11M	A licensee must, in relation to pipelines not covered by the National Access Code, exchange information with a trading licensee under section 9.5 of the National Access Code as if they were covered pipelines.	A	1	<p>Discussions with the Manager Commercial Operations revealed that the National Access Code does not cover the Kalgoorlie and Albany GDS however, AGA is observed to treat these networks in the same manner as covered pipelines.</p> <p>Walkthrough of the data transmission process between AGA and other gas trading licensees confirmed that this process is automated and the information that is required to be made available under the National Access Code is readily available to the licensee.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
105 105	Energy Coordination Act section 11M	A licensee must offer to connect residential premises located within the licence area to the distribution system if requested by a trader, subject to certain defined conditions.	A	1	<p>Discussions with the Manager New Connections revealed a new connection request is subject to a number of defined conditions prior to the work order being accepted in SAP for completion.</p> <p>Walkthrough of the new connection process and sample based testing of 10 new connections within the audit period confirmed that AGA made the offer to connect those residential premises where the defined conditions had been met.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
230A	Energy Coordination Act section 11M	If any of the circumstances described in clauses 8.2(3)(b)-(e) apply, the distributor must notify the retailer of the relevant circumstance within 2 business days of receipt of the reconnection request made under clause 8.2(1)	A	1	<p>Discussions with the Manager Commercial Operations revealed that the process of notifying the retailer of the relevant circumstance that prevented the reconnection was an automated process.</p> <p>Same based testing of 10 reconnection requests revealed that in the event the reconnection could not occur due to the circumstances described in 8.2(3)(b)-(e) the retailer was notified in the required timeframe.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
230B	Energy Coordination Act section 11M	Notwithstanding clause 8.2(1), if a distributor becomes aware that there has been an unauthorised utilisation of gas at the customer's supply address, the distributor must notify the retailer as soon as practicable, and is not obliged to reconnect the supply address until the issue is resolved.	A	1	<p>Discussions with the Manager Commercial Operations and Senior Manager Risk, Compliance and Internal Audit revealed that when a field officer becomes aware of the unauthorised utilisation of gas at a customer supply address there are procedures in place to notify the retailer as soon as practicable.</p> <p>Review of 10 instances where AGA identified unauthorised utilisation of gas the retailer was notified on the same day of the incident.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
244 244	Energy Coordination Act section 11M	A distributor must give a customer on request, at no charge, or direct the customer to a person or class of persons who can provide, the information specified in clause 10.6(c)-(i).	A	1	<p>Discussions with the Call Centre Supervisor and Senior Manager Risk, Compliance and Internal Audit revealed that all Call Centre Representatives undertake training to enable them to have the ability to provide the customer on request the information specified in clause e10.6(c)-(i) at no charge.</p> <p>Walkthrough of the process confirmed that Call Centre Representatives were able to either direct customers to the AGA website or supply the information as required in this licence obligation.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
245 245	Energy Coordination Act section 11M	A retailer, distributor and marketer must, to the extent practicable, ensure that any written information that must be given to a customer under the Gas Customer Code is expressed in clear, simple, and concise language and is in a format that makes it easy to understand.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that there are stringent documentation and review procedures in place to determine that a document to be published on the AGA website or released to the public uses clear, simple and concise language. Review of documents published on the AGA confirmed that the language used within was clear, simple and concise.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
246	Energy Coordination Act section 11M	A retailer and distributor must tell a customer on request how the customer can obtain a copy of the Gas Customer Code.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit and Supervisor Call Centre revealed that Call Centre Representative were able to advise customers where they can obtain a copy of the Gas Customer Code.</p> <p>We note that this obligation became obsolete in February 2015, as such we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation up until its exclusion.</p>
247 247	Energy Coordination Act section 11M	A distributor must advise a customer on request how the customer can obtain a copy of the Compendium and make a copy of the Compendium available on the distributor's website and at the offices of the distributor at no charge.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that a copy of the Compendium is available on AGA's website at no charge.</p> <p>Review of Call Centre training material and scripting confirmed that Call Centre Representatives had the ability to refer customers to AGA's website where a copy of the Compendium is made available.</p> <p>Staff at AGA reception demonstrated that they were able to refer us to appropriate personnel within the business to provide the information requested.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
248	Energy Coordination Act section 11M	A retailer and distributor must make a copy of the Gas Customer Code available for inspection, at no charge, at their offices.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that a copy of the Gas Customer Code was available to customer through its reception.</p> <p>Staff at AGA reception demonstrated that they were able to refer us to appropriate personnel within the business to provide the information requested.</p> <p>We note that this obligation became obsolete in February 2015, as such we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation up until its exclusion.</p>
249 249	Energy Coordination Act section 11M	A retailer and distributor must make available to a residential customer on request, at no charge, services that assist the residential customer in interpreting information provided by the retailer or distributor (including independent multi-lingual and TTY services, and large print copies).	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit and review of documentation provided to the residential customer revealed that TTY and multilingual services are provided to customers at no charge. AGA's multilingual and TTY services are facilitated through calling the 133 677 and 13 14 50 phone number respectively.</p> <p>Walkthrough of the process confirmed that if a customer requires either of the services they are able to engage a third party. Furthermore, the cost of engaging the party is bared by AGA, therefore at no cost to the customer.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
251 251	Energy Coordination Act section 11M	A retailer and distributor must develop, maintain and implement an internal process for handling complaints and resolving disputes.	A	1	<p>Discussions with the Supervisor Call Centre and Senior Manager Risk, Compliance and Internal Audit revealed that AGA has developed, maintained and implements an internal process for complaints handling.</p> <p>Comparison of the requirements of clause 10.1(b) and AGA's complaints handling process confirmed the requirements inclusion.</p> <p>Review of AGA's complaints handling procedures revealed the existence of a reference made to AS ISO 10002-2006. Furthermore, AGA's website was observed to contain a simplified version of the complaints handling process at no charge.</p>
252 252	Energy Coordination Act section 11M	The complaints handling process under clause 12.1(1) must comply with AS ISO 10002 –2006 and address, at the least, the criteria specified in clause 10.2(b).The complaints handling process must be available at no cost to customers	A	1	<p>Review of training registers maintained, revealed that all Call Centre Representatives have undertaken training in the internal process for handling complaints.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
255A	Energy Coordination Act section 11M	A retailer or distributor must, on receipt of a written complaint by a customer, acknowledge the complaint within 10 business days and respond to the complaint within 20 business days.	A	1	<p>Discussions with the Customer Relations Officer and Call Centre Supervisor revealed written complaints are investigated by Customer Relations Officer upon receipt. Furthermore, we noted that there is an email address that is controlled by the Call Centre Staff that will forward any complaints received to the Customer Relations Officer for a response.</p> <p>Sample based testing of 35 complaints confirmed that AGA acknowledged a complaint within 10 business days and provided a response within 20 business days.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
257 257	Energy Coordination Act section 11M	A retailer, distributor and marketer must give a customer on request, at no charge, information that will assist the customer in utilising the respective complaints handling processes.	A	1	<p>Discussions with the Customer Relations Officer and Call Centre Supervisor revealed that Call Centre Representatives undertook regular training to enable them to assist customers in the complaints handling process where required.</p> <p>We noted that information as to how a customer can lodge a complaint and have their complaint escalated to a senior employee or the gas ombudsman can be found on AGA's website.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
258 258	Energy Coordination Act section 11M	When a retailer, distributor or gas marketing agent receives a complaint that does not relate to its functions, it must advise the customer of the entity that it reasonably considers to be the appropriate entity to deal with the complaint (if known).	A	1	<p>Review of call scripting documentation and training processes revealed that Call Centre Representatives are directed to advise customers to contact their retailer if the complaint does not relate to a function of AGA.</p> <p>Walkthrough of a recorded call confirmed that the Call Centre Representative was aware that the complaint did not relate to AGA's function and forward the call through to the appropriate retailer.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
259	Energy Coordination Act section 11M	Unless expressly provided otherwise, a retailer, distributor or gas marketing agent must keep a record or other information as required to be kept by the Code of Conduct and the Compendium for at least 2 years from the last date on which the information was recorded.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that AGA had the ability to maintain records for an extended period of time as required by the licence obligation.</p> <p>Through procedures conducted during the audit, AGA was observed to be able to extract records greater than a 2 year period for testing purposes.</p> <p>We note that this obligation was made obsolete as at February 2015. As such, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation up until its exclusion.</p>

No	Obligation	Description	Compliance Rating		Observation
261	Energy Coordination Act section 11M	For the purposes of subclause 13.1(1), a distributor must keep records or other information specified in clause 13.1(3)(a)-(d).	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that AGA kept records or other information as required by clause 13.1(3)(a)-(d).</p> <p>Notwithstanding that AGA was non-compliant within the period regarding the maintenance of accurate complaints data, it was determined that the only the point of failure be recorded and reported.</p> <p>We note that this obligation was made obsolete as at February 2015. As such, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation up until its exclusion.</p>
269	Energy Coordination Act section 11M	A distributor must keep a record of the total number of connections provided and connections not provided on or before the agreed date.	A	1	<p>Discussions with the Senior Manager Risk, Compliance and Internal Audit and Manager New Connections revealed that new connection work orders were recorded in SAP.</p> <p>Review of AGA's reporting process and walkthrough of the compilation of its Annual Performance Report confirmed that AGA kept a record of the total number of connections provided and connection not provided on or before the agreed date.</p> <p>We note that this obligation has been consolidated under the requirements of licence obligation 281.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
270	Energy Coordination Act section 11M	A distributor must keep a record of the total number of reconnections provided, other than those specified in clause 13.8(2)(a), and the total number of those reconnections not provided within the prescribed timeframe.	A	1	<p>Discussions with the Manager Commercial Operations revealed that reconnection work orders are maintained in SAP and reported internally on a monthly basis.</p> <p>Walkthrough of the annual reporting process revealed that the number of reconnection recorded in the 2013/2014 agreed to a report that was run within SAP with defined parameters, such as, date period and time to complete.</p> <p>We note that this obligation has been consolidated under the requirements of licence obligation 281.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
272	Energy Coordination Act section 11M	A distributor must keep a record of the details of each customer complaint referred to in clause 13.10(1).	A	1	<p>During the audit period we noted that AGA did not keep an accurate record of customer complaints in accordance with the requirements as such non-compliance was recorded. It was determined that as there was no benefit duplicating the non-complaint matters as the details of each complaint that was recorded prior to the implementation of the new process under licence obligation (271) were determined to be maintained.</p> <p>Sample based testing of complaint recorded revealed that details of each customer complaint were maintained within EIM.</p> <p>We note that this obligation has been consolidated under the requirements of licence obligation 281.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
273	Energy Coordination Act section 11M	A distributor must keep a record of the call centre performance indicators specified in clause 13.12(a)-(e).	A	1	<p>Notwithstanding non-compliance was reported under this licence obligation in the prior audit period, discussions with the Call Centre Supervisor revealed that remedial actions were implemented prior to the end of the previous audit period to address the limitations of the telephony system.</p> <p>Review of monthly KPI reports maintained by AGA confirmed that this action had been put in place.</p> <p>We note that this obligation has been consolidated under the requirements of licence obligation 281.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
274	Energy Coordination Act section 11M	A distributor must keep a record of the total number of delivery points on the distributor's distribution system.	A	1	<p>Discussions with the Manager Commercial Operations revealed that the number of delivery points on AGA's network is recorded within SAP.</p> <p>Review of reconciliations performed between the number of delivery points recorded in SAP and within the RemCo database did not identify any exceptions where AGA's database was determined to be inaccurate.</p> <p>We note that this obligation has been consolidated under the requirements of licence obligation 281.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
277	Energy Coordination Act section 11M	The annual retailer and distributor reports specified in clauses 13.15 and 13.16 are to be published not later than the following October 1.	A	1	<p>Review of AGA's website revealed that the 2012/2013 and 2013/2014 Annual Performance Report was published not later than the following October 1.</p> <p>Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that a copy of the Annual Performance Report was available to customer through its office reception.</p> <p>Staff at AGA reception demonstrated that they were able to refer us to appropriate personnel within the business to provide the information requested.</p> <p>We note that this obligation became obsolete in February 2015 and as such this obligation was deemed compliant up until its exclusion.</p>
278	Energy Coordination Act section 11M	A report is published for the purposes of by clause 13.17(1) if copies of it are available to the public, without cost, at places where the retailer or distributor transacts business with the public, and a copy of it is posted on a website maintained by the retailer or distributor.			
279	Energy Coordination Act section 11M	A copy of each report must be given to the Minister and the Authority not less than 7 days before it is published.	A	1	<p>Review of correspondence between AGA and the Minister confirmed that the Annual Performance Report for 2012/2013 and 2013/2014 was provided to the Minister not less than 7 days before it was published.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

No	Obligation	Description	Compliance Rating		Observation
280	Energy Coordination Act section 11M	A retailer and distributor must provide the information in the records in clauses 13.15 and 13.16 to the Authority in a format acceptable to the Authority no later than the following 23 September.	A	1	<p>Review of correspondence between the Authority and AGA revealed that the 2013 and 2014 Annual Performance Report was submitted to the Authority no later than the following 23 September.</p> <p>We note that this licence obligation has been consolidated under licence obligation 283 and the specified timeframe of the 23 September has been removed from January 2015.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
281	Energy Coordination Act section 11M	A retailer and a distributor must prepare a report in respect of each reporting year setting out the information specified by the Authority.	A	1	<p>Discussions with the Senior Risk Compliance and Internal Manager and review of correspondence between AGA and the Authority revealed that AGA prepared a report each year with the information included as specified by the Authority.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>
282	Energy Coordination Act section 11M	A report referred to in clause 13.1 must be provided to the Authority by the date, and in the manner and form, specified by the Authority	A	1	<p>Review of correspondence between AGA and the Authority revealed that the submission of Gas Distribution Datasheets was in accordance with the date, manner and form specified by the Authority.</p> <p>Based on our audit procedures we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p>

10. Detailed findings – compliance elements non-rateable

No	Obligation	Description	Compliance Rating	Observation
8 8	Energy Coordination Act section 11Y(1)(b)	A licensee must notify details of the asset management system and any substantial changes to it to the Authority within 10 business days.	Non-rateable	Discussions with the Asset Services team indicated that there had been no substantial changes to the asset management system within the scope period. In the absence of activity within the audit period, we are unable to rate the compliance of this licence obligation.
17 17	Energy Coordination Act section 11ZK(3)	A licensee must pay the costs and expenses incurred in the taking of an interest or easement in respect of land held by a public authority.	Non-rateable	Discussions with Manager Engineering Services and Land Management & Project Coordinator revealed AGA has not taken any new easements of land within the audit period. In the absence of activity within the audit period, we are unable to rate the compliance of this licence obligation.
22 22	Energy Coordination Act section 11ZOZ(3)	A licensee, as a member of a retail scheme, must comply with a direction given to it by the Authority to amend the scheme, and to do so within a specified time.	Non-rateable	Discussions with the Manager Commercial Operations and Senior Manager Risk, Compliance and Internal Audit revealed that there has been no direction given by the Authority to amend the retail market scheme. In the absence of activity within the audit period we are unable to rate the compliance of this licence obligation.
23 23	Energy Coordination Act schedule 3, section 2(1)	A licensee, as the operator of a supply system, must notify the Minister if a state of emergency exists in relation to a supply system as soon as practicable after becoming aware of it.	Non-rateable	Discussions with the Manager of Network Control have revealed there were no states of emergency declared during the period. We obtained process documents for response in the event of an emergency and notes there are adequate procedures and policies to meet the obligation should the event arise. In the absence of activity within the audit period we are unable to rate the compliance of this licence obligation.

No	Obligation	Description	Compliance Rating	Observation
93 93	Energy Coordination Act section 11M	A licensee must give the Authority written notice where it proposes to permanently cease or substantially decrease its activities under the licence 6 months before the cessation or decrease or, if this is not practicable, as soon as possible.	Non-rateable	Discussions with the Senior Manager Risk, Compliance and Internal Audit provided that AGA has not proposed to permanently cease or substantially decrease its activities during the audit period. In the absence of activity within the audit period, we are unable to rate the compliance of this licence obligation.
98 98	Energy Coordination Act section 11M	A licensee may be subject to individual performance standards.	Non-rateable	Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that AGA has not been subject to any individual performance standards as imposed by the Authority. Review of correspondence with the Authority throughout the audit period confirmed that the Authority has not subject AGA to any individual performance standards during the audit period. In the absence of activity within the audit period, we are unable to rate the compliance of this licence obligation.
101 101	Energy Coordination Act section 11M	A licensee must report to the Authority if the licensee is under external administration or experiences a significant change in its corporate, financial or technical circumstances that may affect the licensee's ability to meet its obligations under this licence within 10 business days of the change occurring.	Non-rateable	Discussions with the Senior Manager Risk, Compliance and Internal Audit revealed that AGA was not under external administration and has not had experienced a significant change in its corporate, financial or technical circumstances within the audit period. Review of AGA's financial statements issued within the audit period did not indicate that AGA was experiencing going concern issues that may force the licensee into external administration. In the absence of activity within the audit period, we are unable to rate the compliance of this licence obligation.

No	Obligation	Description	Compliance Rating	Observation
103 103	Energy Coordination Act section 11M	A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified.	Non-rateable	Discussions with the Senior Manager Risk, Compliance and Internal Audit and review of correspondence with the Authority revealed that the Authority has not directed AGA to publish any information within the specified timeframe. In the absence of activity within the audit period, we are unable to rate the compliance of this licence obligation.
283	Energy Coordination Act section 11M	A report referred to in clause 13.1 must be published by the date specified by the Authority.	Non-rateable	Discussions with the Senior Manager Risk, Compliance and Internal Audit and review of correspondence with the Authority revealed that the Authority has not requested that AGA publish their Annual Performance Report. In the absence of activity within the audit period, we are unable to rate the compliance of this licence obligation.

11. Recommendation summary

Table of Current Audit Non Compliance and Recommendations
A. Resolved during the current audit period

Compliance Manual Reference	Compliance rating / Legislative Obligation / details of the issue)	Date Resolved and Management Action Taken	Audit Comments
1 01/2016	B2 Energy Coordination Act section 11Q(1-2) Review of invoices for licence fees paid during the audit period revealed that the invoice for the 2014 year was physically received by the licensee from the Authority on 24 July and paid on 15 August 2014. The invoice was required to be paid by 31 July 2014, and was paid 15 days late.	We recommend that AGA build into its compliance calendar a reminder if the invoice from the Authority has not been received 7 days from the licensee anniversary date. This will facilitate the timely payment of licence fees in accordance with the requirements.	
88 02/2016	B2 Energy Coordination Act section 11M, Energy Coordination (Customer Contract) Reg 28, clause 3.1.3.1 AGA Code	01/06/16 Cause of non-compliance was due to AGA's Contractor experienced delay in sourcing the required level of skilled labour and also had issues with integrating its IT system with AGA's	We recommended that AGA continues to monitor the contractor issue to ensure it has been fully resolved.

Table of Current Audit Non Compliance and Recommendations

A. Resolved during the current audit period

Compliance Manual Reference	Compliance rating / Legislative Obligation / details of the issue)	Date Resolved and Management Action Taken	Audit Comments
	<p>As a result of new Contractors being appointed at the start of 2016, they had failed to meet the prescribed timeframe for new connections under the licence obligation. AGA determined that 264 connections were affected between the months of March 2016 to May 2016.</p> <p>AGA has reported in its Gas Reporting Datasheets for the 2013/2014 and 2014/2015 period that 16 new connections were not provided on or before the agreed date.</p>	<p>system.</p> <p>AGA's Contractor has since sourced the required level of skilled labour required and implemented a IT fix to integrate its IT system with AGA's system</p>	
226 03/2016	<p>B2</p> <p>Energy Coordination Act section 11M</p> <p>Obligation 226 was reported as non-compliant in the 2013 Performance Audit as there were no documented procedures in place to inform its customers of an estimated time for the restoration of supply.</p>	<p>27/08/13</p> <p>AGA included documented procedures within its Call Centre Work Instructions to provide a standard estimate of the restoration time for customers who were disconnected for emergency reasons.</p>	
227	<p>B2</p> <p>Energy Coordination Act section 11M</p>	<p>11/11/13</p> <p>AGA has since implemented internal procedures whereby the time that Contractor can perform</p>	

Table of Current Audit Non Compliance and Recommendations
A. Resolved during the current audit period

Compliance Manual Reference	Compliance rating / Legislative Obligation / details of the issue)	Date Resolved and Management Action Taken	Audit Comments
04/2016	Review of AGA 2013/2014 compliance report noted that AGA has self-reported a disconnection that was outside the circumstances specified in clause 7.6.	the disconnection is more rigorous. Furthermore, field members are to undertake regular “toolbox” meetings whereby the requirement to comply with the requirements is reinforced.	
230 05/2016	B2 Energy Coordination Act section 11M 1. Two reconnections in the 2013/2014 period were determined to be non-compliant. 2. One reconnection was identified as non-compliant in 2014/2015 for exceeding the timeframe required in the licence obligation due to an IT system issue.	12/08/15 1. As a result of the non-compliance identified in 2013/2014 AGA and its Contractor have implemented a process whereby daily reporting is used to monitor the progress of reconnection jobs issued. 2. As a result of the non-compliance identified in 2014/2015 AGA rolled out NMIS upgrade on the 12 August 2015	
250 06/2016	A2 Energy Coordination Act section 11M It was identified during the 2013 Performance Audit that TTY information was not included on the previous invoice template.	09/09/13 Invoice template was updated to include the required information on the above date.	

Table of Current Audit Non Compliance and Recommendations
A. Resolved during the current audit period

Compliance Manual Reference	Compliance rating / Legislative Obligation / details of the issue)	Date Resolved and Management Action Taken	Audit Comments
255 08/2016	B2 Energy Coordination Act section 11M Sample based testing of 35 complaints identified a written response where AGA did not actively advise the customer of their rights to raise the complaint with the Energy Ombudsman, if the customer was unsatisfied with the response provided.	31/12/14 AGA implemented a new complaint handling procedure which included updating its response letter to customer to included right to escalate to the Obudsman.	
(271) 09/2016	B2 Energy Coordination Act section 11M It was a finding from the 2013 Performance Audit that AGA was not recording complaints resolved on first contact.	01/01/15 AGA implemented a new complaint handling procedure and training to its Call Centre Representatives to understand the definition of a complaint and how to record complaints on resolved on first contact.	
(276)	B2 Energy Coordination Act section 11M	01/01/15 AGA implemented a new complaint handling procedure and training to its Call Centre	

Table of Current Audit Non Compliance and Recommendations
A. Resolved during the current audit period

Compliance Manual Reference	Compliance rating / Legislative Obligation / details of the issue)	Date Resolved and Management Action Taken	Audit Comments
10/2016	Based on our observations made under obligation number (271) we noted the existence of inaccurate complaints records maintained and determined that AGA did not keep the required record in compliance with this obligation prior to the implementation of the revised complaints handling procedure on 1 January 2015.	Representatives to understand the definition of a complaint and how to record complaints on resolved on first contact.	

Table of Current Audit Non Compliance and Recommendations
B. Unresolved at end of current Audit period

Compliance Manual Reference	Compliance rating / Legislative Obligation / details of the issue)	Auditors' Recommendations	Management Action Taken by the end of the Audit period
254 07/2016	B2 Energy Coordination Act section 11M Sample based testing of 35 complaints recorded within the period revealed that in all cases where the customer was determined to be dissatisfied by the Call Centre Representative the complaint was escalated to a senior employee within the business. However, we note that it was not normal practice to advise the customer of their right to have their complaint considered by a senior employee.	We recommend that AGA insert a step in the complaints handling process whereby at the point that the Call Centre Representative identifies the call as a complaint, the Call Centre Representative advises the customer of their right to have their complaint heard by a senior employee within the business.	

Appendix 1 – Audit evidence

Documents examined

Name of document
Complaints Handling Training Register May 2016
Complaints Handling Training Content May 2016
2014 Asset Management System Review Report
2013 – 2016 Compliance Audit Plan
COM PR0002 Complaints Handling Procedure
NCN RF08 Gas Meter Box Location Guide
ATCO Gas Connection Process Handbook
Correspondence with Authority – 2013 Gas Datasheets
Correspondence with Authority – 2014 Gas Datasheets
Correspondence with Authority – 2015 Gas Datasheets
Correspondence with Minister – 2013 Gas Customer Code Report
Correspondence with Minister – 2014 Annual Report
Customer Invoice Template
Invoice from Authority for Licence Fees – 2013, 2014 and 2015
Correspondence with Authority – Approval of Performance Audit Plan 2016

Name of document
Correspondence with Authority – Approval of Auditor for Asset Management Review 2014
Correspondence with Authority – Approval of Auditor for Performance Audit 2016
Embargoed Notice – 2014 Asset Management Review Report
Correspondence with Authority – Extension of audit period to 36 months
Correspondence with Authority – Approval of Asset Management Review Plan 2014
Contract between AGA and Service Stream Energy and Water
Contract between WAGN and ARMS (Aust) Pty Ltd
Attendance Register – Toolbox Meeting – July, Aug, Sept and Oct 2015
SWI MRA 012 – Safe Work Instruction – Disconnect-Reconnect Gas Regulator
RMC Process Flow Diagram
CGCE Register
CCT PR0001 RF02 Call Centre Telephone Scripting
Asset Class Plan – Pressure Regulation Facilities
Asset Class Plan – Telemetry Equipment
Asset Class Plan – Cathodic Protection System
Asset Class Plan – Pipelines, Mains and Services
Asset Class Plan – Metering Facilities
Asset Management Plan 2016 – 2020
ATCO Easement Register
ATCO Crisis Management Plan
Westplan – Gas Supply Distribution
Gas Supply System Emergency
Gas Customer Compendium
Call Centre Work Instruction

Name of document
Customer Service Standards Faults Scripting
Emergency Response Management Plan
Incident Escalations Process Map
Exemption to Inspection Policy Statement and Plan 2012
Inspection Policy Statement and Plan Annual Report 2014 and 2015
Listing of CCOM Completed
New Inspections Completed
AGA Annual Financial Statements 2013, 2014 and 2015
AGA Gas Distribution System Safety Case Audit 2015
WAGN Gas Distribution System Safety Case
AGA Gas Distribution System Safety Case Audit 2014
Correspondence with Director of Energy Safety – Approval of Safety Case
Compliance Report – Various throughout 2013 - 2016
Internal Audit of Inspection Policy Statement and Plan 2014 & 2016
Compliance Report to Authority 2014 & 2015
AGA Risk Register

Appendix 2 – Audit evidence

Personnel who assisted in the Audit

Positions of ATCO Gas personnel	Area
Senior Manager Risk, Compliance and Internal Audit	Risk & Compliance
Quality and Assurance Officer	Risk & Compliance
Manager Commercial Operations	Commercial
Manager Gas Inspection	Gas Inspection
Gas Inspection Coordinator	Gas Inspection
Manager New Connections	Construction Service Delivery
Planner	Planning - Network Construction
Planning Supervisor	Planning - Network Construction
Supervisor Planning	Planning
Supervisor, UAFG and Network Monitoring	Network Monitoring & Data Management
Manager Network Control	Network Control
Supervisor Call Centre	Call Centre
Supervisor Control Room	Control Room
Financial Controller	Finance
Manager Technical Compliance	Technical Compliance

Positions of ATCO Gas personnel	Area
Customer Relations Coordinator	Network Control
Project Manager	Multistorey Project
Planner	Planning - Network Construction
Land Management & Project Coordinator	Engineering Services
Manager Engineering Services	Engineering Services
Asset Performance Engineer	Asset Services
Asset Planning Manager	Asset Services