

Appendix C – Post audit implementation plan

Issue 1/2016

Obligation 52 - Energy Coordination (Customer Contract) Regulations 2004 Reg 12 (6), Clause 5.2.2.2 AGA Code

Obligation 229 - Energy Coordination Act section 11M, Compendium clause 8.1(2)

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To monitor reconnection timing requirements Kleenheat has developed exception reports designed to detect:

- Payments made to disconnected accounts (to identify instances where a customer may have paid an outstanding fee, has requested to be reconnected, but the request has failed in its submission to the distributor)
- Failed reconnection requests within the system.

During the fieldwork phase of the current audit, it was identified that these exception reports were run at 12pm and 2pm daily. In order to capture requests made between 2-3pm, Deloitte suggested that the second daily report was run at 3pm.

Upon performing a walkthrough of the monthly credit compliance reporting process, we identified one incident where a reconnection had not taken place within the prescribed timeframe. The incident was identified as part of Kleenheat's FY16 annual compliance (citing user error) and remedied accordingly.

One further instances of non-compliance was identified in our testing of 15 reconnection samples and reconnection exception reporting where a reconnection order was processed for 29 July 2016 (Friday) and failed in the Flowtalk system. The reconnection was re-raised for 2 August 2016 (Tuesday).

Recommendation 1/2016

Kleenheat:

- (a) Update the exception reporting procedure to include the new timing (3pm) for review of the exception reports
- (b) Continue to remind staff of the importance of timing in relation to its obligation requirements
- (c) Emphasise the importance of priority reconnection for detected failed reconnection requests via Flowtalk and identifying any recurring systemic issues.

Action plan 1/2016

(a) Kleenheat has already implemented the suggested improvement raised by Deloitte in shifting the exception report timing to 3 PM. This was implemented during the fieldwork testing stage in late September 2016.

(b) and (c)

Kleenheat will continue to communicate to staff about our obligations requirements and provide refresher training to all CST and Credit staff, to further enhance the importance of meeting the obligation requirements. Any recurring systemic issues will continue to be captured in the Compliance Tracker and acted upon by Kleenheat.

Responsible Person: Customer Service Operations Manager

Target Date: (a) Complete
(b) and (c) February 2017

<p>Issue 2/2016</p> <p>Obligation 59 - Energy Coordination (Customer Contracts) Reg 15 (1), AGA Code Clause 4.2.1</p> <p>Obligation 137 - Compendium Clause 4.1(b)</p> <p><u>NG</u></p> <p>Through discussion with the Credit Operations Team Leader and examination of the ‘Guide to Completing Monthly NG Credit Compliance Reporting’ policy and samples of the monthly compliance matrix we determined that:</p> <ul style="list-style-type: none"> • A total of 11 customers in July 2016 and August 2016 had not been issued a bill in a 3 month period • The compliance reporting parameters are designed to detect billing outside of ‘90 days’, which only provides a detective control of non-compliance, rather than preventing the non-compliance occurring. • Kleenheat is in the process of refining its reporting arrangements with its distributor (ATCO Gas). 	
<p>Recommendation 2/2016</p> <p>Kleenheat:</p> <p>(a) Include a preventative reporting mechanism, which identifies unbilled accounts prior to the three month deadline</p> <p>(b) Update its billing procedures to include a priority billing process for customers approaching the three month deadline</p> <p>(c) Document its process for storing and following up on outstanding reports from ATCO Gas.</p>	<p>Action plan 2/2016</p> <p>(a) and (b)</p> <p>Kleenheat will maintain a 90 day exception reporting mechanism with the change to its Gas Trading Licence of the amended requirement to issue a bill at least once every 105 days to be implemented imminently.</p> <p>(c) Kleenheat will:</p> <ul style="list-style-type: none"> • Continue to work collaboratively with the distributor (ATCO Gas) to ensure actual meter reads are being sent to Kleenheat in a timely fashion • Document a procedure detailing the actions it takes with ATCO Gas and the regular meetings it holds with ATCO Gas. <p>Responsible Person: Regulatory Specialist and Credit Manager</p> <p>Target Date: January 2017</p>

<p>Issue 3/2016</p> <p>Obligation 64 - Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.1 AGA Code</p> <p>Obligation 153 - Energy Coordination Act section 11M, Compendium clause 4.7(1),(2)</p> <p><u>NG</u></p> <p>Through discussion with the Credit Operations Team Leader, and examination of the ‘Guide to Completing Monthly NG Credit Compliance Reporting’ policy and the August 2016 compliance matrix, we determined that:</p> <ul style="list-style-type: none"> • A total of 37 customers had not had a bill based on an actual meter reading within a twelve month period • The compliance reporting parameters are designed to detect billing outside of ‘12 months’ which only provides a detective control of non-compliance, rather than preventing the non-compliance occurring <p>In August 2016, ATCO Gas reintroduced a monthly report of meters which have had four or more consecutive estimated meter reads.</p>	
<p>Recommendation 3/2016</p> <p>Kleenheat update its ‘Guide to Completing Monthly NG Credit Compliance Reporting’ to include a preventative control reporting on customers approaching the twelve month deadline.</p>	<p>Action plan 3/2016</p> <p>Kleenheat will continue the implementation of the automation project for identifying customers with three consecutive estimate reads, which was witnessed by Deloitte during the fieldwork stage. This project should eliminate any future non-compliance with obligations 42, 64 and 153.</p> <p>Responsible Person: Credit Manager and Customer Service Operations Manager</p> <p>Target Date: February 2017</p>

Issue 4/2016**Obligation 136** - Energy Coordination Act section 11M, Compendium clause 4.1NG

Through discussion with the Credit Operations Team Leader, and examination of the ‘Guide to Completing Monthly NG Credit Compliance Reporting’ policy and compliance matrix, we identified 33 Small/Medium Entities (SME) and 40 residential customers, who in July 2016 and August 2016 had been issued a bill more than once in a 30 day period.

Upon performing a walkthrough of the exception reporting process with the ‘NG Admin’ team, we identified an instance where an exception report had identified multiple meter reads performed by ATCO Gas (one estimated and one actual) within a 30 day period, with a bill being issued for both periods (29 July 2016 and 12 August 2016). This error was detected during the credit compliance reporting process, rectified and resolved with ATCO Gas.

Recommendation 4/2016

Kleenheat tailor its training on exception reporting to include a review of the customer records to determine if multiple meter reads are listed as ‘billed’ within a 30 day period in the account history.

Action plan 4/2016

Kleenheat will review its staff training and exception reporting procedure to explore the Auditor’s recommendation.

Responsible Person: Regulatory Specialist**Target Date:** January 2017**Issue 5/2016****Obligation 187** - Energy Coordination Act section 11M, Compendium clause 5.6(3)**Obligation 188** - Energy Coordination Act section 11M, Compendium clause 5.6(4)NG

Through discussion with the Credit Team Leader and examination of the overdue fee billing reports, we determined that Kleenheat was experiencing recurring issues where multiple overdue fees were attributed to bills within a five day period. The same systemic issue resulted in the issuing of overdue fees on bills to customers more than three times in a twelve month period.

The overdue fee billing report provided visibility over the error and enabled the Credit Department to credit the excess fees charged.

The updated exception reporting format has identified no further instances of non-compliance since May 2016.

We note that Kleenheat had assessed this matter and concluded that as the fees were reversed, it did not represent a non-compliance with obligations 187 and 188 and therefore did not include the matter in its FY16 Annual Compliance report.

Recommendation 5/2016

Kleenheat examine the systemic issue which resulted in the higher frequency of billing overdue fees to establish adequate preventative controls (in addition to the detective mitigating controls currently in place).

Action plan 5/2016

Kleenheat has already resolved the systemic issue that caused the failure of the exception reporting to stop multiple late fees being issued to customers’ accounts. There was no impact to customers as the late fees were credited to the affected accounts. The issue was resolved in May 2016.

Responsible Person: Credit Operations Team Leader and Credit Team Leader**Target Date:** Completed May 2016