



Notice

21 December 2018

Alinta Sales Pty Ltd

2018 performance audit

The Economic Regulation Authority has published the [2018 performance audit report](#) for Alinta Sales Pty Ltd's electricity retail licence ERL6.

Alinta's parent company, Alinta Energy, is Western Australia's largest gas retailer and third largest electricity retailer. Alinta supplies electricity to contestable business customers through the South West Interconnected System.

ERA's response to the audit and review

The findings of the 2018 audit, which covered a period of 48 months, show that Alinta needs to improve its compliance with the licence and the controls to manage its compliance.

The ERA has decided to reduce the period covered by the next audit from 48 to 36 months. The next audit period covers 1 June 2018 to 31 May 2021, with the report due by 31 August 2021.

Background to the ERA's decision

Audit findings

The auditor determined there were 194 licence obligations applicable to Alinta's licence. The auditor's assessment of the 194 obligations found:

- 94 were rated A1 (adequate controls, compliant).
- 31 were rated B1 (generally adequate controls, compliant).
- 4 were rated A2 (adequate controls, non-compliant with minor impact).
- 4 were rated B2 (generally adequate controls, non-compliant with minor impact).
- 2 were rated B3 (generally adequate controls, non-compliant with moderate impact).
- 1 was rated C3 (inadequate controls, non-compliant with moderate impact).
- 1 was rated B4 (generally adequate controls, non-compliant with major impact).
- 14 were rated A/NR (adequate controls, not rated for compliance due to lack of relevant activity).
- 25 were rated B/NR (generally adequate controls, not rated for compliance due to lack of relevant activity).

- 4 were rated C/NR (inadequate controls, not rated for compliance due to lack of relevant activity).
- 11 were rated NP/NR (not performed, not rated for compliance due to lack of relevant activity).
- 3 were rated NA/NA (not applicable).

The audit found 12 non-compliances, four of which were resolved during the audit period.

Audit recommendations and post-audit implementation plan

The auditor made 41 recommendations.¹ Seven of the recommendations address the eight unresolved non-compliances, and 34 address control deficiencies and control improvements.

The post-audit implementation plan states that Alinta will address the outstanding recommendations at various stages between now and 30 June 2019.

ERA's assessment of the audit findings

Some of the non-compliances were administrative in nature and therefore unlikely to have negative consequences for customers.

There were non-compliances that could have resulted in negative consequences for customers. For example, one of the non-compliances involved Alinta's procedure for making changes to its life support register. While the particular non-compliance involved the late removal of a customer from the life support register, it is still concerning that Alinta's procedures for life support registration and deregistration were not robust. The concern is compounded by the auditor's comment that 'there is no procedural documentation in place to ensure Alinta will notify Western Power that the customer's supply address is a life support equipment address, and of the contact details of the customer' within the required timeframes.

Two of the non-compliances were caused by Alinta not including all the required information on bills. One non-compliance was failing to indicate on a bill the fact that the bill was based on an estimate and not an actual meter reading. This was also a non-compliance in the 2014 audit. The matter was initially addressed after the 2014 audit, but recurred following an upgrade to Alinta's billing system. Alinta's failure to detect this problem indicates it needs to strengthen its controls when making changes to the billing system.

Further information

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¹ One recommendation was repeated for 27 obligations.