

NewGen Power Kwinana Pty Ltd 2019 Performance Audit, Electricity Generation Licence – EGL3

POST AUDIT ACTION PLAN

2019 Performance Audit – EGL3						
Reference (no./year)	Non Compliance/Controls Improvement (Rating/ Legislative Obligation/ Details of Non Compliance or Inadequacy of Controls)	Auditors' Recommendation	Management action	Responsible Person	Due Date	Status
01/2019 – Ref 105	<p>Non-Compliant/B2 /105 Generation Licence Obligation 4.2.1</p> <p>The licensee has not met the obligations in regards to payment of prescribed licence fees on 3 occasions during the audit period.</p> <p>The Licensee is required to pay the invoices issued by the Authority for the standing data charges within 30 days of issue of the invoice and Generation Licence fee before the 22 March annually.</p> <p>The reason for the late payments (ERA 100410 and 100491) was due to a delay in delegation of the invoice from the initial person receiving the email. Late payment on invoice ERA 597 was due to a delay in release of bank transactions.</p> <p>Additionally, it is noted the MEX Routine established (PM1240) only refers to the Annual Payment of Licence fees and does not reference the quarterly standing data charges. During discussions, the Licensee was unclear of the requirement to pay both Annual and quarterly licence fees. It is also included on the NPK Compliance schedule as the annual licence payment only.</p>	<p>The organisation has already amended the email recipient for the invoices during the audit period to go directly to accounts department. Additionally, they have amended the terms in MYOB to 14 days to ensure timely payment. These are corrective actions that rely on the personnel in the roles maintaining them. A change in personnel or accounting systems would mean the action may not be carried through. The obligations also need to be included in the MEX system as separate routines and highlighted as a legislative requirement. The inclusion of the invoices on the NPK Compliance Requirements Schedule is also recommended. An OFI for the organisation to embed the controls into their operating processes has been provided in a separate document of auditor recommendations.</p>	<p>All ERA invoices to be sent to the NPK group accounts payable e-mail address, once received these are then processed following the finance accounts payable processes.</p>	Station Manager	04.03.20	Completed
			<p>The payment terms, for all ERA related invoices, in MYOB has been changes to 14 days to ensure the payment is made in a timely manner.</p>	Station Manager	04.03.20	Completed
			<p>Routine work orders have been generated, through the CMMS (MEX), for the annual licence charge and the quarterly standing charges. These routines have been categorised as “Statutory Regulation” job types to highlight the legislative requirement.</p>	Station Manager	04.03.20	Completed
			<p>Clear and detailed actions for the annual licence charge and the quarterly standing charges have been included in the NPK Compliance Register. These actions specifically reference the CMMS routine work orders.</p>	Station Manager	31.03.20	Completed

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02/2019 – Ref 124	<p>Non-Compliant/B2 /124 Generation Licence Obligation 4.5.1</p> <p>The Annual Compliance Report for 2015-2016 Year did not reflect the late payment of the licence fee for the Standing Data Charge quarters commencing April and July 2015.</p> <p>The Licensee is required to ensure that non-compliances are reported in a Compliance Report which is to be submitted by the 31st August annually.</p> <p>The awareness to the requirement to include the late payment of fees as a compliance obligation was not established and there are not processes implemented within the organisation to identify the compliance requirement proactively.</p>	<p>Although the organisation has established corrective actions to ensure timely payment of licence fees (refer finding 105). A process to ensure compliance requirements have been met and a documented liaison relating to the legislative requirements and content of the Compliance Report prior to submission to the Authority is required, for example including in MEX routine notes. The MEX system and the NPK Compliance Requirement Schedule could be optimised to ensure this is an automated process.</p>	<p>A detailed routine work order has been generated, through the CMMS (MEX), for the Annual Compliance Report, this includes instructions relating to the review and scrutiny of the NPK Compliance Calendar and the requirement to identify and report all Type 1 and Type 2 licence obligations breached. This routine has been categorised as “Statutory Regulation” job type to highlight the legislative requirement.</p>	Station Manager	05.03.20	Completed