

## EGL28 2021 Performance Audit – Post Audit Implementation Plan

Reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of noncompliance or inadequacy of controls)	Auditor's recommendation	Management Action Plan
1/2021	<p><b>C2</b></p> <p><u>Obligation 103 - Electricity Industry Act Section 14(1)(b)</u></p> <p>At the commencement of this audit, MSF had not notified details of it AMS to the ERA as required by Electricity Industry Act Section 14 (1)(b) and therefore was non-compliant with this obligation.</p> <p>Through discussion with the Operations and Maintenance Manager, we determined that MSF had not recognised this obligation until the time of this audit and did not have a mechanism in place to ensure it recognised and dealt with licence compliance obligations in a proactive manner.</p> <p>The Operations and Maintenance Manager notified details of MSF's asset management system to the ERA on 5 July 2021.</p> <p><u>Obligation 105 Electricity Industry Act Section 17(1); ERA (Licensing Funding) Regulations 2014</u></p> <p>MSF did not pay its Annual Licence Charge due on 18 January 2019 (i.e. one month after the anniversary of the grant of the licence) by the due date.</p> <p>Through discussion with the Operations and Maintenance Manager, we determined that MSF had not recognised the specific obligation to ensure licence fees are paid within one month of the licence anniversary, instead MSF relied on its accounts payable processes following receipt of an invoice from the ERA.</p> <p><u>Obligation 123 – Licence condition 4.4.1</u></p> <p>Licence condition 4.4.1 requires MSF to report to the ERA within prescribed timeframes:</p> <p>(c) Any change in the Licensee's name, ABN or address (within 10 business days of the change occurring).</p>	<p>MSF maintain a compliance register for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</p>	<p>Engage a consultant experienced in compliance monitoring to design a compliance matrix and controls.</p> <p>Implement the compliance matrix for MSF</p> <p><b>Responsible person</b></p> <p><b>Stephen Brass O&amp;M Manager for Risen Energy Australia</b></p> <p><b>Due date</b></p> <p><b>March 1<sup>st</sup>, 2022</b></p>

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	<p>Due to the change in ownership to Risen Energy (Australia) Pty Ltd, MSF's address and contact details changed in December 2018. However the ERA was not notified of the change until February 2019, which did not meet the 10-business day requirement.</p> <p><u>Obligation 124 – Licence condition 4.5.1</u></p> <p>We observed that in accordance with its obligation to submit annual compliance reports to the ERA by 31 August each year, MSF did not submit the 2019/20 compliance report by the due date of 31 August 2020</p> <p>Through discussion with the Operations and Maintenance Manager, we determined that MSF has not implemented an effective mechanism in place to ensure it recognises and deals with licence compliance obligations in a proactive manner.</p>		
2/2021	<p><b>B2</b></p> <p><i>Obligation 119 - Licence condition 4.3.1</i></p> <p>Our examination of the Financial Reports and Financial Statements for the period ending 20 December 2018, the year ending 30 June 2019 and the six months ending 31 December 2020 concluded that these special purpose financial statements do not include sufficient information to demonstrate compliance with the Australian Accounting Standards Board Standards. In particular, Note 1 Basis of preparation to the Financial Statements state that the financial statements "...do not comply with any Australian Accounting Standards unless otherwise stated", for which no exceptions are stated.</p>	<p>MSF reconsider its approach for preparing financial statements that comply with the requirement to maintain accounting records in accordance with the Standards</p>	<p>Accounting format and content has been changed to ensure the annual accounts comply with the Australian accounting standards.</p> <p>Last Years annual accounts have been provided to Auditor post Audit to confirm</p> <p><b>Responsible person</b> <b>Stephen Brass</b></p> <p><b>Due date</b> <b>October 1<sup>st</sup>, 2021</b></p>