

CLICK ENERGY AUDIT REPORT SUMMARY

RETAIL AUDIT PROGRAM

The Essential Services Commission ("the Commission") commenced the retail audit program in late 2014. The purpose of the audit program is to provide the Commission and energy consumers, with independent assurance that energy retail licensees have appropriate policies, systems and processes in place to comply with their regulatory obligations, that they are complying with their regulatory obligations and that when non-compliance occurs, it is able to be quickly identified and remedied by the licensee.

Under the conditions of their licence, retail businesses are required to appoint independent auditors to conduct compliance audits when required by the Commission to do so.

The auditors assess the business' compliance with the regulatory obligations set out in the audit scope set by the Commission.




As required by the Commission, audits are based on the general principles stated in the Standard on Assurance Engagements ASAE 3100 Compliance Engagements.

While the auditors may identify specific breaches during the audit process, the role of the auditor is to test and assess process and controls and to form an overall view of the retailer's level of compliance in each of the areas audited. In order to do this, auditors were required to obtain sufficient appropriate evidence on which to base their

conclusions. Such evidence could be gathered through enquiry and observation, tests of controls and representations received from management.

BASIS FOR ASSESSMENT

A traffic light system is used to indicate overall compliance with obligation areas as follows:

Grade	Description	Definition
	Non-compliance	The requirements of the obligation have not been met, or adequate, relevant and suitable information to form an objective determination on compliance was not available to demonstrate compliance. Findings noted are considered material in nature and require urgent remedial action.
	Partial Compliance	Key requirements of the obligation have been met but only minor achievements in compliance have been demonstrated. Findings noted are considered significant and require substantial effort to correct.
	General Compliance	Most requirements of the obligation have been met with some minor failures or breaches. Findings noted are considered minor and require routine efforts to correct in the normal course of business.

CLICK ENERGY AUDIT

BDO were engaged to conduct the compliance audit of Click Energy (Click). The audit consisted of the following 12 key areas which were all graded General Compliance:

- Compliance Program,
- Marketing,

- Financial Hardship Program,
- Disconnection and Reconnection,
- Complaints and Dispute Resolution,
- Tariff Variations,
- Deemed Customer Arrangements,
- Transfer Delays,
- Life support,
- Performance Indicators,
- Billing,
- Advanced Metering Infrastructure, and
- Financial Hardship Program.

Key Findings

This section outlines the key audit findings, the actions taken by Click to address the issues identified and the Commission's response to each matter.

(a) Life Support

The procedures set out in documents outlining Click's processes in relation to life support customers did not reflect current internal practices. Click has updated these procedural documents and therefore no further action is required in relation to this issue.

(b) Billing

Click did not maintain documentation that clearly defined billing roles, responsibilities and authorisations. As a consequence, there may be a risk that employees perform unauthorised activities. Click is currently finalising a policy document which defines roles and responsibilities. The Commission is satisfied that no further action is required in relation to this issue due to the prompt action taken by Click together with the finding that adequate controls exist to ensure that only authorised users are able to perform billing tasks.

During 2015, Click's energy bills did not contain a reference to the availability of government funded rebates, concession or relief schemes as required by the Energy



Retail Code. Click self-identified this breach and rectified the omission in October 2015. As the breach was self-identified and promptly remedied, the Commission will not seek any further action.

(c) Marketing conduct

Testing identified one [1] instance where a training assessment record could not be evidenced. Since identification, Click has provided training to the sales agent. As such the Commission will not seek any further action in relation to this issue.

Testing also identified that the reporting of marketing breaches did not distinguish between breaches of Click's internal processes and breaches of the Energy Retail Code. As a consequence, the auditors could not confirm if remediation activities for marketing related breaches were effectively actioned. Click is currently amending its quality assurance reports to clearly distinguish between regulatory breaches and procedural breaches and the Commission will monitor the completion of this review.

(d) Performance Reporting

Procedure documents to support the compilation of performance reports were considered insufficient to clearly define data sources and the analysis undertaken to ensure accurate and complete performance indicator data. Click has updated its process documents since this issue was identified. As such, the Commission will not seek any further action in relation to this issue.

Testing identified that data submitted in June 2015 for the Complaints performance indicators were inaccurate. The Commission will seek revised Complaints indicator data for the January to June 2015 reporting period.

Conclusion

The Commission is satisfied that Click has implemented the required improvements to ensure compliance with its obligations regarding life support, billing, marketing and performance reporting.

The Commission would like to thank both Click and BDO for their cooperation during the audit process.