

Power and Water Corporation

*Report of specified
procedures to the Utilities
Commission of the Northern
Territory*

*The Utilities
Commission of the
Northern Territory*

*Specified Procedures
Report*

Final - Redacted

October 2016

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1 Executive summary

1.1 Background

Power and Water Corporation ('PWC') is governed by various legislation including the *Utilities Commission Act*, *Electricity Reform Act* and *Electricity Network (Third Party Access) Act*. This legislation is administered by the **Utilities Commission of the Northern Territory ('the Commission')**.

The *Electricity Networks (Third Party Access) Code* ('the *Network Access Code*') is a Schedule to the *Electricity Network (Third Party Access) Act*. Part 3 of the *Network Access Code* specifically sets out price regulation powers and responsibilities relating to the setting of prices to be paid by network users for the distribution of electricity through electricity networks. The Network Pricing Determination ('NPD') is a determination made by the regulator under Chapter 6 of the *Network Access Code*.

In February 2016, a possible breach of the 2014 NPD by PWC was reported to the Commission by Jacana Energy. On further enquiry with Jacana Energy and PWC, the Commission became aware that PWC had charged customers for standard metering connections as an 'excluded service' up until October 2015. Standard metering connections were not included as an *excluded network access service* in the 2014 NPD.

In March 2016, PWC formally reported a breach of the 2014 NPD to the Commission.

PricewaterhouseCoopers Australia ('PwC Australia') has been engaged to perform specified procedures so that the Commission can assess PWC's level of compliance with the 2014 NPD and PWC's identification and reporting of associated compliance breaches to date.

1.2 Scope and approach

The scope of our work was outlined in our proposal for specified procedures dated 12 May 2016 and signed engagement letter dated 24 May 2016.

PwC Australia has performed **specified procedures** in two (2) parts:

- Part 1** Sample testing network charges levied by PWC during the period of 1 July 2014 to 30 June 2015, specific to *excluded network access services*
- Part 2** Understanding PWC's processes for identifying compliance obligations and reporting breaches and sample testing key controls.

1.3 Methodology and Limitations

We have performed the specified procedures agreed with the Commission for the purpose of assisting you in assessing, in combination with other information obtained by you, the current compliance processes at PWC. The procedures performed are detailed in the terms of the engagement dated 24 May 2016 and described in Appendix T which should be read in conjunction with this report.

Management / Those Charged with Governance's Responsibility for the Specified Procedures Agreed

Management / Those Charged with Governance are responsible for the adequacy or otherwise of the specified procedures agreed to be performed by us. You are responsible for determining whether the findings provided by us, in combination with any other information obtained, provide a reasonable basis for any conclusions which you wish to draw on the subject matter.

PwC Australia's Responsibility

Our responsibility is to report findings obtained from conducting the specified procedures agreed with the Commission. Because the specified procedures do not constitute either a reasonable or limited assurance engagement in accordance with AUASB standards, and any testing is performed on a sample basis only, we do not express any conclusion and provide no assurance on PWC's compliance processes or controls. Had we performed additional procedures or had we performed an audit or a review of the PWC compliance processes in accordance with AUASB standards, other matters might have come to our attention that would have been reported to you. Because of the inherent limitations of any internal control system, there is the possibility of management override of controls, non-compliance, misstatements due to error, or fraud may occur and not be detected.

Any projections of any evaluation of the internal compliance and control system to future periods is subject to the risk that internal compliance and control system may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We wish to emphasise that management has the responsibility to ensure that adequate internal control systems are in place and that they work effectively and efficiently.

Restrictions on Distribution and Use of Report

This report is intended solely for the use of the Commission for the purpose set out above.

As the intended user of our report, it is for you and other intended users to assess both the specified procedures and our findings to determine whether they provide, in combination with any other information you have obtained, a reasonable basis for any conclusions which you wish to draw on the subject matter. Distribution of this report is restricted to those parties that have agreed the specified procedures to be performed with us and other intended users identified in the terms of the engagement (since others, unaware of the reasons for the procedures, may misinterpret the results).

Accordingly, we expressly disclaim and do not accept any responsibility or liability to any party other than the Commission and PwC for any consequences of reliance on this report for any purpose.

1.4 Summary findings

In 2010, PwC initiated a Governance, Risk and Compliance plan for the oversight and management of its regulatory compliance obligations. The outcomes of this plan have been documented in the *Compliance Policy (last updated Feb-2015)* and *Compliance Management Strategy (last updated Apr-15)*, which provide information on the regulatory environment in which PwC operates, assign roles and responsibilities and outline key processes for the management of obligations. The *Compliance Policy* and *Management Strategy* have been developed by Management with reference to principles within the Australian Standard 3806 Compliance programs.

PwC implemented an electronic system in Aug-2012 to facilitate this proposed compliance management strategy; the Governance, Risk, Audit, Compliance and Event Management system ('GRACE'). There has been a period of transition to progressively upload obligations into GRACE.

The compliance manager role has historically been performed by the Company Secretary, the Governance Risk Audit and Compliance Manager and the General Managers with oversight from the Executive Leadership Team, Audit and Risk Management Committee and the Board. PwC is currently reviewing its organisational structure and reporting lines and will formalise its latest delegation of compliance roles and responsibilities.

PwC has also recently undertaken a major review of its Compliance Framework against the requirements of the Commission's consolidated *Compliance Framework and Reporting Guidelines (Feb-2016)* and to align with the latest ISO standards for compliance management systems.

Part 1

Treatment of 'Service Establishment – New Infrastructure' for developers is yet to be finalised

PwC has not yet reached a position on the treatment of new service establishment fees for 'developer' customers under the 2014 NPD. At the time of these procedures, PwC was yet to complete its investigation and reach a final outcome, however Management represented that it intends:

- Non-residential customers (developers) – to refund fee-based charges and re-invoice developers a quoted service fee (both of these fee types are *excluded network access services*).
- Residential customers – to be refunded in full.

It has not yet been determined by PwC whether it has provided a quality or reliability of service over or below standard in order to meet the definition of a quoted service under Schedule 3 of the 2014 NPD.

PwC will need to agree an approach internally and with external regulators. Responsibility for the investigation will need to be formally assigned with a proposed timeframe for completion and reporting.

Lack of documentation to clearly articulate PWC's assessment of 'standard' and 'above' or 'non-standard' services

In the 2014 NPD, quoted services including quoted network, connection and metering services are defined with reference to an 'above standard' or 'non-standard'. The assessment of a service as standard or above/non-standard can be dependent on the customer request, customer type and other scenario considerations.

While Power Networks has represented that it is familiar with the classification of 'standard' and 'above' or 'non-standard' services as part of daily operations, these business rules are not formally documented. There is no current process to formally approve that project costs relating to standard services can be charged under a quoted service basis rather than applying Board-approved fee-based charges.

Part 2

Compliance roadmap has not been finalised

The risk assessment process is a core pillar of PWC's approach to compliance management; a risk based assessment determines PWC's approach to identify and assess compliance obligations and to prioritise and define the activities required to achieve and monitor compliance. PWC maintains two (2) obligation registers being:

- An Excel 'Legal Obligations Register' (last updated May-2015)
- An online Governance, Risk, Audit, Compliance and Events (GRACE) management system, which was implemented in Aug-2012.

The registers of obligations (in Excel and/or GRACE) are not complete. There has been a period of transition as PWC upload obligations from the Excel 'Legal Obligations Register' into GRACE. This transition has been prioritised according to a risk assessment of PWC's legal obligations.

It was noted that:

- There is not a clearly defined process for the management of compliance obligations outside of GRACE
- There is not a formal process to periodically review the completeness of obligations in GRACE as well as the mapped control owners, control descriptions and monitoring mechanisms.

PWC will need to consider its proposed compliance management strategy in light of this report and prior audit findings and clearly demonstrate how it manages compliance with obligations both within and outside of GRACE. Formal policies and procedures will require updating in response.

Breach reporting procedure has not been formally documented

PWC's *Compliance Policy* (last updated Feb-2015) and *Compliance Management Strategy* (last updated Apr-15) assign roles and responsibilities for reporting and escalating breaches internally. GRACE user guides have been documented for logging, assessing and investigating incidents and events.

There is no formal policy or procedure outlining the process for reporting and escalating breaches externally to the Utilities Commission and roles and responsibilities have not yet been formally assigned. In practice, breach reports to external regulators have been drafted by Senior Management and signed off by the Chief Executive. PWC have asserted that they treat all breaches as material for reporting although this approach is yet to be formally documented and agreed.

PWC should clarify with the Commission its process for determination of breaches considered 'material' and the timeframes for reporting non-compliance events.

Process to prepare and approve Annual Compliance Report needs to be developed

In 2015, the Commission imposed an annual compliance reporting requirement on all licensees and an annual declaration from the Board of Directors of each business as a mechanism for elevating the importance of compliance.

Compliance status reports submitted to the Executive Leadership team (ELT) and Audit and Risk Management Committee (ARMC) do not currently include listings of compliance breaches identified, those under investigation, those reported to the Utilities Commission, or a statement that no issues have been identified during the period. While PWC Management asserted that discussions take place on non-compliances reported, there is no clear documentation to evidence that the ARMC or ELT are consulted.

PWC's Annual Compliance Report (Dec-2015) identified nine (9) instances of non-compliance. Of these:

- None had been formally included in the Compliance Status Reports submitted by the Governance Risk Audit and Compliance team to the ARMC
- None had been formally recorded in the GRACE system for action.

PWC had also not defined its policy for reporting potential non-compliance issues which are pending investigation. Although the Alternative Control Service ('ACS') issue was identified in Oct-2015 and was under investigation, it was not reported to the Commission in its Annual Compliance Report in Dec-2015.

ACS breach has not complied with PWC's reporting procedures

GRACE user guides require events (including non-compliance regulatory events) to be entered into GRACE, a risk assessment to be completed as soon as reasonably possible (within 3 business days) and an interim investigation report to be submitted within a maximum of 30 days (or reasons provided if this timeframe is extended).

For the ACS event, PWC did not comply with the requirements or timeframes as outlined within the GRACE guide. The ACS breach has not been entered into GRACE and therefore these timeframes were not automatically tracked by the system (notification alerts are automatically sent to relevant stakeholders in the event of delay). A formal register of actual or possible non-compliance issues is not systematically maintained within or outside of GRACE.

1.5 Summary of results

The tables below provide a summary of each specified procedure and the results of these procedures. Detailed findings are documented within Section 2, Section 3 and the Appendices.

Part 1

Ref	Specified procedure	Summary of key findings
1.1	Understand PWC's processes, procedures and controls in place to ensure that costs match the definition of <i>Excluded Network Access Services</i>	Findings have been documented within Specified Procedure 1.2.
1.2	Test a sample of key controls identified in 1.1	<p>1.2.2.-1. Position is yet to be reached by PWC on the treatment of 'Service Establishment – New Infrastructure' as an <i>excluded network access service</i> for developers</p> <p>1.2.2.-2. Descriptions within PWC's internal schedule of fee-based ACS services are not aligned with the 2014 NPD</p> <p>1.2.2.-3. No evidence of a reconciliation between the final classifications of the 2014 NPD and PWC's implementation of quoted services</p> <p>1.2.4.-1. 2014 NPD obligations and associated compliance management approach are not logged in the GRACE system</p>
1.3	Obtain system mapping of service charges included as <i>excluded network access services</i> in the 2014 NPD	There is no evidence of a reconciliation between the final classifications of the 2014 NPD and PWC's implementation of quoted services. <i>Refer to 1.2.2.-3.</i>
1.4	Extract detailed listing and value of charges assigned to <i>excluded network access services</i> from period 1 July 2014 to 30 June 2015 and reconcile to PWC's audited financial statements (or appropriate alternative)	1.4.1.-1. It has not been possible to reconcile the fee-based or quoted service lists to PWC's financial statements [or equivalent] and hence it is not possible to confirm the completeness of these data extracts.
1.5	Analyse entries in the period 1 July 2014 to 30 June 2015 based on a specific risk profile	Findings have been documented within Specified Procedure 1.8.
1.6	Select a sample of charges incurred between 1 July 2014 to 30 June 2015 across customer types (including new residential customers, commercial customers and developers).	Findings have been documented within Specified Procedure 1.8.
1.7	Understand PWC's documentation available to evidence that services provided to customers meet the Commission's definition of <i>excluded network access services</i>	<p>1.7.1.-1. Inconsistent documentation types provided for sample of <i>excluded network access services</i>.</p> <p>Limitations noted in the documentation available to evidence that services provided to customers meet the definition of <i>excluded network access services</i>. Refer to findings in specified procedure 1.8.</p>
1.8	Test the sample of <i>excluded network access service</i> charges to supporting evidence provided by PWC. Document the findings.	1.8.1 <i>Refer to finding # 1.2.2-1.</i> Position is yet to be reached by PWC on the treatment of 'Service Establishment – New Infrastructure' as an <i>excluded network access service</i> for developers

Ref	Specified procedure	Summary of key findings
		1.8.2 Lack of documentation to confirm PWC's classification of 'above' or 'non-standard' services and lack of formal approval where fee-based services have been charged as quoted services
		1.8.3 Fee-based services recorded in Maximo rather than Retail Management System (RMS)
		1.8.4 Inappropriate access to manually override board-approved ACS fee-based charges in RMS

Part 2

Ref	Specified procedure	Summary of key findings
2.1	Understand processes, procedures and/or systems which existed in PWC to: <ul style="list-style-type: none"> • identify & comply with obligations • identify a breach • report a breach. 	Findings have been documented within Specified Procedure 2.3, 2.9 and 2.12.
2.2	Understand process by which PWC's Annual Compliance Report to the Commission was compiled, reviewed and approved.	Findings have been documented within Specified Procedure 2.3.
2.3	Test a sample of PWC's key controls to identify and comply with obligations (as identified in specified procedure 2.1 and 2.2)	<p>2.3.1.-1. Formal policies and procedures for compliance management and risk management are not reviewed and updated on an annual basis. Some procedures have not been developed and/or finalised</p> <p>2.3.2.-1. Training materials/guides are not documented for the processes of obligation identification, review and compliance management</p> <p>2.3.3.-1. Process to confirm that subscriptions to legislative alerts are appropriate is not formalised</p> <p>2.3.4.-1. Register of obligations is incomplete</p> <p>2.3.4.-2. Inconsistent process for periodic review and update of compliance obligation registers</p> <p>2.3.5.-1. Obligations outside of GRACE have not been assessed using PWC's risk assessment methodology</p> <p>2.3.5.-2. No formal requirement for obligation risk ratings to be periodically reviewed and approved by key stakeholders</p> <p>2.3.6.-1. No control descriptions for obligations outside GRACE</p> <p>2.3.6.-2. Roles and responsibilities for control owners are not documented and/or delegated in the Excel 'Legal Obligations Register'</p> <p>2.3.6.-3. No process for periodic review and approval</p>

Ref	Specified procedure	Summary of key findings
		of control owners in the Excel 'Legal Obligations Register'
		2.3.6.-4. Control descriptions mapped to obligations in GRACE are generic in nature and/or missing
		2.3.6.-5. Control owners and control descriptions in GRACE are not systematically reviewed on a defined periodic basis
	Test a sample of PWC's key controls relating to the Annual Compliance Report (Dec-2015) (as identified in specified procedure 2.2)	2.3.7.-1. Procedure for developing and submitting Annual Compliance Declaration has not been formally defined 2.3.8.-1. Consultation as part of the annual compliance declaration process is not evidenced
2.6	Document timeline of identifying the breach including who was involved and how the breach was identified	Timeline has been documented. Findings have been documented within Specified Procedure 2.14.
2.7	Review the results of PWC's root cause analysis to understand why the breach was not previously identified	2.7.1.-1. PWC has not documented a formal root cause analysis
2.8	Understand PWC's current risk assessment to categorise a breach as 'material'	2.8.1.-1. There is not currently a documented approach to the classification of material events.
2.9	Test a sample of key controls by which PWC identifies material breaches	The findings noted in control 2.3.1 are also relevant to identification of material breaches. In addition: 2.9.2.-1. Inconsistent process for periodic review and update of monitoring mechanisms. Monitoring mechanisms are not fully documented in GRACE 2.9.3.-1. Compliance self-assessment processes are in early pilot stage
2.10	Compare PWC's risk methodology with 'Appendix A: Risk Assessment Methodology' of the Statement of Approach on Compliance	Three variations were noted. PWC's <i>Risk Assessment Guidelines</i> (Jun-14) do not clearly include 'breach of a compliance obligation' as a consequence
2.11	Check that processes and procedures have been updated in response to the breach identified	2.11.1-1 Lack of monitoring control to identify whether ACS charges related to 'new infrastructure' services were charged to customers before RMS system lock-down was implemented (and after refund list was generated)

Ref	Specified procedure	Summary of key findings
2.12	Test a sample of PWC’s key controls to report breaches (as identified in 2.1)	<p>2.12.1.-1. A breach reporting policy has not been formally documented (including no formal guidelines detailing the timeframe for reporting breaches to external parties)</p> <p>2.12.2.-1. Employees have not yet completed mandatory GRACE training</p> <p>2.12.3.-1. A consolidated register of non-compliance is not maintained</p> <p>2.12.4.-1. Periodic compliance reporting to the ELT is not formalised</p> <p>2.12.5.-1. Periodic compliance reporting to the ARMC is not formalised</p> <p>2.12.6.-1. Inconsistency in reporting compliance breaches to the Utilities Commission</p>
2.13	Compare PWC’s processes and timelines to report breaches against good practice	Findings have been documented within Specified Procedure 2.14.
2.14	Map the timeline against reporting requirements as outlined in PWC’s processes at the time of the breach	<p>2.14.1.-1. The ACS breach was not entered into GRACE</p> <p>2.14.1.-2. The unresolved ACS issue relating to developers is not entered into GRACE</p> <p>2.14.2.-1. There is no documentation to evidence that a risk assessment was completed within three (3) business days</p> <p>2.14.3.-1. Timelines for event recording and investigation were not complied with</p> <p>2.14.4.-1. Breaches should be reported to the Commission “as soon as possible”. Notification of the ACS overcharge occurred within 103 business days</p>
2.15	Understand with Management whether there are/were any known gaps or areas for improvement noted in the current or previous processes and procedures	<p>2.15.1.-1. Inconsistency in reporting of risk ratings to ARMC</p> <p>2.15.1.-2. Action plans in response to audit findings do not address root causes</p> <p>2.15.1-3. Observations raised in audit reports are not logged in GRACE</p>

2 Part 1 Procedures – Summary of results

Procedures performed and Summary of results

The detailed project scope of specified procedures is attached in Appendix T. The table below provides the user with a summary table of our specified procedures, approach, results and findings. Further detail is referenced within the Appendices.

Ref	Specified procedure	Results	Recommendations	Management comment
1.1	Understand PWC's processes, procedures and controls in place to ensure that costs match the definition of <i>Excluded Network Access Services</i>	<p>a) Procedure</p> <ul style="list-style-type: none"> • Obtained documents as listed in Appendix U [Information in this appendix has been redacted.] • Held inquiry meetings with key stakeholders as listed in Appendix V [Information in this appendix has been redacted] <p>b) Results</p> <p>A description of the processes, procedures and systems has been documented in Appendix A.</p>	Not applicable	Not applicable

Ref	Specified procedure	Results	Recommendations	Management comment										
1.2	Test a sample of key controls identified in 1.1	<p>a) Procedure</p> <ul style="list-style-type: none"> Obtained documents as listed in Appendix U [Information in this appendix has been redacted.] Held inquiry meetings with key stakeholders as listed in Appendix V [Information in this appendix has been redacted] Four (4) key controls were agreed for testing. The procedures performed and results are documented in Appendix D. <p>Four (4) key controls were identified and agreed for testing as a result of Specified Procedure 1.1. These were:</p> <table border="1"> <thead> <tr> <th>Ref</th> <th>Control title</th> </tr> </thead> <tbody> <tr> <td>1.2.1</td> <td>Formal procedures exist for annual updates to the schedule of Alternative Control Services (ACS)</td> </tr> <tr> <td>1.2.2</td> <td>A reconciliation is performed by PWC to ensure ACS charges are consistent with the 2014 Network Price Determination (NPD)</td> </tr> <tr> <td>1.2.3</td> <td>PWC Board reviews and approves changes to the ACS schedule</td> </tr> <tr> <td>1.2.4</td> <td>PWC has implemented an ongoing compliance management strategy for 2014 NPD</td> </tr> </tbody> </table> <p>b) Results</p> <p>Exceptions noted for each control are documented in Appendix D</p>	Ref	Control title	1.2.1	Formal procedures exist for annual updates to the schedule of Alternative Control Services (ACS)	1.2.2	A reconciliation is performed by PWC to ensure ACS charges are consistent with the 2014 Network Price Determination (NPD)	1.2.3	PWC Board reviews and approves changes to the ACS schedule	1.2.4	PWC has implemented an ongoing compliance management strategy for 2014 NPD	<p>Exceptions noted.</p> <p>Recommendations are defined in Appendix D.</p>	<p>Refer to Appendix D for actions to be taken to address identified exceptions.</p>
Ref	Control title													
1.2.1	Formal procedures exist for annual updates to the schedule of Alternative Control Services (ACS)													
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1.2.4	PWC has implemented an ongoing compliance management strategy for 2014 NPD													

Ref	Specified procedure	Results	Recommendations	Management comment
1.3	Obtain system mapping of service charges included as <i>excluded network access services</i> in the 2014 NPD	<p>a) Procedure</p> <ul style="list-style-type: none"> Obtained Excel schedule of ACS fee-based excluded network access with assigned RMS codes Traced Board approved Excel schedule of ACS services to Customer Service Centre (CSC) Excel ACS schedule with RMS codes for billing. <p>b) Results</p> <p>Fee-based services</p> <p>Fee-based service classifications (as approved by the PWC Board) have been matched to the schedule of RMS codes as allocated by the Customer Service Centre (CSC). Both the service descriptions and associated RMS/GL codes are aligned with the board approved schedule. No exceptions noted.</p> <p>Quoted services</p> <p>For quoted services, there are no board-approved classifications. Classifications are embedded in the 2014 NPD, which is the final response to PWC's board-approved submissions including PWC's 'Network Services Classifications'.</p> <p>There is no evidence of a reconciliation between the final classifications of the 2014 NPD and PWC's implementation of quoted services.</p>	Refer to recommendations outlined against control # 1.2.2.-3. above.	Refer to Management actions outlined against control # 1.2.2.-3. above.
1.4	Extract detailed listing and value of charges assigned to <i>excluded network access services</i> from period 1 July 2014 to 30 June 2015 and reconcile to PWC's audited financial statements (or appropriate alternative)	<p>a) Procedure</p> <ul style="list-style-type: none"> Obtained detailed listings of RMS fee based services and Maximo quoted services in period 1 July 2014 to 30 June 2015 Obtained list of proposed refunds related to ACS issue sent by PWC to Jacana Energy on 04-Mar-2016 Held inquiry meetings with key stakeholders including Customer Service Centre and Power Networks Matched RMS codes, previously mapped to the Board-approved schedule of ACS charges in specified procedure 1.3, to the RMS data extracts provided by PWC Matched customer IDs between RMS data extract and PWC's proposed refund list 	<p>Management should:</p> <ul style="list-style-type: none"> Implement processes to ensure that system reports of <i>excluded network access services</i> are defined and documented in work instructions Perform report validations to confirm completeness and 	PWC will investigate requirements and timelines to achieve this.

Ref	Specified procedure	Results	Recommendations	Management comment															
		<p>b) Results</p> <p>Fee-based</p> <p>PWC provided two (2) types of data lists:</p> <ol style="list-style-type: none"> List of proposed refunds shared with Jacana Energy on 04-Mar-2016 and limited to RMS codes specific to 'New Infrastructure' Extracts of fee-based services including all RMS codes relevant to ACS fee based services– four (4) separate listings were provided 																	
		<table border="1"> <thead> <tr> <th>Date of extraction</th> <th>Count of entries</th> <th>Finding</th> </tr> </thead> <tbody> <tr> <td>02-Jun-2016</td> <td>7,932</td> <td>Missing entries between 01-Jul-2014 and 11-Sep-2014</td> </tr> <tr> <td>24-Jun-2016</td> <td>6,834</td> <td>Missing entries between 01-Jul-2014 and 11-Sep-2014</td> </tr> <tr> <td>27-Jun-2016</td> <td>9,394</td> <td>69 entries proposed by PWC to Jacana Energy for refund but missing from the data extraction</td> </tr> <tr> <td>15-Aug-2016</td> <td>10,385</td> <td>4 consumers proposed by PWC for refund but missing from the data extraction. 158 consumers recorded in the 3 previous listings but not included in this final version. Management has indicated that fee-based transactions for these 158 consumers were subsequently cancelled.</td> </tr> </tbody> </table>	Date of extraction	Count of entries	Finding	02-Jun-2016	7,932	Missing entries between 01-Jul-2014 and 11-Sep-2014	24-Jun-2016	6,834	Missing entries between 01-Jul-2014 and 11-Sep-2014	27-Jun-2016	9,394	69 entries proposed by PWC to Jacana Energy for refund but missing from the data extraction	15-Aug-2016	10,385	4 consumers proposed by PWC for refund but missing from the data extraction. 158 consumers recorded in the 3 previous listings but not included in this final version. Management has indicated that fee-based transactions for these 158 consumers were subsequently cancelled.		
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		<p>Quoted services</p> <p>PWC provided data extracts from Maximo of cost of sales projects with an invoice date between 1 July 2014 and 30 June 2015. These data extracts included:</p> <ul style="list-style-type: none"> Regulated cost of sales (COS) Non-regulated COS Regulated COS < \$5k (Darwin, Katherine and Southern Region) 																	
		<p>Completeness</p> <p>It has not been possible to reconcile the fee-based or quoted service lists</p>	<p>accuracy of data extracts for fee-based and quoted services</p> <ul style="list-style-type: none"> Implement processes to reconcile listings of <i>excluded network access services</i> to PWC's financial statements 																

Ref	Specified procedure	Results	Recommendations	Management comment
		to PWC's financial statements [or equivalent] and hence it is not possible to confirm the completeness of these data extracts. There are significant limitations in extracting complete, accurate and consistent data.		
1.5	Analyse entries in the period 1 July 2014 to 30 June 2015 based on a specific risk profile	<p>a) Procedure</p> <ul style="list-style-type: none"> • Fee-based and quoted service data was analysed by service description, value and count • Held meeting with key stakeholders at the Commission to determine key risk areas <p>b) Results</p> <p>No other key findings other than mentioned in 1.4.</p>	Not applicable	Not applicable
1.6	Select a sample of charges incurred between 1 July 2014 to 30 June 2015 across customer types (including new residential customers, commercial customers and developers).	<p>a) Procedure</p> <ul style="list-style-type: none"> • Sample of charges was selected including five (5) quoted services and 20 fee-based services • Sample included five (5) 'new infrastructure' charges not included in PWC's refund list issued to Jacana Energy on 04-Mar-2016 <p>b) Results</p> <p>Refer to results of sample testing recorded below in 1.8. Refer to Appendix O for summary of 'New Infrastructure' charges issued in FY15 compared to 'New Infrastructure' charges proposed for refund. [Information in this appendix has been redacted.]</p>	Not applicable	Not applicable
1.7	Understand PWC's documentation available to evidence that services provided to customers meet the Commission's definition of <i>excluded network access services</i>	<p>a) Procedure</p> <ul style="list-style-type: none"> • Held inquiry meetings with key stakeholders including Customer Service Centre and Power Networks • Performed walkthrough of each type of evidence available to support the classification of fee-based and quoted services <p>b) Results</p> <p>There were limitations in the extent of documentation available to evidence that services provided to customers met the definition of <i>excluded network access services</i> as per Schedule 3 of the 2014 NPD.</p>	<p>Management should:</p> <ul style="list-style-type: none"> • Ensure that supporting detailed documentation including work orders is retained and can be easily accessed for audit purposes • Where work orders 	PWC will investigate requirements and timelines to achieve this.

Ref	Specified procedure	Results	Recommendations	Management comment
		<p>Out of a sample of 25 <i>excluded network access services</i>, for 18 samples, the documentation received was limited to screenshots of RMS entries as recorded by CSC staff rather than detailed work orders.</p>	<p>are not triggered/ required, ensure that sufficient detail is recorded within RMS to satisfy the definitional requirements of <i>excluded network access services</i></p>	
<p>1.8</p>	<p>Test the sample of <i>excluded network access service</i> charges to supporting evidence provided by PWC. Document the findings.</p>	<p>a) Procedure/Testing performed</p> <ul style="list-style-type: none"> • Obtained screenshots of customer history recorded in RMS by the Customer Service Centre (CSC) • Obtained tax invoices and work orders as documented by Power Networks • Mapped description of service as documented in RMS screenshot or tax invoice/work order to definition of <i>excluded network access services</i> as documented in Schedule 3 of the 2014 NPD • For fee-based services, mapped customer charges to the PWC board-approved schedule of ACS fee based service charges. <p>c) Results</p> <p>Refer to Appendix E for summary of results and recommendations. Refer to Appendix N for detailed results of testing. [Information in this appendix has been redacted.]</p>	<p>Exceptions noted. Recommendations are defined in Appendix E.</p>	<p>Refer to Appendix E for actions to be taken to address identified exceptions.</p>

3 *Part 2 Procedures – Summary of results*

The detailed project scope of specified procedures is attached in Appendix T. The table below provides the user with a summary table of the specified procedures, approach, results and findings. Further detail is referenced within the Appendices.

Ref	Specified procedure	Results	Recommendations	Management comment						
2.1	<p>Understand processes, procedures and/or systems which existed in PWC to:</p> <ul style="list-style-type: none"> • identify and comply with obligations • identify a breach • report a breach. 	<p>a) Procedure</p> <p>Obtained documents as listed in Appendix U [Information in this appendix has been redacted] and held inquiry meetings with key stakeholders as listed in Appendix V [Information in this appendix has been redacted].</p> <p>A description of the processes, procedures and systems was then documented – Refer to Appendix B.</p> <p>b) Results</p> <p>Refer to Appendix B.</p>	Not applicable	Not applicable						
2.2	<p>Understand process by which PWC’s Annual Compliance Report to the Commission was compiled, reviewed and approved.</p>	<p>a) Procedure</p> <p>Obtained documents as listed in Appendix U [Information in this appendix has been redacted] and held inquiry meetings with key stakeholders as listed in Appendix V [Information in this appendix has been redacted].</p> <p>A description of the processes, procedures and systems was then documented – Refer to Appendix C.</p> <p>b) Results</p> <p>Refer to Appendix C.</p>	Not applicable	Not applicable						
2.3	<p>Test a sample of PWC’s key controls to identify and comply with obligations (as identified in specified procedure 2.1 and 2.2)</p>	<p>a) Procedure</p> <p>Six (6) key controls were identified and agreed for testing as a result of Specified Procedure 2.1 and 2.2. The procedures performed and results are documented in Appendix F.</p> <table border="1"> <thead> <tr> <th>Ref</th> <th>Control title</th> </tr> </thead> <tbody> <tr> <td>2.3.1</td> <td>Formal policies and procedures exist with regard to the identification of and compliance with obligations and are periodically reviewed</td> </tr> <tr> <td>2.3.2</td> <td>Training and training materials are provided to relevant</td> </tr> </tbody> </table>	Ref	Control title	2.3.1	Formal policies and procedures exist with regard to the identification of and compliance with obligations and are periodically reviewed	2.3.2	Training and training materials are provided to relevant	Refer to Appendix F	Refer to Appendix F
Ref	Control title									
2.3.1	Formal policies and procedures exist with regard to the identification of and compliance with obligations and are periodically reviewed									
2.3.2	Training and training materials are provided to relevant									

Ref	Specified procedure	Results	Recommendations	Management comment
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PWC staff to identify and comply with obligations

Ref	Control title
2.3.3	PWC has contractual arrangements in place with legal service providers to obtain notifications of new legal and regulatory instruments or changes to existing legal and regulatory instruments
2.3.4	A register of compliance obligations is held and maintained. The register includes all relevant acts, regulations, codes, standards and other high risk legal instruments with which PWC should be compliant
2.3.5	All compliance obligations are risk rated
2.3.6	Control owners and control descriptions are mapped to obligations

b) Results

Results have been recorded in Appendix F.

Ref	Specified procedure	Results	Recommendations	Management comment						
2.3 (cont.)	Test a sample of PWC's key controls relating to the Annual Compliance Report (Dec-2015) (as identified in specified procedure 2.2)	<p>a) Procedure</p> <p>A description of the processes, procedures and systems has been documented in Part 3. Two (2) key controls were identified for testing. The procedures performed and results are documented in Appendix G.</p> <table border="1"> <thead> <tr> <th>Ref</th> <th>Control title</th> </tr> </thead> <tbody> <tr> <td>2.3.7</td> <td>Formal procedures are agreed by which PWC prepares and submits its Annual Compliance Report</td> </tr> <tr> <td>2.3.8</td> <td>Appropriate senior Management stakeholders were consulted in the preparation of the Compliance Declaration</td> </tr> </tbody> </table>	Ref	Control title	2.3.7	Formal procedures are agreed by which PWC prepares and submits its Annual Compliance Report	2.3.8	Appropriate senior Management stakeholders were consulted in the preparation of the Compliance Declaration	Refer to Appendix G	Refer to Appendix G
		Ref	Control title							
2.3.7	Formal procedures are agreed by which PWC prepares and submits its Annual Compliance Report									
2.3.8	Appropriate senior Management stakeholders were consulted in the preparation of the Compliance Declaration									
<p>b) Results</p> <p>Results of control testing have been recorded in Appendix G.</p>										
2.7	Review the results of PWC's root cause analysis to understand why the breach was not previously identified	<p>a) Procedure performed</p> <p>Held inquiry meetings with stakeholders from PWC, Jacana Energy and the Commission as listed in Appendix V [Information in this appendix has been redacted] and sighted correspondence provided by PWC, Jacana Energy and the Commission as listed in Appendix U [Information in this appendix has been redacted].</p> <p>b) Results</p> <p>Inquiry noted that a root cause analysis for the identified breach has not been undertaken [2.7.1.-1 – PWC has not documented a formal root cause analysis.]</p> <p>Inquired of PWC management and noted:</p> <ul style="list-style-type: none"> GRACE is PWC's event management system where events should be recorded, assessed and investigated in line with defined timeframes. PWC does not systematically log identified or suspected non-compliance events in GRACE. This included the identified ACS non-compliance and therefore the requirement to perform an investigation of root causes was not mandated by the GRACE process/system. PWC management asserted that they reported the breach to the UC 	<p>Management should:</p> <ul style="list-style-type: none"> Formalise the process for recording non-compliance events in GRACE (or alternate system) as recommended under control # 2.3.12 Where non-compliance events are identified, in line with current procedure, undertake a formal root cause 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation's compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>						

Ref	Specified procedure	Results	Recommendations	Management comment
		<p>once they had:</p> <ul style="list-style-type: none"> – undertaken activities to stop the identified practice (including notification of the retailer) – undertaken investigation to confirm impacted customer(s) – reached a determination that the identified practice was a breach. <ul style="list-style-type: none"> • An investigation was undertaken by PWC that focused on identifying the customers affected by the ACS overcharge. It has not focused on understanding the breakdown in controls which allowed the breach to occur or not be identified. <p>While not formally documented, PWC have asserted that:</p> <ul style="list-style-type: none"> • The ACS issue is attributable to human error at the time of modifying the ACS 2014/15 schedule in Jun-2014. This is partly a result of the lack of time and resources available in PWC to respond to the 2014 Network Price Determination (NPD). • The issue was not identified at the time of the ACS 2015/16 review as PWC staff compared the existing schedule to their previous version under the 2009/14 regulatory period rather than Schedule 3 of the 2014 NPD regulations in error • The non-compliance was reported by PWC once it was identified that they had not complied with the requirement “as Customer Connections are deemed a Standard Control Service, [PWC] cannot charge the new ACS charge Service Establishment – New Infrastructure”. <p>Exception(s) noted</p> <p>2.7.1.-1. PWC has not documented a formal root cause analysis.</p>	analysis.	

Ref	Specified procedure	Results	Recommendations	Management comment
2.8	Understand PWC's current risk assessment to categorise a breach as 'material'	<p>a) Procedure Inquired of PWC management their approach to risk assessment to categorise a breach as 'material'.</p> <p>b) Results As noted in 2.1, the risk assessment process is a core pillar of PWC's approach to compliance management; a risk based assessment determines PWC's approach to identify and assess compliance obligations and to prioritise and define the activities required to achieve and monitor compliance.</p> <p>The current Risk Management documents are include:</p> <ul style="list-style-type: none"> • Risk Management Framework (approved to issue Jul-2009); • Risk Management Policy (approved to issue Jul-2009); and • Risk Management Guidelines (Jul-2014). <p>The escalation and reporting of non-compliance issues (including breaches) is managed through PWC's risk methodology. According to the <i>GRACE Event Assessors Guide</i> (Feb-2016), assessors of events logged in GRACE should review the event type and initial risk rating of the event, taking into account Power and Water's Corporate Risk Methodology.</p> <p>PWC management has indicated that it treats all breaches as material. There is no materiality distinction according to impact on customers, number of customers affected, ability to provide services or impact on public health and safety (as considered by the Utilities Commission under its <i>Compliance Framework and Reporting Guidelines</i> (01-Feb-2016)).</p> <p>Exceptions noted</p> <p>2.8.1.-1. There is not currently a documented approach to the classification of material events.</p>	<p>Management should:</p> <ul style="list-style-type: none"> • Clarify with the Commission, PWC's determination of breaches considered 'material'. • This should give consideration to the impact on customers, number of customers affected, ability to provide services or impact on public health and safety (as considered by the Commission under its Compliance Framework and Reporting Guidelines (01-Feb-2016)). • Formally document and approve this outcome. 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation's compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	Specified procedure	Results	Recommendations	Management comment								
2.9	Test a sample of key controls by which PWC identifies material breaches	<p>a) Procedure</p> <p>Three (3) key controls were identified and agreed for testing as a result of Specified Procedure 2.1. A detailed approach for testing each control has been outlined in Appendix H:</p> <table border="1"> <thead> <tr> <th>Ref</th> <th>Control title</th> </tr> </thead> <tbody> <tr> <td>2.9.1</td> <td>Formal policies and procedure exist with regard to compliance monitoring</td> </tr> <tr> <td>2.9.2</td> <td>Monitoring mechanisms are assigned to legal obligations</td> </tr> <tr> <td>2.9.3</td> <td>An assurance plan for regulatory controls testing is reviewed by the Audit and Risk Committee and the Board</td> </tr> </tbody> </table>	Ref	Control title	2.9.1	Formal policies and procedure exist with regard to compliance monitoring	2.9.2	Monitoring mechanisms are assigned to legal obligations	2.9.3	An assurance plan for regulatory controls testing is reviewed by the Audit and Risk Committee and the Board	Refer to Appendix H	Refer to Appendix H
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		2.9.1	Formal policies and procedure exist with regard to compliance monitoring									
		2.9.2	Monitoring mechanisms are assigned to legal obligations									
2.9.3	An assurance plan for regulatory controls testing is reviewed by the Audit and Risk Committee and the Board											
<p>b) Results</p> <p>Results for each control have been recorded in Appendix H.</p>												
<p>a) Procedure</p> <p>Obtained PWC’s Risk Management Guidelines (Jul-2014) and the Commission’s ‘Appendix A: Risk Assessment Methodology’ as published in the consolidated Compliance Framework and Reporting Guidelines (Feb-2016). Compared the following two risk assessment methodologies.</p>												
<p>b) Result</p> <p>Three variations were noted:</p> <ol style="list-style-type: none"> The GRACE Event Assessors Guide (Feb-2016), requires assessors to refer to “PWC’s Corporate Risk Methodology’ to assess the risk rating of an event. However, PWC’s Risk Assessment Guidelines (Jun-14) do not clearly include ‘breach of a compliance obligation’ as a consequence. PWC’s Risk Assessment Guidelines (Jun-14) does not have an equivalent category for the UC’s ‘Consumer protection’. We note that this may be considered under PWC’s ‘Corporate image’. 												
2.10	Compare PWC’s risk methodology with ‘Appendix A: Risk Assessment Methodology’ of the Statement of Approach on Compliance	<p>a) Procedure</p> <p>Obtained PWC’s Risk Management Guidelines (Jul-2014) and the Commission’s ‘Appendix A: Risk Assessment Methodology’ as published in the consolidated Compliance Framework and Reporting Guidelines (Feb-2016). Compared the following two risk assessment methodologies.</p> <p>b) Result</p> <p>Three variations were noted:</p> <ol style="list-style-type: none"> The GRACE Event Assessors Guide (Feb-2016), requires assessors to refer to “PWC’s Corporate Risk Methodology’ to assess the risk rating of an event. However, PWC’s Risk Assessment Guidelines (Jun-14) do not clearly include ‘breach of a compliance obligation’ as a consequence. PWC’s Risk Assessment Guidelines (Jun-14) does not have an equivalent category for the UC’s ‘Consumer protection’. We note that this may be considered under PWC’s ‘Corporate image’. 	<p>Management should:</p> <ul style="list-style-type: none"> Consider each difference noted and, if deemed appropriate, update the policy to reflect the guidance provided. 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s risk and compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated</p>								

Ref	Specified procedure	Results	Recommendations	Management comment
		<p>3. The Utilities Commission’s ‘Appendix A: Risk Assessment Methodology’ separates system security, supply quality and supply reliability into three (3) separate categories of consequence. These are partially mapped to one (1) category for PWC; being ‘Service delivery’.</p>		accordingly.
2.11	Check that processes and procedures have been updated in response to the breach identified	<p>a) Procedure</p> <ul style="list-style-type: none"> Inquiries held with Customer Service Centre and Power Networks Sighted email correspondence between Jacana Energy and PWC Sighted screenshots of RMS system to evidence transaction types open / closed for users Obtained ACS fact sheet 2016/17 provided to CSC staff Obtained draft copy of 2019/24 NPD governance structure. <p>b) Results</p> <p>Immediate corrective actions</p> <ul style="list-style-type: none"> Jacana Energy was notified by PWC on 19-Oct-2015 that the ‘Service Establishment – New Infrastructure’ charge has been suspended An investigation has been completed to identify the customers affected and the value of the proposed refund. These results have been shared with Jacana Energy with suggested wording for joint letters to customers with Jacana Energy (provided 04-Mar-2016) ACS fact sheet was issued to CSC staff in Jun-2016 providing information about ACS charges, classifications, service descriptions and sample scenarios/scripting. Fact sheet does not include an entry for ‘new infrastructure’ (except if request is for a prepayment meter where ACS fee is applicable even if it is a new installation). The RMS codes related to ‘New Service Establishment Fees’ have now been locked (evidence obtained Aug-2016). The codes have been disabled by system administrators. <p>Medium term corrective actions</p> <ul style="list-style-type: none"> PWC has modified its approach to the next five (5) year regulatory period (2019/2024) based on lessons learned from the 	<p>Management should:</p> <ul style="list-style-type: none"> Identify whether any charges were applied to the ‘new infrastructure’ RMS codes before the code was disabled in the system (and after the refund list was extracted) 	Accepted.

Ref	Specified procedure	Results	Recommendations	Management comment
		<p>2014/2019 process.</p> <ul style="list-style-type: none"> – Dedicated resources have been allocated to manage the 2019/2024 regulatory process as a project. Manager of Network Regulation has been nominated as the Project Director. A work-plan is currently in draft (as at Jun-2016) – The draft governance structure includes seven (7) teams reporting to the Project Director. A Project Working Group is chaired by the Project Director with representatives from Power Networks, Network Development and Planning, Economics and Regulation and Finance. High level areas of responsibility have been assigned. For example, the Pricing Team will be responsible for developing the Networks Services Classification proposal. <ul style="list-style-type: none"> ◦ The Project Working Group reports into a Project Steering Committee chaired by the GM Networks and includes Chief Engineer, Executive GM of Strategy and Transformation, Chief Financial Officer, Senior Executive manager, Commercial and Legal. Observers include the Project Manager, Economics and Regulation and the Chief Executive. ◦ The project has been initiated at an earlier stage in recognition of the time requirements to ensure sufficient review and approval prior to finalisation. – Regulatory submissions will be approved by the GM Networks and Steering Committee before submission to the Chief Executive and Board for review and approval, expected Jan-2018. <p>Exception(s) noted</p> <p>2.11.1.-1. Lack of monitoring control to identify whether ACS charges related to ‘new infrastructure’ services were charged to customers before system lock-down was implemented (and after refund list was generated)</p>		
2.12	Test a sample of PWC’s key controls to report breaches (as identified in 2.1)	<p>a) Procedure</p> <p>Six (6) key controls were identified and agreed for testing as a result of Specified Procedure 2.1. A detailed approach for testing each control has been outlined in Appendix I.</p>	Refer to Appendix I	Refer to Appendix I

Ref	Specified procedure	Results	Recommendations	Management comment														
		<table border="1"> <thead> <tr> <th>Ref</th> <th>Control title</th> </tr> </thead> <tbody> <tr> <td>2.12.1</td> <td>Formal policies and procedures exist with regard to reporting breaches</td> </tr> <tr> <td>2.12.2</td> <td>Training and training materials are provided to relevant PWC staff to report identified breaches or concerns</td> </tr> <tr> <td>2.12.3</td> <td>Breaches are logged for tracking purposes in GRACE or an alternative separate breach register</td> </tr> <tr> <td>2.12.4</td> <td>Compliance issues are reported to the Executive Leadership Team (ELT) as part of ELT meetings</td> </tr> <tr> <td>2.12.5</td> <td>Compliance issues are reported to the Audit and Risk Management Committee (ARMC)</td> </tr> <tr> <td>2.12.6</td> <td>Material breaches are reported to the Utilities Commission through verbal discussions and formal written documentation</td> </tr> </tbody> </table>	Ref	Control title	2.12.1	Formal policies and procedures exist with regard to reporting breaches	2.12.2	Training and training materials are provided to relevant PWC staff to report identified breaches or concerns	2.12.3	Breaches are logged for tracking purposes in GRACE or an alternative separate breach register	2.12.4	Compliance issues are reported to the Executive Leadership Team (ELT) as part of ELT meetings	2.12.5	Compliance issues are reported to the Audit and Risk Management Committee (ARMC)	2.12.6	Material breaches are reported to the Utilities Commission through verbal discussions and formal written documentation		
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2.12.6	Material breaches are reported to the Utilities Commission through verbal discussions and formal written documentation																	
		b) Results Results have been recorded in Appendix I.																
2.13	Compare PWC's processes and timelines to report breaches against good practice	<p>a) Procedure</p> <p>As outlined in 2.6 above, the requirements for breach reporting are contained in a range of PWC documents including:</p> <ul style="list-style-type: none"> • Breach of the <i>Northern Territory Electricity Ring-Fencing Code</i> (issue date unknown, review due Sep-2013) • GRACE Event Notification, Recording, Assessing and Investigation Procedure (issued May-2012) • GRACE User Guide v3.0 (issued 09-Dec-2015) • GRACE Event Assessors Guide v1.0 (issued 22-Feb-2016). <p>PwC Australia mapped the breach reporting requirements in the procedural documents for key milestones within the breach reporting process including; logging an event, risk assessing, performing and completing an investigation and reporting the breach to the Commission.</p>	Findings have been documented within Specified Procedure 2.14.	Not applicable.														

Ref	Specified procedure	Results	Recommendations	Management comment										
		<p>b) Results</p> <p>Results have been recorded in Appendix R.</p>												
2.14	Map the timeline against reporting requirements as outlined in PWC’s processes at the time of the breach	<p>a) Procedure</p> <ul style="list-style-type: none"> Mapped timeline of ACS breach against requirements of PWC’s breach reporting procedures – Refer to Appendix J. <p>b) Result</p> <p>Four (4) key controls were identified and agreed for testing. A detailed approach for testing each control has been outlined in Appendix J.</p> <table border="1"> <thead> <tr> <th>Ref</th> <th>Control title</th> </tr> </thead> <tbody> <tr> <td>2.14.1</td> <td>Required events should be entered into GRACE</td> </tr> <tr> <td>2.14.2</td> <td>Events should be risk assessed within 3 business days</td> </tr> <tr> <td>2.14.3</td> <td>Investigations should be closed within 30 days (or reasons provided if this timeframe is extended)</td> </tr> <tr> <td>2.14.4</td> <td>PWC must report breaches to the Commission as soon as reasonably possible</td> </tr> </tbody> </table>	Ref	Control title	2.14.1	Required events should be entered into GRACE	2.14.2	Events should be risk assessed within 3 business days	2.14.3	Investigations should be closed within 30 days (or reasons provided if this timeframe is extended)	2.14.4	PWC must report breaches to the Commission as soon as reasonably possible	Refer to Appendix J for recommendations for control exceptions identified.	Refer to Appendix J for actions to be taken to address identified exceptions.
Ref	Control title													
2.14.1	Required events should be entered into GRACE													
2.14.2	Events should be risk assessed within 3 business days													
2.14.3	Investigations should be closed within 30 days (or reasons provided if this timeframe is extended)													
2.14.4	PWC must report breaches to the Commission as soon as reasonably possible													
2.15	Understand with Management whether there are/were any known gaps or areas for improvement noted in the current or previous processes and procedures	<p>a) Procedure & b) Results</p> <p>Inquired of PWC management regarding known control gaps or areas for improvement. Obtained documentation which captures these known control gaps including Compliance Audit Reports, Compliance Status Reports and Audit and Risk Business Performance Reports. Refer to documents listed in Appendix U. [Information in this appendix has been redacted]</p> <p>One (1) key control was identified and agreed for testing. A detailed approach for testing this control has been outlined in Appendix K.</p> <table border="1"> <thead> <tr> <th>Ref</th> <th>Control title</th> </tr> </thead> <tbody> <tr> <td>2.15.1</td> <td>Improvements/gaps identified in audit reports are logged in GRACE for action</td> </tr> </tbody> </table>	Ref	Control title	2.15.1	Improvements/gaps identified in audit reports are logged in GRACE for action	<ul style="list-style-type: none"> Refer to Appendix K for recommendations for control exceptions identified. 	Refer to Appendix K for actions to be taken to address identified exceptions.						
Ref	Control title													
2.15.1	Improvements/gaps identified in audit reports are logged in GRACE for action													

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Appendix A Part 1: Specified Procedure – 1.1

Specified procedure – 1.1

Understand PWC's processes, procedures and controls in place to ensure that costs match the definition of *Excluded Network Access Services* as outlined in Schedule 3 of the 2014 Network Price Determination (NPD) (Final Determination: Part B)

Procedures performed

- Obtained documents as listed in Appendix U [Information in this appendix has been redacted]
- Held inquiry meetings with key stakeholders as listed in Appendix V [Information in this appendix has been redacted].

Results

1.1.1 2014 Network Price Determination

a. Regulatory background

The *Network Price Determination* ('NPD') is a determination made by the *Utilities Commission* pursuant to its powers to:

- i. make a pricing determination under sections 20 and 21 of the *Utilities Commission Act* and section 43 of the *Electricity Reform Act*; and
- ii. determine a *revenue cap* or *price cap* under clause 66 of the *Network Access Code*.

PWC is required to comply with the NPD under Clause 3A 'Compliance with Network Access Code' and Clause 3B 'Compliance with price regulation determinations' of the *Electricity Networks (Third Party Access) Act*.

The 2014 NPD was finalized by the Commission in Apr-2014 with an effective start date 01-Jul-2014 and applied to the 2014-19 regulatory control period. A variation was issued in Apr-2015.

b. Excluded network access services

The 2014 NPD specifies which of PWC Networks' network access services will be *regulated network access services* and which will be excluded network access services.

A list of *excluded network access services* are documented in Schedule 3 of the 2014 NPD. *Regulated network access services* are defined as all network access services provided by PWC Networks other than *excluded network access services*.

There are a number of service groups within the schedule of *excluded network access services* which are categorized against fee-based services and quoted services.

PWC use the terminology of Alternative Control Services (ACS) to apply to *excluded network access services* and Standard Control Services (SCS) to apply to *regulated network access services*.

c. Fee-based services

Fee-based *excluded network access services* are provided to network users based on a schedule of fees.

Prior to the 2014 NPD, the Commission had approved the schedule of fees for *excluded network access services* as part of Power Networks' annual pricing submissions.

In the 2014 NPD, Power Networks was granted authority to determine its fees on fair and reasonable terms. The Commission would only be engaged on what constituted fair and reasonable terms if PWC and the affected network users were unable to reach agreement.

The Commission would still be required to approve Power Networks' Network Services Classification including both *regulated* and *excluded network access services*.

d. Quoted services

Quoted *excluded network access services* are provided to the network user on a quoted basis. The nature and scope of these services cannot be known in advance and include the provision of network, connection and metering services with higher (or lower, where permissible) quality or reliability standards than are required under applicable regulatory obligations or requirements.

1.1.2 Project planning for 2014/19 regulatory period

a. 2014/2019 project plan

In preparation for the 2014/19 regulatory control period, PWC documented a project plan for the 2014 NPD. This project plan was issued in Nov-2012 and identified:

- Risks and opportunities of the network pricing determination
- Objectives to achieve from the process
- Tasks and outcomes to be completed
- Allocation of responsibilities
- Timeline for completion
- Project management procedures.

b. Governance framework

A Steering Committee was established to provide strategic direction for the development of the regulatory proposal, submissions and supporting documentation. This provided a review mechanism for the option papers prepared for submission to the Commission.

The Steering Committee was chaired by the GM Power Networks and included the Project Manager, GM Strategy and Corporate Affairs, CFO, GM Program & Portfolio Management, Commercial Manager Power Networks and Manager Regulation, Pricing and Economic Analysis.

Six (6) working groups were established to report to the Project Manager and Steering Committee including; Asset management team, Financial management team, Forecasting team, Modelling team, Pricing team and Drafting team.

c. Risks

The following two (2) risks are relevant to the ACS breach but were captured in the initial project plan:

- Risk that other variables such as the cost allocation methodology are not consistent over time, are not calculated correctly, or are inconsistent with other parts of the submission.
- Risk that the regulatory proposal may not be workable or may not be consistent with schedules (does not perform as an effective document).

PWC assigned project tasks to manage these risks including:

- The Pricing Team was assigned responsibility to develop the Network Services Classification for submission to the regulator.
- The Financial Management Team was assigned responsibility to prepare a schedule of historical and forecast operating expenditure for the current and forthcoming regulatory periods with a justification prepared for the forecasts against the operating expenditure criteria outlined in the National Electricity Rules.

- The Drafting Team was assigned responsibility to develop and seek approval from the Steering Committee of the structure and contents of the Initial (and subsequent) Regulatory Proposals.

d. GRACE compliance management system

On-going compliance with regulatory obligations (outside of large projects such as the preparation for regulatory proposals) is managed through an online system, GRACE (Governance, Risk, Audit, Compliance and Event Management). Obligations are selected for upload into GRACE after a risk assessment. The risk assessment process is outlined in further detail in specified procedure 2.1.

1.1.3 Annual updates to the schedule of Alternative Control Services (ACS)

a. 2014/15 Network Alternative Control Service Charges

Discussion with management indicated that the ACS schedule was rolled forward from the previous regulatory period (2009/14) and updated to apply to the upcoming regulatory period (2014/19).

A review was conducted in June 2014 by the Economics and Regulatory team to compare the existing schedule of ACS charges for fee-based services against the 2014 NPD Schedule 3 which had been finalized in Apr-2014.

As a result of this review, 17 service group items were removed from PWC's existing ACS schedule of which:

- Three (3) were removed since they were identified as being a standard control service (SCS) (i.e. a *regulated network access service*) or non-compliant with the definitions of Schedule 3
- Three (3) were removed as the service was no longer required
- Eleven (11) were reassigned to the category of *quoted services* i.e. still an *excluded network access service* but no longer fee-based.

The 'Service Establishment – New Infrastructure' category was not removed and was included in documentation submitted to the Board for approval.

Discussion with PWC management indicated that the Board review focused on the ACS pricing methodology and proposed fees. At the Board meeting of 17-Jun-2014, the Board requested a follow-up paper with benchmarking against fee-based ACS charges from distribution network service providers (DNSPs) interstate which was provided.

The schedule of ACS fee-based charges was approved by the Board on 31-Jul-2014.

For quoted services, there is no equivalent schedule of board-approved classifications. Classifications are embedded in the 2014 NPD, which is the final response to PWC's board-approved submissions including PWC's 'Network Services Classifications'.

b. 2015/16 Network Alternative Control Service Charges

The ACS schedule for fee-based services was reviewed by PWC Economics and Regulatory team with consultation from Power Networks management in Feb-Jun 2015

The nature of the review was different to 2014/15 with a focus on the assumptions for ACS pricing fees to be applied in 2015/16. PWC re-assessed the cost build-up associated with individual charges and factored in updated business knowledge of labour hours, costs of equipment and other inputs.

A revised schedule was drafted and reviewed by the Senior Executive Manager, Strategy Economics & Regulation, Senior Manager, Economics and Regulation and GM Power Networks.

There is evidence that the 'Service Establishment – New Infrastructure' was queried however was retained. The schedule of ACS charges was approved by the Board on 15-Jun-2015.

1.1.3 Implementation of ACS into PWC systems

a. Fee-based ACS charges implemented in RMS

The approved schedule of ACS fee-based charges was implemented into the Retail Management System (RMS) by the Customer Service Centre (CSC). RMS codes were assigned to each line item of the Excel ACS schedule with an identifier for each region.

Training materials and scripting were provided to CSC staff with guidance on the identification and treatment of ACS fees. When a network user contacts the CSC team, the service request is allocated to the relevant RMS – ACS code. Service requests are monitored by the Power Networks group which delivers the service accordingly.

b. Quoted services

Quoted services are initiated at the request of a network user and tracked in Maximo. An estimate of expenses is calculated by the relevant Power Networks group and reviewed and approved in line with delegations of authority prior to sending to the potential customer. The customer is required to formally accept the quote before work commences.

1.1.4 Identification of ACS issue

a. Classification of ‘Service Establishment – New Infrastructure’ fee

One of the line items in PWC’s ACS fee-based schedule was documented as follows:

<i>Service:</i>	Service Establishment – New Infrastructure
<i>Classification group:</i>	Fee-based metering service
<i>Service description:</i>	Connection of supply from network to supply point (meter panel); and the installation of metering at supply point (meter panel) – Business Hours

A review was performed by Power Networks in Oct-2015 to revisit ACS service descriptions documented in RMS. During the course of this exercise, a check was done to re-examine the classification of the ‘service establishment – new infrastructure’ fee. Reference was made to PWC’s *Business Needs Identification for Power Networks Meters/Metering Program* (24-Jun-2014) and *Operating Expense Category Justification* (31-Jul-13). These documents had been submitted to the Commission in preparation for PWC’s revenue proposal for the 2014-2019 regulatory period. In these documents, the "installation and commissioning of meters" was defined as a *standard control service (SCS)*.

PWC notified the CSC and implemented a hold on all ‘Service Establishment – New Infrastructure’ fees subject to further investigation.

In its letter to the Commission dated 10-Mar-2016, PWC has estimated that there were 740 applications charged to this service type with total revenue value of \$747,736 of which:

- \$223,619 is to be refunded to residential customers.
- \$524,117 relates to developers and the treatment of these is yet to be determined.

Appendix B Part 2: Specified Procedure – 2.1

Specified Procedure – 2.1

Our response to Specified Procedure 2.1 is mapped in the table below.

There are no findings/observations recorded in this section. Findings have been recorded under “Specified Procedure 2.3: Test a sample of key controls identified in 2.1.”

Specified procedure	Ref	Results	Period of the 2014 NPD 01-Jul-14 to 30-Jun-15	Date when breach was identified Oct-2015	Date of fieldwork Jun 2016	
2.1 Understand processes, procedures and/or systems which exist(ed) in PWC to: <ul style="list-style-type: none"> • Identify and comply with obligations • Identify a breach • Report a breach. 	2.1.1	a. – c.	Compliance policies, procedures and systems	☑	☑	☑
	2.1.2	a. – f.	Identify and comply with obligations (obligation identification)	☑	-	☑
	2.1.3	a. – c.	Identify a breach (implementation, monitoring and risk assessment)	-	☑	☑
	2.1.4	a. – d.	Report a breach (reporting)	-	☑	☑

Approach

- Obtained documents as listed in Appendix U [Information in this appendix has been redacted]
- Held inquiry meetings with key stakeholders as listed in Appendix V [Information in this appendix has been redacted].

Results

The following is an overview of the process, procedures and/or systems which exist(ed) in PWC to identify and comply with obligations, identify a breach and report a breach.

2.1.1 Compliance policies, procedures and systems

a. Compliance policies, procedures and systems

Period of the 2014 NPD – 01-Jul-2014 to 30-Jun-2015	Present period – Jun-2016
<p>PWC’s Board and senior management has overseen the development of a compliance program that includes a <i>Compliance Policy</i> and <i>Compliance Management Strategy</i> (and framework).</p> <p>PWC’s <i>Compliance Policy</i> articulates the accountabilities for compliance from the Board, through all management levels, to employees, with responsibility for compliance embedded in business-as-usual.</p> <p>PWC’s <i>Compliance Management Strategy</i> confirms that a risk based approach will be applied to identify and assess compliance obligations.</p> <p>During the period of the 2014 NPD, PWC’s compliance policy documents were updated.</p> <p>At the start of the period of the 2014 NPD, the following documents were valid:</p> <ul style="list-style-type: none"> • <i>Governance Framework</i> (issued Sep-2014) • <i>Compliance Policy</i> (released Dec-2010) • <i>Compliance Management Strategy</i> (approved Dec-2010). <p>At the end of the period of the 2014 NPD, the following updates had been approved:</p> <ul style="list-style-type: none"> • <i>Compliance Policy</i> (issued Feb-2015) • <i>Compliance Management Strategy</i> (approved Apr-2015). <p>Refer to Appendix S for comparison of <i>Compliance Management Strategy</i> relevant to PWC’s approach to identify and comply with obligations as at the start and end of the 2014 NPD period.</p>	<p>PWC has recently undertaken a major review of its Compliance Framework against the requirements the Commission’s consolidated <i>Compliance Framework and Reporting Guidelines</i> (Feb-2016) and to align with the latest ISO standards for compliance management systems.</p> <p>These drafts are yet to be issued (as at Jun-2016) but they comprise a three-tiered structure:</p> <ul style="list-style-type: none"> • A <i>Compliance Management Policy</i> which sets the broad intent of the corporation to regulatory compliance • A <i>Compliance Management Standard</i> which establishes mandatory minimum expectations around regulatory compliance • A <i>Compliance Management guideline</i> which provides detailed assistance to the business on how to become more compliant and how to implement the standards required.

b. Risk management policies and procedures

Period of the 2014 NPD – 01-Jul-2014 to 30-Jun-2015	Present period – Jun-2016
<p>The risk assessment process is a core pillar of PWC’s approach to compliance management; a risk based assessment determines PWC’s approach to identify and assess compliance obligations and to prioritise and define the activities required to achieve and monitor compliance.</p> <p>As stated within PWC’s Risk Management Policy, PWC recognizes that “risk management is an integral part of good management and corporate governance, and is committed to implementing an integrated approach to risk management across the whole corporation.”</p> <p>As stated within PWC’s Risk Management Framework, the assessment methodology adopted by PWC “will ensure that identifying, cataloguing, examining and mitigating each risk is carried out in a systematic manner that addresses risk in a standardised, repeatable, predictable and above all measurable manner.”</p> <p>PWC are currently reviewing their Risk Management policy and procedure documents. The risk appetite will be reviewed</p>	<p>No change to prior process.</p>

by the Board and the newly appointed Chief Executive during 2016. Updates to Risk Management documents are being managed by the Governance Risk Audit and Compliance function. These drafts are yet to be issued (as at Jun-2016) but they include:

- *Risk Management Standard (draft issued 22-Oct-2014)*
- *Risk Management Framework Procedure (draft issued 17-Dec-2015)*
- *Risk Management Policy (draft issued 17-Dec-2015)*
- *Risk Assessment Protocol (Assessment Matrix) (draft issued 05-Nov-2012)*
- *Risk Reporting Procedure (draft yet to be issued)*
- *Risk Management Guideline (draft yet to be issued).*

The current Risk Management documents are still valid until updated. They include:

- *Risk Management Framework (approved to issue Jul-2009)*
- *Risk Management Policy (approved to issue Jul-2009)*
- *Risk Management Guidelines (Jul-2014).*

c. Compliance management systems

Period of the 2014 NPD and for the present period

Compliance obligations are identified by PwC in an Excel ‘Legal Obligations Register’. This register is not formally designated as PwC’s compliance management system. An online Governance, Risk, Audit, Compliance and Events (GRACE) management system was implemented in Aug-2012 for this purpose.

There has been a period of transition to progressively upload obligations into GRACE. This transition has been prioritized according to a risk assessment of PwC’s legal obligations.

[redacted]

Legal instruments recorded in the Excel ‘Legal Obligations Register’ are risk-rated as ‘LOW’, ‘MEDIUM’ or ‘HIGH’. In 2010-2011, Managers and General Managers were consulted on this risk rating with a focus on consequence. The ratings of “LOW”, ‘MEDIUM’ or ‘HIGH’ were used as a prioritisation ranking to focus compliance management efforts.

A further risk prioritisation was made to determine which 20 obligations would be uploaded into GRACE. The top 20 obligations were identified via an internal risk assessment process taking into account discussions with the Executive Management Team [redacted]. This selection was agreed with the Audit and Risk Manager, [redacted] and Audit Specialist. The criteria for GRACE upload included financial penalties, jail time and reputational risk.

A copy of the top 20 instruments was provided to the Corporations Audit and Risk Management Committee (Board Committee) which was formally noted in Mar-2011. Inquiry of management has indicated that these 20 instruments were uploaded to GRACE in August 2012.

[redacted] GRACE was updated to include further breakdown of these clauses.

A risk assessment process continues to be a key driver of PwC’s compliance management strategy. The Excel ‘Legal Obligations Register’, the GRACE online management system and the associated risk assessment are integral to PwC’s approach for identifying and complying with obligations.

PwC Australia has reviewed these elements as part of its specified procedures covering both the period of the 2014 NPD and the present period.

2.1.2 Identify and comply with obligations

a. Excel 'Legal Obligations Register'

Period of the 2014 NPD – 01-Jul-2014 to 30-Jun-2015	For the present period – Jun-2016
<p>The Governance, Risk & Audit Compliance Manager has been responsible for updating and maintaining the Excel register.</p> <p>The Excel 'Legal Obligations Register' relevant to the 2014 NPD period (dated June 2014) included a total of 165 legal instruments, covering common legislation and regulations, NT specific legislation and regulations, Utilities Commission codes and licences and industry standards.</p> <p>The version dated June 2014 included the <i>Electricity Networks (Third Party Access) Act 2000</i> relevant to the NPD.</p>	<p>The Governance, Risk, Audit and Compliance (GRACE) function has been restructured with roles and responsibilities taken on by new employees. The current register of legal obligations was last updated in May 2015.</p>

b. Risk assessment

For the full period of the 2014 NPD and present day, the Compliance Management Strategy (Dec-2010 and Apr-2015) states that "all compliance obligations will be risk rated..."

Period of the 2014 NPD – 01-Jul-2014 to 30-Jun-2015	For the present period – Jun-2016
<p><i>Excel 'Legal Obligations Register'</i></p> <p>In Jun-2014 (relevant to the period of the 2014 NPD), 165 legal instruments were logged in the 'Legal Obligations Register', of which 74 were risk rated as 'High'.</p> <p><i>Register of obligations (GRACE)</i></p> <p>PwC Australia does not have access to the risk ratings applied to obligations in GRACE for the 2014 NPD period. See below for update at present day.</p>	<p><i>Excel 'Legal Obligations Register'</i></p> <p>The current register of legal obligations was last updated in May 2015. The risk ratings remained unchanged between these two dates.</p> <p><i>Register of obligations (GRACE)</i></p> <p>In response to Parsons-Brinckerhoff's Audit of PwC's Compliance Process and Compliance Reporting (Jul-2015), PwC nominated to upload into GRACE all obligations regulated under the Utilities Commission.</p> <p>The obligation record in GRACE has fields to document PwC's risk assessment (and hence would provide documentation to demonstrate that 'all compliance obligations are risk rated').</p>

c. GRACE compliance management system

Period of the 2014 NPD – 01-Jul-2014 to 30-Jun-2015	For the present period – Jun-2016
<p>The Compliance Management Strategy (Dec-2010), describes that the online register of compliance obligations would include all relevant acts, regulations, codes, standards and other legal instruments with which PwC should be compliant.</p> <p>However, by the end of the 2014 NPD period, the updated Compliance Management Strategy (Apr-2015) specified that GRACE would include high risk compliance obligations.</p>	<p>In response to Parsons-Brinckerhoff's Audit of PwC's Compliance Process and Compliance Reporting (Jul-2015), PwC nominated to upload into GRACE obligations regulated under the Utilities Commission.</p>

d. Legal service providers

Period of the 2014 NPD – 01-Jul-2014 to 30-Jun-2015	For the present period – Jun-2016
<p>PWC has subscriptions in place with service providers including SAI Global and LexisNexis to advise key staff members on updates to legal and regulatory instruments.</p> <p>Members of the Legal team and Economics & Regulatory team receive automated alerts of legislative changes from SAI Global. SAI Global is a long-standing service provider of PWC since 2004/5.</p> <p>The Legal team also receive alerts from LexisNexis.</p>	<p>No change to prior period.</p>

e. Control and control owners

Period of the 2014 NPD – 01-Jul-2014 to 30-Jun-2015	For the present period – Jun-2016
<p><i>Excel 'Legal Obligations Register'</i></p> <p>The Audit and Risk Manager maintains an Excel 'Legal Obligations Register'. The register has a field available for PWC to nominate a responsible General Manager and responsible Manager.</p> <p><i>GRACE</i></p> <p>For obligations in GRACE, a control mechanism and monitoring mechanism is a system field to be completed by the business. The obligation is assigned to a Business Unit. Control responsibility can be delegated to a primary, secondary and tertiary control owner.</p> <p>As recorded above, it is not possible for PwC Australia to independently ascertain the level of completeness of compliance obligations held in the GRACE register for the period of the 2014 NPD.</p>	<p><i>Excel 'Legal Obligations Register'</i></p> <p>No change to prior process</p> <p><i>GRACE</i></p> <p>Governance Risk & Compliance team coordinate with business unit representatives to review and update controls and monitoring activities documented in GRACE in preparation for external audits.</p>

f. Training and training materials

For the full period of the 2014 NPD and present period (Jun-2016), the *Compliance Management Strategy* (Dec-2010 and Apr-2015) states that “procedures and training will be provided to ensure employees are aware of their obligations and how they can report identified breaches or concerns”.

Period of the 2014 NPD – 01-Jul-2014 to 30-Jun-2015	For the present period – Jun-2016
<p>Where individuals are responsible for compliance obligations training may be delivered through a range of processes including on the job training, induction or formal GRACE training.</p> <p>PWC provides an overview of compliance management processes and requirements as part of its staff induction. The induction materials include a definition of compliance, key compliance accountabilities for all staff, an overview of the policy and procedure framework, Governance Risk & Compliance Framework and an introduction to GRACE as the system for “managing events, entering Safe Act Observations (SAOs) and monitoring legal compliance obligations”.</p>	<p>No change to prior period.</p>

2.1.3 Identify a breach

a. Monitoring mechanisms

Period when the breach was identified – Oct-2015	For the present period – Jun-2016
<p>In accordance with the Compliance Management Strategy approved Apr-15) “performance of the compliance program is monitored, measured and reported. The Corporation is able to demonstrate its compliance program through both documentation and practice.”</p> <p>The Compliance Management Strategy (Apr-2015) outlines a number of mechanisms used to monitor compliance including;</p> <ul style="list-style-type: none"> • Audits performed by PWC’s outsourced Internal Auditors; • Audits performed by External Audit • Compliance audits performed by PWC employees • Self-assessment i.e. declarations of compliance by management and/or employees • Provision of information provided by employees or entered into the compliance information management system. <p>Monitoring mechanisms are mapped to obligations in the Excel register of legal obligations and in GRACE.</p>	<p>No change to prior process</p>

b. Assurance Plan

Period when the breach was identified – Oct-2015	For the present period – Jun-2016
<p>In accordance with the Compliance Management Strategy (approved Apr-15), a compliance activities plan is developed on an annual basis and includes the activities to be undertaken to assess compliance across the Corporation, including those detailed above.</p> <p>PWC Internal Audit develops an Annual Audit Plan which is endorsed by the Executive Leadership Team (ELT) and approved by Audit & Risk Management Committee (ARMC).</p> <p>The 2015/16 Internal Audit Plan was approved by the Audit and Risk Management Committee for the period ending 30-Jun-2016. It included in-house (PWC) and externally provided (KPMG) internal audit activity, both on-plan and off-plan. The status of these activities is tracked by the GRAC function. A summary of audit activity outlines the scope agreement, fieldwork start, fieldwork completion, draft report, final report and submission to the ARMC is recorded.</p> <p>There were no audits planned in the 2015/16 period with a scope that might have detected the 2014 NPD breach for excluded network access services.</p>	<p>The 2016/17 Internal Audit Plan is currently draft. It includes scheduled audits to be performed in-house by PWC and through KPMG as the external IA provider. Both will be presented to the ARMC with a final plan to be tabled at the Jun-2016 meeting.</p> <p>A self-assessment pilot program is currently under development. Consultation has been undertaken with Business Units regarding their implementation and the success criteria associated with their use. It was intended to incorporate this activity as part of the compliance strategy. However, PWC has recently deferred implementation to allow a more detailed management review of PWC’s compliance approach, including benchmarking against other organisations nationally.</p>

c. Risk assessment of breaches

Period when the breach was identified – Oct-2015	For the present period – Jun-2016
<p>In the Compliance Framework and Reporting Guidelines (released Oct-2015), Section 3.23, the Utilities Commission has outlined that it considers a breach to be ‘material’ when an event has the following attributes:</p> <ul style="list-style-type: none"> • Incident adversely affects (financially and/or service provision) customers • A significant number of customers are affected • Regulated entity’s ability to provide services is compromised • Public health and safety is threatened. <p>In the GRACE Event Assessors Guide v1.0 (Feb-2016), an event logged in GRACE must be risk assessed within three (3) days. GRACE event assessors are instructed to refer to “PWC’s Corporate Risk Methodology’ to assess the risk rating of an event.</p> <p>However, discussion with PWC management has indicated that it treats all breaches as material.</p>	<p>No change to prior process</p>

2.1.4 Report a breach

a. Policies and procedures

Period when the breach was identified – Oct-2015	For the present period – Jun-2016
<p>PWC’s Compliance Management Strategy (approved Apr-2015) documents that GRACE has been implemented as the compliance information system for the purpose of monitoring and reporting on compliance activities.</p> <p>According to the GRACE Event Notification, Recording, Assessing and Investigation Procedure (issued May-2012):</p> <ul style="list-style-type: none"> • Supervisors are responsible for ensuring that events are entered into GRACE within 24 hours of its occurrence (where practical) • Within a maximum of 30 days an interim investigation report must be submitted for all extreme risk assessed events to the Managing Director outlining the progress of the investigation • The investigation should have a time-line (suggest 60 days) for completion applied at the first meeting of the investigation team and this should be adhered to as much as possible. If this time-line needs to be altered in anyway a report should be submitted to the General Manager outlining the reasons why this alteration is required • The investigation team shall conduct the investigation to identify the root causes of the event and determine corrective and/or preventive actions that shall be implemented to control the hazards associated with the root causes and lower the risk of the event occurring again <p>However, event types within this version of user guide are defined with a strong emphasis on health, safety and environmental events.</p> <p>PWC Management has confirmed that a separate Excel register</p>	<p>GRACE user guides have been updated since the date of the breach. They are now more relevant to other areas than work health and safety including regulatory compliance.</p> <p>According to the GRACE User Guide v3.0 (Dec-2015), GRACE Event Manager functionality is used to report on regulatory compliance issues (regulation, licences) which includes reportable incidents to the appropriate regulator relating to Power and Water’s license conditions and/or compliance with Codes of Practice. The user guide specifies:</p> <ul style="list-style-type: none"> • All events recorded in GRACE must be assessed. The assessor will review the event as soon as reasonably practicable after notification of the event. This means an event should be assessed within a maximum of 72 hours (three days). • The assessor must determine whether an investigation is required and assign investigators. • The investigators must close an investigation within 30 days. If an investigation is open for longer than 30 days and closing the investigation within the required timeframe is not feasible, reasons must be noted in the investigation

Period when the breach was identified – Oct-2015	For the present period – Jun-2016
‘Ring-fencing code – Register of Investigations and Breaches’ had been used by the Economics and Regulatory team to log and track regulatory non-compliance issues.	workbench under ‘Discussions’.

b. Training and training materials

Period when the breach was identified – Oct-2015	For the present period – Jun-2016
<p>The Compliance Management Strategy (Apr-2015) states that “procedures and training will be provided to ensure employees are aware of their obligations and how they can report identified breaches or concerns”.</p> <p>Where individuals are responsible for compliance obligations training may be delivered through a range of processes including on the job training, induction or formal GRACE training.</p> <p>The compliance induction for new employees confirms that employees are responsible for escalating relevant matters to supervisor management and/or via GRACE.</p> <p>In FY16 (Jul-15 to Jun-16), it was mandated that all PWC employees and contractors should complete basic GRACE training as part of their MyPlan cycle.</p>	No change to prior period.

c. Internal escalation to senior Management

Period when the breach was identified – Oct-2015	For the present period – Jun-2016
<p><i>Executive Leadership Team (ELT)</i></p> <p>In accordance with the Compliance Policy, formal compliance reporting has been introduced with regular reporting to Executive Management on compliance assessment results, including any identified breaches.</p> <p>ELT meetings are held on a monthly basis. Compliance issues are raised and discussed in this forum.</p> <p><i>Audit and Risk Management Committee (ARMC)</i></p> <p>Audit and Risk Management Committee (ARMC) meetings are held every 2-3 months. A standard Compliance Status Report is submitted by the Governance, Risk, Audit and Compliance Manager. The report provides a summary of the key compliance activities managed by the Governance, Risk and Compliance Unit. It includes:</p> <ul style="list-style-type: none"> • Compliance Management update • Planned activities • Status of open audit compliance findings • Compliance watch list (upcoming changes to regulations/legislation etc.). <p>PWC Management has indicated that compliance issues are discussed in this forum.</p>	No change to prior period.

d. External reporting to the Commission

Period when the breach was identified – Oct-2015	For the present period – Jun-2016
<p>The Compliance Policy and Compliance Management Strategy assign roles and responsibilities for reporting and escalating breaches internally. GRACE user guides have been documented for logging, assessing and investigating events.</p> <p>A breach reporting procedure was documented specific to the Ring-Fencing Code (updated in Jan-2009). Under this procedure, the Manager Regulation, Pricing and Economic Analysis was designated as responsible for providing formal notification of the breach to the Utilities Commission as soon as reasonably possible after becoming aware of the breach.</p>	<p>No change to prior period.</p>

Appendix C Part 2: Specified Procedure – 2.2

Specified Procedure – 2.2

Our response to Specified Procedure 2.2 is mapped in the table below. The response has been documented within 'Results'.

There are no findings/observations recorded in this section. Findings have been recorded under “Specified Procedure 2.3: Test a sample of key controls identified in 2.2.”

Specified procedure	Ref	Results	Period of submission of Annual Compliance report (up to Dec-2015)
2.2 Understand process by which PWC's Annual Compliance Report to the Commission was compiled, reviewed and approved.	2.2.1	Compliance Framework and Reporting Guidelines	☑
	2.2.2	Schedule of non-compliances and breaches	☑
	2.2.3	Consultation with Executive Leadership Team	☑
	2.2.4	Oversight by the Audit and Risk Management Committee	☑
	2.2.5	Declaration sign off by PWC Board	☑

Approach

- Obtained documents as listed in Appendix U [Information in this appendix has been redacted]
- Held inquiry meetings with key stakeholders as listed in Appendix V [Information in this appendix has been redacted].

Results

2.2.1. Compliance Framework and Reporting Guidelines (Oct-2015)

In 2015, the Commission implemented an annual compliance reporting requirement on all licensees and an annual declaration from the Board of Directors of each business as a vehicle for elevating the importance of compliance.

In October 2015, the Commission published its *Compliance Framework and Reporting Guidelines*. Appendix C provided a template for this Annual Compliance Report which included:

- Declaration that the licensee (PWC) has maintained a robust and effective compliance program during the relevant period including (not exclusively) that it has identified all applicable obligations, assigned a responsible officer and ensured compliance obligation are factored into operational procedures, reported breaches to the Chief Executive and the Board and remedial actions have been taken as soon as possible in response.
- Confirmation that all necessary inquiries had been made of appropriate officers in the organisation
- Schedule A requiring the licensee to provide a list of all obligations that are applicable
- Schedule B requiring the licensee to report a list of breaches and instances of non-compliance.

PWC submitted a response as part of the Commission’s consultation process for the *Compliance Framework and Reporting Guidelines* in Jul-2015. PWC requested that only material breaches are captured under the Annual Compliance Report declaration with materiality determined by PWC’s compliance framework.

In response, the Commission confirmed it recognised that ultimately, identification and ranking of risks remain the responsibility of the regulated entity, and the Commission’s Register of Compliance is a guide and not intended to replace a regulated entity’s own register of compliance and/or compliance program. Guidelines were clarified in clauses 1.12 and 2.7.

The Commission also confirmed that it does not require the Board to declare that it is aware of all its compliance obligations. Rather, the declaration requires the Board to report that it has maintained a robust and effective compliance program and that this program has identified all applicable licence obligations.

2.2.2. Schedule of non-compliances and breaches

In accordance with the Commission’s consolidated *Compliance Framework and Reporting Guidelines* (Feb-2016), PWC is required to list in its Annual Compliance Report:

- All instances of non-compliance, stating whether they are material or non-material breaches
- Steps being taken to rectify each compliance breach listed in the declaration.

PWC submitted a schedule of nine (9) compliance issues in its declaration (Dec-2015) which included breaches already reported to the Utilities Commission or non-compliance issues considered a breach by the UC (but not categorised as such by PWC).

2.2.3. Consultation with Executive Leadership Team (ELT)

PWC certified in its letter to the Commission (Dec-2015) that “*we have made all necessary inquiries of appropriate officers in this organisation to confirm that management has developed a compliance system that accords with AS3806-2006 and which meets Power and Water Corporation’s licence conditions and that the system has been implemented by the organisation.*”

Senior Management were consulted as part of monthly Executive Leadership Team (ELT) meetings and Audit and Risk Management Committee (ARMC) meetings.

2.2.4. Oversight by the Audit and Risk Management Committee (ARMC)

In accordance with the *Compliance Policy* (Feb-2015), the ARMC is responsible for “monitoring compliance performance through reviews of regular compliance reporting from Management”.

The Compliance Declaration (Dec-2015) stated that “*the progress of [audit] findings are managed through the GRACE system and reported regularly to the Audit and Risk Management Board Committee, as a standing agenda item*”.

PWC has introduced a standard Compliance Status Report which is submitted to the ARMC. It provides a summary of the key compliance activities managed by the Governance, Risk and Compliance unit.

2.2.5. Declaration sign off by PWC Board

A draft letter for the annual compliance declaration was prepared with reference to the Commission’s template in the *Compliance Framework and Reporting Guidelines* (Oct-2015). It was submitted to the Board and signed by the Chair and (newly appointed) Chief Executive on 04-Dec-2015.

Findings

Findings have been recorded under “Specified Procedure 2.3: Test a sample of key controls identified in 2.2.”

Appendix D Procedure 1.2 – Test a sample of PWC’s key controls to identify and comply with obligations

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
1.2.1.	<p>Formal procedures exist for annual updates to the schedule of Alternative Control Services (ACS) <i>Excluded network access services</i></p> <p>Formal documentation exists outlining the procedures to update the Alternative Control Services as part of the overall 2014 NPD project. Roles and responsibilities are formally assigned for this activity.</p>	<ul style="list-style-type: none"> Inquiries with Economics & Regulation and Power Networks. Obtained 2014 Network Price Determination Project Plan Validated that a Steering Committee was established to provide strategic direction for the development of the regulatory proposal, submissions and supporting documentation. This provided a review mechanism for the option papers prepared for submission to the Commission. Obtained Board papers for decision (Jun-2014, Jul-2014 and Jun-2015) Validated that the approach to update ACS charges was summarised and formally documented in Board papers. 	No exceptions noted.	Not applicable.	Not applicable.
1.2.2.	<p>A reconciliation is performed by PWC to ensure ACS charges are consistent with the 2014 Network Price Determination (NPD) <i>Excluded network access services</i></p> <p>A review was conducted by PWC to align its internal (Excel) schedule of fee-based Alternative Control Services with the definition of <i>excluded</i></p>	<ul style="list-style-type: none"> Inquiries with Economics & Regulation, Customer Service Centre (CSC) and Power Networks. Obtained Excel schedule of ACS charges as reviewed by Economics & Regulation, Power Networks and the Board Obtained Board papers for decision (Jun-2014, Jul-2014 and Jun-2015) Validated that the approach to update ACS charges was summarised and formally 	<p>1. Position is yet to be reached by PWC on the treatment of ‘Service Establishment – New Infrastructure’ as an excluded network access service for developers</p> <p>PWC has not finalised its treatment of new service establishment fees for ‘developer’ customers under the 2014 NPD. The current draft plan is to refund the fee-based</p>	<p>Management should:</p> <ul style="list-style-type: none"> Log the ACS for developers issue in GRACE (or alternate system) to ensure the process for resolution and reporting is followed Ensure that lessons learned from 2009/2014 regulatory period are embedded into the project plan for the upcoming 2014/2019 period including change 	<p>This issue will be entered in GRACE.</p> <p>The 2019-2024 distribution determination project will ensure proper embedding of all aspects of the AER determination into business-as-usual procedures and processes.</p>

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
	<i>network access services</i> in the 2014 NPD.	documented in Board papers.	<p>charges and re-invoice a quoted service fee (both of these fee types are excluded network access services).</p> <p>PWC considers that connections for developers were not included in the business needs identification or opex justification of standard control services and hence should be charged a quoted service charge.</p> <p>However, it is not clear that PWC has provided a quality or reliability of service over or below standard and hence it does not appear that these cases meet the definition of an <i>excluded network access service</i> as defined under the 2014 NPD.</p>	management procedures to refresh and re-align definitions and classifications in PWC's internal documents with final regulatory determinations.	
			<p>2. Descriptions within PWC's internal schedule of fee-based ACS services are not aligned with the 2014 NPD</p> <p>We note that the service charge descriptions within schedule of Alternative Control Services and NPD are not aligned.</p>	<p>Management should:</p> <ul style="list-style-type: none"> consider if alignment of ACS and NPD service charge descriptions would allow for clearer reconciliation processes. We recognise that this alignment may not be possible or practical due to operational reasons. 	<p>The ACS charge descriptors are designed to assist the public and the call centre best allocate job requests to the appropriate charges by explaining the intent of the charge in an easy to understand, practical manner. The</p>

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
			<p>Refer also to results of detailed testing a sample of <i>excluded network access services</i> as per Specified Procedure 1.8.</p>		<p>workbook underpinning the ACS charge allocation tracks those descriptors back to the 2014 NPD service classification.</p> <p>PWC will investigate requirements and timelines to achieve this.</p>
			<p>3. No evidence of a reconciliation between the final classifications of the 2014 NPD and PWC’s implementation of quoted services</p> <p>For quoted services, there are no board-approved classifications. Classifications are embedded in the 2014 NPD, which is the final response to PWC’s board-approved submissions including PWC’s ‘Network Services Classifications’.</p> <p>There is no evidence of a reconciliation between the final classifications of the 2014 NPD and PWC’s implementation of quoted services.</p>	<p>Management should:</p> <ul style="list-style-type: none"> • Implement change management processes and controls to ensure that service classifications, as finalised in regulations, are reconciled to PWC’s internal documents and procedures (including system mapping, training etc.) 	<p>Accept, subject to operational requirements.</p>

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
1.2.3.	<p>PWC Board reviews and signs off changes to the ACS schedule</p> <p><i>Excluded network access services</i></p> <p>A schedule of ACS fee-based charges was submitted to the Board in Jun-2014, Jul-2014 and Jun-2015 for review and approval.</p> <p>The classification of <i>excluded network access services</i> was defined by Schedule 3 of the 2014 NPD.</p> <p>The Board was required to approve the tariffs assigned to fee-based <i>excluded network access services</i> which the <i>Network Access Code</i> required to be on fair and reasonable terms.</p>	<ul style="list-style-type: none"> Inquiries with Economics & Regulatory team and Governance Risk Audit and Compliance team Obtained Board papers for decision (Jun-2014, Jul-2014 and Jun-2015) 	No exceptions noted	No exceptions noted	Not applicable

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
1.2.4.	<p>PWC has implemented an ongoing compliance management strategy for ACS charges as defined in the 2014 NPD Excluded network access services</p> <p>A register of compliance obligations is held and maintained in the GRACE system. The register includes all relevant acts, regulations, codes, standards and other high risk legal instruments with which PWC should be compliant as well as nominated control owners and control and monitoring mechanisms.</p>	<ul style="list-style-type: none"> Inquiries with Economics & Regulatory team and Power Networks as listed in Appendix V [Information in this appendix has been redacted] Obtained documents as listed in Appendix U [Information in this appendix has been redacted] Obtained extract of obligations loaded in GRACE (extracted Mar-2016) Validated that certain requirements from the <i>Electricity Networks (Third Party) Access Act 2000</i> are logged in GRACE 	<p>1. 2014 NPD obligations and associated compliance management approach are not logged in the GRACE system</p> <p>The Network Price Determination (2014) has not been loaded into the GRACE system. While certain items of the <i>Electricity Networks (Third Party) Access Act 2000</i> have been uploaded into GRACE, they do not include:</p> <ol style="list-style-type: none"> Clause 3A 'Compliance with Network Access Code' and Clause 3B 'Compliance with price regulation determinations' the <i>Electricity Networks (Third Party Access) Code</i> which is a schedule to the <i>Electricity Networks (Third Party Access) Act</i> (as reported in control #2.3.4.-1.). <p>As a result of not being logged in GRACE, obligations of the Network Price Determination are not formally assigned an owner and non-compliance</p>	<p>Management should:</p> <ul style="list-style-type: none"> Refer to recommendations outlined against control # 2.3.4.-1. below. 	<p>There are practical limitations to entering the 2014 NPD into the GRACE system as there are no specifically listed obligations contained in the determination. Consultation with other DNSPs has also suggested that inputting a regulatory determination into a compliance tracking system is not common practice for similar practicality reasons. Therefore, PWC will consider this recommendation further during its actioning of 2.3.4-1 but does not commit to actioning of this particular recommendation.</p>

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
			<p>is not recorded in the GRACE system.</p> <p>For other compliance items logged against the <i>Electricity Networks (Third Party Access) Act</i>, the control and monitoring mechanisms are generic (also reported in control #2.3.6.-4.)</p>		

***Appendix E Procedure 1.8 – Test
the sample of excluded network
access service charges to supporting
evidence provided by PWC***

In accordance with specified procedure 1.8, detailed testing has been performed on a sample of 25 charges issued by PWC to customers as *excluded network access services* in the period 01-Jul-2014 to 30-Jun-2015. Tests include:

- Mapping description of service as per source documents to Schedule 3 of the 2014 NPD
- Matching fee-based costs to the PWC Board-approved schedule of ACS fee-based service charges

Refer to Appendix N for detailed results of each sample test [Information in this appendix has been redacted]. The following table summarises the key findings of testing:

Ref.	Results	Recommendation	Management response			
1.8.1.	<p>Treatment of new infrastructure charges for developers/commercial customers is yet to be determined by PWC</p> <p>Testing was performed on five (5) transactions with description ‘New Infrastructure’ which were not included in PWC’s refund list issued to Jacana Energy on 04-Mar-2016.</p> <p>Results of testing summarised here:</p> <ul style="list-style-type: none"> - Transactions do not meet definition of a fee based service - Documentation does not validate whether meter asset is ‘above’ or ‘non-standard’ in order to meet definition of a quoted metering service - Transactions are not included in proposed refund list - Treatment of new infrastructure charges for developers/commercial customers is yet to be determined by PWC. 	<p><i>Refer to recommendation for control finding # 1.2.2.-1.</i></p>	<p><i>Refer to management response for control finding # 1.2.2.-1.</i></p>			
#	Type	Consumer #	Date	RMS code	Description	\$ value
1	Fee-based	*****714	01-Jul-2014	ENITB1	New Infrastructure - BH TCK	119.91
2	Fee-based	*****010	15-Jul-2014	ENIDB1	New Infrastructure - BH DWN	119.91
3	Fee-based	*****210	15-Aug-2014	ENIDB1	New Infrastructure - BH DWN	119.91
4	Fee-based	*****812	09-Sep-2014	ENIDB1	New Infrastructure - BH DWN	119.91
5	Fee-based	*****410	16-Feb-2015	SENBD1	New Infrastructure B/H-D	377.20

Ref.	Results	Recommendation	Management response																												
1.8.2.	<p>Lack of documentation to confirm PWC’s classification of ‘above’ or ‘non-standard’ services and lack of formal approval where fee-based services have been charged as quoted services</p> <p>Testing identified:</p> <ul style="list-style-type: none"> [redacted] Testing identified three (3) instances with a lack of documentation to support PWC's classification of 'standard' and 'above' or 'non-standard' metering services by customer type or scenario. These included: <ul style="list-style-type: none"> Three-phase meters issued to commercial customers (PWC consider as standard) Three-phase meters installed for residential customers (PWC consider as above standard) Photovoltaic meters (all treated as above standard). 	<p>Management should:</p> <ul style="list-style-type: none"> Formally document the classification of ‘above’ or ‘non-standard’ metering services by customer type or scenario Require formal approval in the event a service is not charged in line with these business rules Include regulatory compliance as a required field in the template for project cost approval forms e.g. identifying which regulatory obligations are relevant to the project and documenting how the business has demonstrated compliance with these Provide training to relevant staff to ensure classifications are understood, complied with and embedded into CSC and Power Networks procedures 	<p>PWC will investigate requirements and timelines to achieve this.</p>																												
	<table border="1"> <thead> <tr> <th>#</th> <th>Type</th> <th>Consumer #</th> <th>Date</th> <th>RMS code</th> <th>Description</th> <th>\$ value</th> </tr> </thead> <tbody> <tr> <td>6</td> <td>Fee-based</td> <td>*****910</td> <td>22-Sep-2014</td> <td>SENBD1</td> <td>New Infrastructure B/H-D</td> <td>377.20</td> </tr> <tr> <td>7</td> <td>Fee-based</td> <td>*****610</td> <td>06-Jan-2015</td> <td>PV1BD1</td> <td>PV Installation 1P B/H-D</td> <td>512.38</td> </tr> <tr> <td>8</td> <td>Fee-based</td> <td>*****911</td> <td>16-Jun-2015</td> <td>PV1BD1</td> <td>PV Installation 1P B/H-D</td> <td>512.38</td> </tr> </tbody> </table>	#	Type	Consumer #	Date	RMS code	Description	\$ value	6	Fee-based	*****910	22-Sep-2014	SENBD1	New Infrastructure B/H-D	377.20	7	Fee-based	*****610	06-Jan-2015	PV1BD1	PV Installation 1P B/H-D	512.38	8	Fee-based	*****911	16-Jun-2015	PV1BD1	PV Installation 1P B/H-D	512.38		
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8	Fee-based	*****911	16-Jun-2015	PV1BD1	PV Installation 1P B/H-D	512.38																									
1.8.3.	<p>Fee-based services recorded in Maximo rather than Retail Management System (RMS)</p> <p>Based on inquiries with Management, it is expected that fee-based services are logged by CSC staff in RMS and quoted services are logged by Power Networks staff in Maximo.</p> <p>Testing identified one (1) transaction which related to a fee-based service recorded in Maximo as a cost of sales project but which had no equivalent entry in RMS.</p> <p>Customer was correctly charged in line with board-approved fee-based rates for the installation of minor apparatus and daily hire charge for minor equipment (tiger tails).</p> <p>However, the refund list for ‘new infrastructure’ charges has been generated based on data extraction from RMS with subsequent analysis by</p>	<p>Management should:</p> <ul style="list-style-type: none"> Perform analysis of charges in Maximo to identify potential refunds to be issued to customers in relation to ‘new infrastructure’ charges which have not been included in refund lists generated from RMS Confirm which system should be used for recording fee-based and quoted services. Implement protocols and training to ensure that service charges are 	<p>PWC will investigate requirements and timelines to achieve this.</p>																												

Ref.	Results	Recommendation	Management response														
	<p>Management in Excel.</p> <p>There is a risk that new infrastructure charges, eligible for refund, are not identified because they are logged in Maximo rather than RMS.</p> <table border="1"> <thead> <tr> <th>#</th> <th>Type</th> <th>Consumer #</th> <th>Date</th> <th>Work order</th> <th>Description</th> <th>\$ value</th> </tr> </thead> <tbody> <tr> <td>21</td> <td>Quoted / Fee-based</td> <td>*****010</td> <td>01-Jul-2014</td> <td>2083617</td> <td>TIGER TAILS</td> <td>511.70</td> </tr> </tbody> </table>	#	Type	Consumer #	Date	Work order	Description	\$ value	21	Quoted / Fee-based	*****010	01-Jul-2014	2083617	TIGER TAILS	511.70	<p>captured in the designated system (including where fee-based services may form part of a larger quoted project)</p> <ul style="list-style-type: none"> Implement periodic reconciliations between Maximo and RMS to ensure required data has been completely and accurately transferred between the two systems. 	
#	Type	Consumer #	Date	Work order	Description	\$ value											
21	Quoted / Fee-based	*****010	01-Jul-2014	2083617	TIGER TAILS	511.70											
1.8.4.	<p>Inappropriate access to manually override board-approved ACS charges in Retail Management System (RMS)</p> <p>Testing identified one (1) transaction with a mismatch between the RMS code TBLBA1 and the cost charged (\$617.10).</p> <p>Code TBLBA1 relates a temporary disconnection performed in business hours with board-approved charge of \$481.80.</p> <p>Code TBLAA1 relates to temporary disconnection performed after hours with board-approved charge of \$617.10.</p> <p>Documentation validated that work was performed after hours. Hence, incorrect code was applied and correct fee was charged.</p> <p>Management has indicated that CSC staff have had access to manually override board-approved rates in RMS. Management has indicated that this level of access has been revoked.</p> <table border="1"> <thead> <tr> <th>#</th> <th>Type</th> <th>Consumer #</th> <th>Date</th> <th>Work order</th> <th>Description</th> <th>\$ value</th> </tr> </thead> <tbody> <tr> <td>14</td> <td>Fee-based</td> <td>*****410</td> <td>08-May-2016</td> <td>TDLBA1</td> <td>Temp Disco LV OH</td> <td>617.10</td> </tr> </tbody> </table>	#	Type	Consumer #	Date	Work order	Description	\$ value	14	Fee-based	*****410	08-May-2016	TDLBA1	Temp Disco LV OH	617.10	<p>Management should:</p> <ul style="list-style-type: none"> Periodically review system access lists to validate whether access levels are appropriate for the team member's role and responsibility (including privileged access) Implement monitoring controls where costs for fee-based services are not system enforced 	<p>PwC will investigate requirements and timelines to achieve this.</p>
#	Type	Consumer #	Date	Work order	Description	\$ value											
14	Fee-based	*****410	08-May-2016	TDLBA1	Temp Disco LV OH	617.10											

Appendix F Procedure 2.3 – Test a sample of PWC’s key controls to identify and comply with obligations

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
2.3.1.	<p>Formal policies and procedures exist with regard to the identification of and compliance with obligations and are periodically reviewed <i>Identify and comply with obligations</i></p> <p>Policies and procedures are formally documented which outline the process for identifying and complying with obligations which include:</p> <ul style="list-style-type: none"> • Compliance governance framework • Processes and systems by which obligations are identified and updated • Risk assessment guidelines • Processes and systems by which controls and monitoring mechanisms are mapped to obligations 	<ul style="list-style-type: none"> • Sighted Compliance Management documents relevant to both periods; period of the 2014 NPD and present period (Jun-2016) • Sighted Risk Management documents relevant to both periods; period of the 2014 NPD and present period (Jun-2016) • Sighted document history recorded within the documents outlining the status of its approval • Mapped contents of Compliance Management and Risk Management documents to control description. 	<p>1. Formal policies and procedures for compliance management and risk management are not reviewed and updated on an annual basis. Some procedures have not been developed and/or finalised.</p> <p>A range of policy and procedure documents exist governing compliance management including PWC’s <i>Compliance Policy, Compliance Management Strategy</i> and associated risk management documents. Refer to Appendix L for further details.</p> <p>Policy and procedure documents have not been reviewed and updated in line with PWC’s requirements (typically annual review).</p> <p>Policy and strategy documents refer to compliance procedures which have not been implemented or are not formally documented.</p> <p>Updates to compliance management and risk management policies have been drafted although they are yet to be finalised. Further details on this exception have</p>	<p>Management should:</p> <ul style="list-style-type: none"> • Refer to Appendix L for specific actions associated with each policy or procedure • Finalise the review and approval of compliance and risk management policies and procedures • Document processes and procedures which support these policy documents • Formally define and document the processes and systems by which Management should manage obligations with a risk rating below ‘HIGH’ • Communicate roles and responsibilities to relevant stakeholders. 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
	<ul style="list-style-type: none"> Defined roles and responsibilities. <p>Control gap</p> <p>There are no documented processes or systems in place for Management to identify and comply with obligations with a risk rating below ‘HIGH’.</p>		<p>been provided in Appendix L.</p> <p>Processes and systems to manage obligations with a risk rating below ‘HIGH’ are not fully defined or formalised.</p> <p>We note that initial discussion with management indicated that compliance obligations below ‘HIGH’ risk (i.e. those not in GRACE) may be included in business unit operational risk registers. Discussion with a sample of these indicated that these were not formally documented.</p>		
<p>2.3.2</p>	<p>Training and training materials are provided to relevant PWC staff to identify and comply with obligations <i>Identify and comply with obligations</i></p> <p>For the full period of the 2014 NPD and present period (Jun-2016), the Compliance Management Strategy (Dec-2010 and Apr-2015) states that “procedures and training will be provided to ensure employees are aware of</p>	<ul style="list-style-type: none"> Sighted Compliance Management documents relevant to both periods; period of the 2014 NPD and present period (Jun-2016) Sighted Compliance Induction provided to staff Sighted GRACE training materials relevant to both periods Validated whether contents of documents and training materials provided staff with guidance on how to identify and comply with obligations. PWC Management have asserted that, where individuals are responsible for compliance, obligations training may be delivered through a range of processes including on the job training, induction or formal GRACE training. 	<p>1. Training materials/guides are not documented for the processes of obligation identification, review and compliance management</p> <p><i>Period of the 2014 NPD and for the present period</i></p> <p>While a number of GRACE user guides have been prepared specific to events (notifying, recording, investigating and reporting events) there are no guides documented for the processes of obligation identification and compliance monitoring.</p>	<p>Management should:</p> <ul style="list-style-type: none"> Document the process to identify and comply with obligations Communicate guidelines to relevant stakeholders. 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
	<p>their obligations and how they can report identified breaches or concerns”.</p>				
<p>2.3.3.</p>	<p>PWC has contractual arrangements in place with legal service providers to obtain notifications of new legal and regulatory instruments or changes to existing legal and regulatory instruments <i>Identify obligations</i></p> <p>PWC has arrangements in place with service providers including SAI Global and LexisNexis to advise them on updates to the legal and regulatory instruments.</p> <p>Members of the Legal team and Economics & Regulatory team receive automated alerts of legislative changes from SAI Global. SAI Global is a long-standing service provider of PWC since 2004/5.</p>	<ul style="list-style-type: none"> • Inquiries with Economics & Regulatory team and Governance Risk Audit and Compliance team • Sighted examples of SAI Global Legislative Alerts emailed to recipients • The scope of SAI Global alerts is limited to legal instruments. Hence the publication of determinations such as the Network Pricing Determination (NPD) and guidelines such as the Commission’s <i>Compliance Framework and Reporting Guidelines (Oct-2015)</i> and consolidated <i>Compliance Framework and Reporting Guidelines (Feb-2016)</i> would not be flagged to PWC through this channel. PWC has assigned responsibilities to the Economics & Regulatory team and Governance Risk Audit and Compliance team to track these changes. 	<p>1. Process to confirm that subscriptions to legislative alerts are appropriate is not formalised</p> <p><i>Present period – Jun-2016</i></p> <p>Legislative alerts are provided on a subscription basis by SAI Global.</p> <p>While this process occurs, there is not a formal process to confirm that the subscriptions are appropriate and the accountable individuals are receiving them.</p> <p>Subscriptions to SAI Global Legislative alerts should be periodically reviewed to ensure that recipients are subscribed as intended and responsibilities for reviewing these alerts are clearly delegated.</p>	<p>Management should:</p> <ul style="list-style-type: none"> • Ensure that change process is in place to update subscriptions to SAI Global Legislative Alerts so that they appropriately reflect any changes in roles and responsibilities • Communicate responsibilities to nominated owners for responding to legislative changes identified. 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
2.3.4.	<p>A register of compliance obligations is held and maintained. The register includes all relevant acts, regulations, codes, standards and other high risk legal instruments with which PWC should be compliant. <i>Identify and comply with obligations</i></p> <p><i>Legal obligations register</i></p> <p>In 2010, PWC’s lawyers provided the Audit and Risk team with an Excel listing of all relevant acts, regulations, codes, standards and other legal instruments with which PWC should be compliant.</p> <p>Since that date, the Governance, Risk & Audit Compliance Manager has been responsible for updating and maintaining the Excel register.</p>	<ul style="list-style-type: none"> Inquiries held with PWC senior Management responsible for compliance management <p><i>Excel ‘Legal Obligations Register’</i></p> <ul style="list-style-type: none"> Validated with Management that the current register of legal obligations was last updated in May 2015 Obtained Excel ‘Legal Obligations Register’ as at Jun-2014 and at May-2015 Compared the two (2) registers to identify changes PwC Australia identified the following changes between the prior register (version Jun-2014) and current register (version May-2015). Changes include: <ul style="list-style-type: none"> May-15 register now excludes the Generation Licence and Retail Licence (as a result of structural separation in July 2014) May-15 register now includes the Guaranteed Service Level Code (released Dec-2011) and Electricity Networks (Third Party Access) Code (2000) (see note) <p><i>Note: The Network Access Code is a schedule to the Electricity Networks (Third Party Access) Act. Section 72 refers to ‘Exclusions from revenue or price cap’ and outlines the treatment of excluded network access services.</i></p> <ul style="list-style-type: none"> Obtained the Commission’s gap analysis of obligations extracted by 	<p>1. Register of obligations is incomplete</p> <p><i>Period of the 2014 NPD to present day</i></p> <p>The Commission performed analysis of obligations registered in GRACE (as extracted in Mar-2016). The Commission has identified potential gaps in the obligations register in GRACE. The Commission’s analysis was not formally reviewed by PWC and there is not yet a clear plan to incorporate the analysis into its review of obligations registered in GRACE.</p> <p>As an update to the Commission’s analysis, PwC Australia has referred to both the Excel ‘Legal Obligations Register’ (updated May-2015) and the extract of GRACE obligations (Mar-2016).</p> <p><i>Obligations not logged in Excel ‘Legal Obligations Register’</i></p> <p>There are four (4) obligations not recorded in the Excel register of legal obligations (May-2015) although they are recorded in GRACE (Mar-2016):</p> <ol style="list-style-type: none"> <i>Electricity Retail Supply Code</i> (amended Code came 	<p>Management should:</p> <ul style="list-style-type: none"> Determine the scope and use of the Excel ‘Legal Obligations Register’ Re-confirm and agree the scope and use of GRACE as the compliance management system (potentially to be documented in the draft <i>Compliance Management Policy, Standard and Guideline</i>) Formally document these outcomes and agree with key stakeholders Ensure that a compliance management strategy is in place and clearly documented for any transition period If applicable, ensure that 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Procedure 2.3 – Test a sample of PWC’s key controls to identify and comply with obligations

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
	<p><i>GRACE</i></p> <p>Under the initial Compliance Management Strategy (Dec-2010), it was intended that the online register of compliance obligations would include all relevant acts, regulations, codes, standards and other legal instruments with which PWC should be compliant.</p> <p>However, by the end of the 2014 NPD period, the updated Compliance Management Strategy (Apr-2015) specified that GRACE would include high risk compliance obligations.</p> <p>For the full period of the 2014 NPD, PWC has adopted an approach to record in GRACE only those compliance obligations risk rated ‘HIGH’, ‘VERY HIGH’ or ‘EXTREME’.</p> <p>Parsons Brinkerhoff</p>	<p>PWC from GRACE in Mar-2016</p> <ul style="list-style-type: none"> • Mapped list of ‘missing’ obligations as recorded by the Commission to the Excel ‘Legal Obligations Register’ as at Jun-2014 and May-2015. • Refer to Appendix M for list of obligations not logged in Excel or GRACE. <p><i>GRACE</i></p> <ul style="list-style-type: none"> • Obtained extract of obligations loaded in GRACE (extracted Mar-2016) • [redacted] • PwC Australia notes that some legal instruments have a significant amount of detail in GRACE. For example, GRACE includes 1,011 sections from the Work Health & Safety (National Uniform Legislation) Act 2011’ which are assigned to different Business Units. • Obtained reports of external compliance audits performed by KPMG and Parsons Brinckerhoff (‘PB’) as listed in Appendix U [Information in this appendix has been redacted] • PB reported in their <i>Special Technical Audit</i> (Apr-2015) that the detail for the System Control Technical Code was limited to a single entry in GRACE. • The Commission performed a review of compliance obligations as logged 	<p>into effect 1 June 2013)</p> <ol style="list-style-type: none"> 2. <i>Greenhouse and Energy Minimum Standards Regulation (2012)</i> 3. <i>Environmental Assessment Act</i> 4. <i>Environmental Assessment Administrative Procedures</i> <p><i>Obligations not logged in GRACE</i></p> <p>There are four (4) obligations which are not logged in GRACE (Mar-2016) but which are recorded in the Excel ‘Legal Obligations Register’ (May-2015):</p> <ol style="list-style-type: none"> 1. <i>Water Supply Services Licence (urban)</i> 2. <i>Water Metering Code</i> 3. <i>Water Supply and Sewerage Services Regulations</i> 4. <i>Utilities Commission Regulations.</i> <p>These obligations are included as a single entry in the Excel register but do not contain the individual compliance items within the licence/regulations/code. No specific process has been established that ensures that PWC complies with its</p>	<p>changes and updates to record obligations in GRACE are consistently applied to the Excel ‘Legal Obligations Register’ (and vice versa)</p> <ul style="list-style-type: none"> • Consider the obligations ‘missing’ from the Excel ‘Legal Obligations Register’ and GRACE and, if deemed appropriate, update the registers accordingly. 	

Ref	PwC Control	Procedures performed	Results	Recommendation	Management response	
	<p>(‘PB’) reported a gap regarding the records of medium to low risk obligations in GRACE – <i>Audit of PwC’s Compliance Process and Compliance Reporting</i> (Jul-2015). In response to PB’s compliance review, PwC nominated to upload into GRACE all obligations regulated under the Utilities Commission (irrespective of risk rating).</p>	<p>in GRACE (Mar-2016). The Commission has identified areas where the obligations register in GRACE is potentially incomplete.</p> <ul style="list-style-type: none"> Refer to Appendix M for list of obligations not logged in Excel or GRACE. PwC Australia does not have access to a historic version of GRACE and hence is unable to make further comment on the level of completeness of compliance obligations held in the GRACE system for the period of the 2014 NPD. 	<p>obligations.</p> <p><i>Obligations not logged in Excel ‘Legal Obligations Register’ or GRACE</i></p> <p>There are nine (9) obligations which are not logged in the Excel register of legal obligations (version May-2015) or GRACE.</p> <p>Of these nine (9) obligations, three (3) are codes, three (3) are determinations and three (3) are guidelines.</p> <p>Additional detail on these nine (9) obligations is provided within Appendix M.</p>	<p>2. Inconsistent process for periodic review and update of compliance obligation registers</p> <p><i>Period of the 2014 NPD to present day</i></p> <p>While we note that PwC has updated its GRACE obligation register in response to specific external Compliance Audit findings, there is not a consistent process to review the completeness of the obligation registers and formally document this process.</p> <p>Parsons-Brinckerhoff reported in their <i>Special Technical Audit</i></p>	<p>Management should:</p> <ul style="list-style-type: none"> Engage key stakeholders to periodically review obligations loaded into GRACE and confirm the completeness of the register (in line with its intended use). 	<p>PwC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated</p>

Procedure 2.3 – Test a sample of PWC’s key controls to identify and comply with obligations

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
			<p>(Apr-2015) that the detail for the System Control Technical Code was limited to a single entry.</p> <p>The audit finding reported by Parsons-Brinckerhoff has been closed as at 31-Mar-2016. Individual items within <i>System Control Technical Code</i> have been uploaded into GRACE. Annual review of the code has been scheduled for Jul-2016.</p> <p>However, this process to update and review obligations has not been consistently applied for other acts/regulations/codes. As a result, we have noted:</p> <ul style="list-style-type: none"> • Individual compliance items are not identifiable for all obligations recorded in GRACE • Some compliance items uploaded into GRACE are not obligation requirements of PWC (including requirements of the regulator). 		<p>accordingly.</p>
<p>2.3.5.</p>	<p>All compliance obligations are risk rated <i>Identify obligations</i></p> <p>For the full period of the 2014 NPD, the Compliance</p>	<ul style="list-style-type: none"> • Inquiries with Company Secretary, Economics and Regulatory team and Governance Risk Audit Compliance (GRAC) team • Obtained Compliance Status Report issued to ARMC in Mar-2011 • Obtained Excel ‘Legal Obligations 	<p>As noted in control 2.3.1, for the full period of the 2014 NPD, the associated Risk Management documents had not been updated for a number of years. Refer to 2.3.1 for further detail.</p> <p>1. Obligations outside of</p>	<p>Management should:</p> <ul style="list-style-type: none"> • Risk assess obligations outside of GRACE in line with PWC’s risk 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations</p>

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
	<p>Management Strategy (Dec-2010 and Apr-2015) states that “all compliance obligations will be risk rated...”</p>	<p>Register’ as at Jun-2014 and May-2015</p> <ul style="list-style-type: none"> • Compared the two (2) registers to identify changes • PwC Australia has noted the following changes: <ul style="list-style-type: none"> – The risk ratings remain unchanged – Nominated responsible General Managers and Managers remain unchanged – Internal and External Monitoring remains unchanged – Identified Business Units affected by obligations remain unchanged. • We note that, in June 2014, there had been one (1) change to the listing of top twenty (20) obligations as maintained in the Excel register of legal instruments. The <i>Electricity Networks (Third Party Access) Act 2000</i> (relevant to the NPD) was removed and instead the <i>Bushfires Act 1980</i> was prioritised. There is no evidence to demonstrate that this change was formally reviewed and approved. However, we note that this had no significant impact on compliance management except to trigger the upload of the <i>Bushfires Act 1980</i> into GRACE. • Obtained extract of obligations loaded in GRACE (extracted Mar-2016) • Mapped risk ratings assigned in the 	<p>GRACE have not been assessed using PWC’s risk assessment methodology</p> <p><i>Period of the 2014 NPD and present day</i></p> <p>The risk assessment of the Excel ‘Legal Obligations Register’ did not comply with the Risk Assessment Procedure outlined PWC’s <i>Risk Assessment Guideline</i>. This includes:</p> <ul style="list-style-type: none"> • obligations not separately risk assessed for likelihood and consequence • obligations were risk rated ‘LOW’, ‘MEDIUM’ or ‘HIGH’ rather than ‘LOW’ to ‘EXTREME’ as defined within the risk matrix or ‘INSIGNIFICANT’ to ‘SIGNIFICANT’ as defined within the consequence categories. <p>Management has indicated that the risk assessment in the Excel ‘Legal Obligations Register’ has been treated as a priority rating, rather than a formal risk assessment.</p> <p>PwC Australia has compared the risk ratings assigned in the Excel ‘Legal Obligations Register’ and those assigned in the GRACE compliance</p>	<p>assessment methodology</p> <ul style="list-style-type: none"> • Reconcile risk ratings between the Excel ‘Legal Obligations Register’ and GRACE (or consolidate into one compliance management system as the source of truth). 	<p>will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	PwC Control	Procedures performed	Results	Recommendation	Management response
		<p>Excel ‘Legal Obligations Register’ (version May-2015) to the extract of obligations from GRACE (Mar-2016)</p> <ul style="list-style-type: none"> • Refer to Appendix P for results of risk ratings comparison. • PwC Australia does not have access to the risk ratings applied to obligations in GRACE for the 2014 NPD period. Refer to work performed on present day period. • We note that the draft <i>Compliance Management Guideline</i> states that obligations will be required to be assessed on a periodic basis (at minimum annually). As noted in control 2.3.1, the draft is yet to be issued or approved. 	<p>management system. We have identified:</p> <ul style="list-style-type: none"> • 28 legal instruments where the risk rating assigned in the Excel ‘Legal Obligations Register’ is inconsistent with the highest risk rating applied to a section of the same instrument in the GRACE compliance management system • Five (5) legal instruments where a risk rating has been assigned in the Excel register but has not been assigned in GRACE (i.e. missing risk rating in GRACE) • Four (4) legal instruments where a risk rating has been assigned in the Excel register but the obligation is not identifiable in GRACE (i.e. missing obligation and risk rating in GRACE) • Four (4) obligations where a risk rating has been assigned in GRACE but the obligation is missing from the Excel register (i.e. missing obligation and risk rating in Excel register) <p>Refer to Appendix P for further detail.</p>		

Ref	PwC Control	Procedures performed	Results	Recommendation	Management response
			<p>2. No formal requirement for obligation risk ratings to be periodically reviewed and approved by key stakeholders</p> <p><i>Period of the 2014 NPD and present day</i></p> <p>There is a lack of evidence to demonstrate that key stakeholders including the Executive Leadership Team (ELT) were involved or were responsible for reviewing and approving the results of the risk assessment (either in 2011 or for subsequent periods 2014/15 and 2015/16). PwC Management indicated that these discussions were held in 2010-2011 with Managers and General Managers.</p> <p>While there is evidence to demonstrate that the top twenty (20) obligations were reviewed and formally noted by the Committee in March 2011, there has been no periodic re-assessment and re-approval of this risk rating by the Committee.</p> <p><i>GRACE</i></p> <p>There is no current procedure in place to require:</p> <p>a) obligation owners to periodically review risk ratings applied in GRACE</p> <p>b) risk ratings to be reviewed and</p>	<p>Management should:</p> <ul style="list-style-type: none"> Implement procedures to periodically review risk ratings assigned to obligations (as part of this risk ratings review, ensure that the likelihood of non-compliance is updated in light of audit findings or regulatory changes) Ensure that risk rating reviews involve appropriate stakeholder consultation and outcomes are approved by senior Management Retain documentation of the risk ratings review process for audit purposes. 	<p>PwC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
2.3.6.	<p>Control owners and control descriptions are mapped to obligations <i>Comply with obligations</i></p> <p><i>Excel ‘Legal Obligations Register’</i></p> <p>The Audit and Risk Manager maintains a register of legal obligations in Excel. The register has a field available for PWC to nominate a responsible General Manager and responsible Manager.</p> <p>Control gap:</p> <p>There are no control descriptions logged in this register.</p> <p><i>GRACE</i></p> <p>For all obligations in GRACE, a control mechanism and monitoring mechanism is a system field to be completed by the business. The obligation is assigned to a Business Unit. Control responsibility can be delegated to a</p>	<ul style="list-style-type: none"> Inquiries with Economics & Regulatory team and Governance Risk Audit and Compliance team <p><i>Excel ‘Legal Obligations Register’</i></p> <ul style="list-style-type: none"> Obtained Excel ‘Legal Obligations Register’ as at Jun-2014 Obtained Excel ‘Legal Obligations Register’ as at May-2015 Compared the two (2) registers to identify changes 165 legal instruments were logged in the ‘Legal Obligations Register’ including the <i>Electricity Networks (Third Party Access) Act 2000</i> relevant to the NPD. A General Manager was assigned responsibility for each legal instrument. In some cases, the name of a Responsible Manager was also captured. <p><i>GRACE</i></p> <ul style="list-style-type: none"> Obtained annual compliance audits performed by KPMG as Internal Auditors (2013/14 and 2014/15) Obtained Parsons Brinckerhoff’s Special Technical Audit (Apr-2015) and Audit of PWC’s Compliance Process and Compliance Reporting (Jul-2015) Obtained extract of audit findings recorded in GRACE including status tracker of action items, nominated 	<p>approved by senior Management.</p> <p>1. No control descriptions for obligations outside GRACE</p> <p><i>Period of the 2014 NPD and for the present period</i></p> <p>There are no control descriptions logged in this Excel ‘Legal Obligations Register’. PWC Management indicates that control mechanisms are embedded in business-as-usual operational procedures. However, as no assessment of compliance with procedures is undertaken and not all obligations are covered by a procedure, it is not possible to validate the compliance program.</p>	<p><i>For obligations registered outside of GRACE</i></p> <p>Management should:</p> <ul style="list-style-type: none"> Formally define and document its compliance management strategy for obligations outside of GRACE Trace compliance obligations to specific procedural documents to identify any gaps in PWC’s internal procedures which do not address regulatory requirements Define control mechanisms to ensure compliance with PWC’s procedural 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Procedure 2.3 – Test a sample of PWC’s key controls to identify and comply with obligations

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
	primary, secondary and tertiary control owner.	<p>persons responsible, due dates and whether finding is ‘open’ or ‘closed’</p> <ul style="list-style-type: none"> Obtained extract of obligations loaded in GRACE (extracted Mar-2016) Governance Risk & Compliance team coordinate with business unit representatives to review and update controls and monitoring activities documented in GRACE in preparation for external audits. Obtained the Commission’s gap analysis of obligations extracted by PWC from GRACE in Mar-2016 	<p>2. Roles and responsibilities for control owners are not documented and/or delegated in Excel ‘Legal Obligations Register’</p> <p><i>Period of the 2014 NPD–01-Jul-2014 to 30-Jun-2015</i></p> <p>Out of 165 legal instruments logged in the Excel ‘Legal Obligations Register’ (version Jun-2014), 69 were not assigned to a responsible Manager.</p> <p><i>Present period – Jun-2016</i></p> <p>Out of 165 legal instruments logged in the Excel ‘Legal Obligations Register’ (version May-2015), two (2) were not assigned to a General Manager:</p> <ol style="list-style-type: none"> <i>Guaranteed Service Level Code</i> (risk rated ‘HIGH’) – although not recorded in the Excel ‘Legal Obligations Register’, we note that the GM Networks has been assigned as Primary Control owner to certain sections of 	<p>documents</p> <ul style="list-style-type: none"> Define monitoring mechanisms to identify control breakdowns <p>Management should:</p> <ul style="list-style-type: none"> Communicate roles and responsibilities to nominated risk and control owners 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
			<p>the code in GRACE</p> <p>2. <i>Electricity Networks (Third Party Access) Code</i> (risk rated ‘MEDIUM’) – which is also not identifiable in GRACE</p> <p>Out of 165 legal instruments, 69 were not assigned to a responsible Manager.</p>		
		<p>3. No process for periodic review and approval of control owners in the Excel ‘Legal Obligations Register’</p> <p><i>Period of the 2014 NPD and for the present period</i></p> <p>There is a lack of documentation to evidence that key stakeholders, including General Managers and the Executive Leadership Team (ELT), were involved in reviewing and approving the results of the control owners assigned to the 165 legal instruments. Hence it is unknown whether the nominated controls owners were aware of their assigned responsibilities.</p> <p>We note that despite structural separation effective 1 July 2014 and significant changes to organisational structures, there</p>	<p>3. No process for periodic review and approval of control owners in the Excel ‘Legal Obligations Register’</p> <p><i>Period of the 2014 NPD and for the present period</i></p> <p>There is a lack of documentation to evidence that key stakeholders, including General Managers and the Executive Leadership Team (ELT), were involved in reviewing and approving the results of the control owners assigned to the 165 legal instruments. Hence it is unknown whether the nominated controls owners were aware of their assigned responsibilities.</p> <p>We note that despite structural separation effective 1 July 2014 and significant changes to organisational structures, there</p>	<p>Management should:</p> <ul style="list-style-type: none"> • Introduce a process to periodically review nominated control owners, control descriptions and monitoring mechanisms • Retain evidence of review and approval process. 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	PwC Control	Procedures performed	Results	Recommendation	Management response
			<p>have been no changes between the versions Jun-2014 and May-2015 to:</p> <ul style="list-style-type: none"> • Nominated General Manager or Manager (responsible for the obligation) • Nominated group responsible for internal monitoring • Affected Business Units. 		
		<p>4. Control descriptions mapped to obligations in GRACE are generic in nature and/or missing</p> <p><i>Period of the 2014 NPD and present day</i></p> <p>Previous audit reports by Parsons-Brinckerhoff (Apr-2015, Jul-2015) and the Commission’s recent analysis (Mar-2016) have noted that control descriptions mapped to obligations in GRACE are missing or generic.</p> <p>Where control descriptions are generic, they do not give enough detail to demonstrate how PwC intend to ensure compliance against the obligation.</p> <p>PwC Australia performed a limited sample check of control gaps as identified by the</p>	<p><i>For obligations registered in GRACE</i></p> <p>Management should:</p> <ul style="list-style-type: none"> • Trace compliance obligations to specific procedural documents to identify any gaps in PwC’s internal procedures which do not address regulatory requirements • Define control mechanisms to ensure compliance with PwC’s 	<p>PwC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>	

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
			<p>Commission and validated its findings. For example, the control and monitoring mechanism assigned to the <i>Electricity networks (Third Party Access) Act</i> is limited to the following:</p> <p>Control mechanism PWC will comply with all of the legal obligations as specified in the Electricity Networks (Third Party Access) Act. PWC will adhere to the guidelines contained within the Network Access Code and PWC will adhere to all requests made to it by the regulator. PWC will ensure that any requests for information; as required under this Act; will be met within the specified time frame.</p> <p>Monitoring mechanism: Nil monitoring required for this part of the Act.</p> <p>PWC Management has asserted that many obligations are implicit in the many operational procedures. However, there has been no assessment of compliance with procedures and not all obligations are covered by a procedure; hence it is not possible to demonstrate whether PWC has an effective compliance management</p>	<p>procedural documents</p> <ul style="list-style-type: none"> • Define monitoring mechanisms to identify control breakdowns • Communicate roles and responsibilities to nominated risk and control owners • Retain evidence of review and approval for control updates. 	

Procedure 2.3 – Test a sample of PwC's key controls to identify and comply with obligations

Ref	PwC Control	Procedures performed	Results	Recommendation	Management response
			strategy.		

Ref	PwC Control	Procedures performed	Results	Recommendation	Management response
			<p>5. Control owners and control descriptions in GRACE are not systematically reviewed on a defined periodic basis</p> <p><i>Period of the 2014 NPD</i></p> <p>For risks rated less than ‘EXTREME’ in GRACE, risk and action owners were not listed against the correct responsible person – as reported by KPMG in the <i>Annual Compliance Audit 2013/14</i> (Oct-14).</p> <p>PwC Australia has confirmed that the <i>Electricity Networks (Third Party Access) 2000</i> relevant to the 2014 NPD was rated less than ‘EXTREME’ (rated ‘HIGH’). Under this rating, the owners would not have been reviewed and updated on a regular basis during the period of the 2014 NPD.</p> <p>PwC Australia does not have access to a historic version of GRACE and hence is unable to make further comment on the accuracy and completeness of control owners and control descriptions held in the GRACE system for the period of the 2014 NPD.</p>	<p>Management should:</p> <ul style="list-style-type: none"> Introduce a process to periodically review nominated control owners, control descriptions and monitoring mechanisms (we note that this is performed on an ad-hoc basis in preparation for audits but a roadmap has not been formally documented or finalised) 	<p>PwC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Procedure 2.3 – Test a sample of PWC’s key controls to identify and comply with obligations

Ref	PWC Control	Procedures performed	Results	Recommendation	Management response
			<p><i>Update for present period (Jun-2016)</i></p> <p>In April 2016, the Commission provided PWC with an analysis of the nominated controls for obligations uploaded into GRACE. The Commission’s analysis was not formally reviewed by PWC and there is not yet a clear plan to incorporate the UC’s analysis into its review of obligations registered in GRACE.</p> <p>We note that the Governance Risk & Compliance team coordinate reviews and update controls and monitoring activities documented in GRACE in preparation for audits. PWC has confirmed that obligation owners and mapped controls will be reviewed in future. However, the roadmap for this task has not yet been developed.</p>		

***Appendix G Procedure 2.3 – Test
key controls in relation to PWC’s
Annual Compliance Declaration
process***

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
2.3.7	<p>Formal procedures are agreed by which PwC prepares and submits its Annual Compliance Report</p> <p>The Annual Compliance Report is a new annual requirement introduced by the Commission in Oct-2015. Procedures are developed by PwC including:</p> <ul style="list-style-type: none"> Documents to be prepared and/or reviewed as part of PwC’s response are clearly defined (e.g. register of events, register of non-compliance issues, status of prior audit findings, Management declarations of self-assessments) Consultations to be undertaken are agreed with key stakeholders Roles and responsibilities are formally assigned for the preparation and approval of the Annual Compliance Report 	<ul style="list-style-type: none"> Inquiries with relevant stakeholders [redacted] We note that PwC’s Annual Compliance Report made reference to “working on improvements to its compliance strategy, in accordance with the recommendations made by Parsons Brinckerhoff in the assessment of ‘PwC’s Compliance Process and Compliance Reporting’.” However, the scope of Parsons Brinckerhoff’s review in Jul-15 had been limited to the ‘establishment’ of an effective compliance program. PwC had not been considered sufficiently mature or robust to undergo an audit of the principles related to ‘implementation’ and ‘monitoring’ of compliance. Hence any audit findings were similarly limited. PwC had been notified of this scope limitation and the rationale for it in a letter from the Utilities 	<p>2. Procedure for developing and submitting the Annual Compliance Report has not been formally defined</p> <p>The Annual Compliance Report was a new annual requirement introduced by the Commission in Oct-2015. Procedures for its preparation and submission have not been formally defined by PwC including:</p> <ul style="list-style-type: none"> Process for engaging the Executive Leadership team (ELT)/senior Management to confirm compliance status Process for incorporating and responding to previous compliance audits Process for reporting potential non-compliance issues (where they are under investigation) 	<p>Management should:</p> <ul style="list-style-type: none"> Define and formally document its procedures for the preparation of the Annual Compliance Report Communicate roles and responsibilities to key stakeholders. 	<p>PwC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
		<p>Commissioner to the Chief Executive (dated 02-Oct-2015).</p> <ul style="list-style-type: none"> The ACS overcharge was identified in Oct-2015 but was not reported to the Commission in the Annual Compliance Report in Dec-2015. The ACS overcharge had not been categorised by PWC as a breach at that stage. 			
<p>2.3.8</p>	<p>Appropriate senior Management stakeholders were consulted in the preparation of the Compliance Declaration</p> <p>PWC certified in its letter to the Commission (Dec-2015) that <i>“we have made all necessary inquiries of appropriate officers in this organisation to confirm that management has developed a compliance system that accords with AS3806-2006 and which meets Power and Water Corporation’s licence conditions and that the system has been implemented by the organisation.”</i></p> <p>Senior Management were consulted as part of monthly</p>	<ul style="list-style-type: none"> Inquiries with relevant stakeholders [redacted] Obtained Annual Compliance Report dated 04-Dec-2015 (letter from PWC to the Commission) Obtained Compliance Status Reports submitted to ARMC meetings which were held between Feb-2014 and Mar-2016 	<p>1. Consultation as part of the annual compliance declaration process is not evidenced</p> <p>While management have asserted that discussions took place on all non-compliances reported, there is not clear documentation that evidences that the Audit and Risk Management Committee (ARMC) or the Executive Leadership Team (ELT) were consulted as part of the annual compliance declaration process. We note that the Company Secretary attended ARMC and ELT meetings prior to drafting the compliance declaration with CE and Chair.</p> <p>PWC Management recognise a control gap in terms of Management confirming compliance. No assurances could be provided by management regarding its compliance status.</p>	<p>Management should:</p> <ul style="list-style-type: none"> Retain documentation to evidence key stakeholder consultations held (key consultations to be defined as part of Annual Compliance Report procedure). 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at</p>

Procedure 2.3 – Test key controls in relation to PwC’s Annual Compliance Declaration process

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
	Executive Leadership Team (ELT) meetings and Audit and Risk Management Committee meetings.				its October 2016 meeting. Specific actions and action owners will then be developed and nominated accordingly.

Appendix H Procedure 2.9 – Test a sample of key controls by which PWC identifies material breaches

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
2.9.1	<p>Formal policies and procedures exist with regard to compliance monitoring <i>Identify breaches</i></p> <p>Policies and procedures are formally documented which outline the process for responding to, rectifying and reporting breaches against regulatory licencing requirements which include:</p> <ul style="list-style-type: none"> • Defined roles and responsibilities • Processes and systems by which non-compliance issues are logged and tracked • Risk assessment guidelines • Requirements for investigation 	<ul style="list-style-type: none"> • Obtained Compliance Management documents relevant to both periods; period of the 2014 NPD and present period (Jun-2016) • Obtained Risk Management documents relevant to both periods; period of the 2014 NPD and present period (Jun-2016) • Sighted document history recorded within the documents outlining the status of its approval • Mapped contents of Compliance Management and Risk Management documents to control description 	<p>The findings noted in control 2.3.1 are also relevant to identification of material breaches.</p>	Refer to 2.3.1	Refer to 2.3.1
2.9.2	<p>Monitoring mechanisms are assigned to legal obligations <i>Identify breaches</i></p> <p>In accordance with the <i>Compliance Management Strategy</i> (approved Apr-15) “performance of the compliance program is monitored, measured and reported. The Corporation is able to demonstrate its</p>	<ul style="list-style-type: none"> • Obtained annual compliance audits performed by KPMG as Internal Auditors (2013/14 and 2014/15) • Obtained Parsons Brinckerhoff’s <i>Special Technical Audit</i> (Apr-2015) • Obtained Parsons Brinckerhoff’s <i>Audit of PWC’s Compliance</i> 	<p>1. Inconsistent process for periodic review and update of monitoring mechanisms. Monitoring mechanisms are not fully documented in GRACE</p> <p><i>Monitoring mechanisms for legal obligations of ALL risk levels</i></p> <p>Results of sample tests identified:</p> <ul style="list-style-type: none"> • Monitoring mechanisms are not documented if the obligation itself is missing from GRACE or the ‘Legal Obligations Register’. Refer to specified 	<p>Management should:</p> <ul style="list-style-type: none"> • Introduce a process to periodically review monitoring mechanisms • Consider aligning the frequency of monitoring mechanisms with the likelihood of 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations</p>

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
	<p>compliance program through both documentation and practice.”</p> <p>The <i>Compliance Management Strategy</i> (Apr-2015) outlines a number of mechanisms used to monitor compliance including;</p> <ul style="list-style-type: none"> • Audits performed by PWC’s outsourced Internal Auditors • Audits performed by External Audit • Compliance audits performed by PWC employees • Self-assessment i.e. declarations of compliance by management and/or employees • Provision of information provided by employees or entered into the compliance information management system <p><i>Excel ‘Legal Obligations Register’</i></p> <p>Control gap:</p> <p>There are no descriptions of monitoring mechanisms logged in this register.</p> <p><i>GRACE</i></p>	<p><i>Process and Compliance Reporting</i> (Jul-2015)</p> <ul style="list-style-type: none"> • Obtained extract of audit findings recorded in GRACE including status tracker of action items, nominated persons responsible, due dates and whether finding is ‘open’ or ‘closed’ • Parsons Brinckerhoff (‘PB’) raised an audit finding in section 3.5.3d) of its <i>Audit of PWC’s Compliance Process and Compliance Reporting</i> (Jul-2015). It was recommended that all compliance obligations (high, medium and low risk) were controlled and monitored at a frequency that aligns with their likelihood of non-compliance • PWC did not accept this recommendation. PWC considers that it applies a risk based approach to monitoring of compliance obligations. A comprehensive review of the compliance framework and program has been undertaken. However, a risk based 	<p>procedures 2.1 and 2.3 for completeness of obligation registers</p> <ul style="list-style-type: none"> • Where the obligation is registered in GRACE, there are instances when the field for ‘Monitoring Mechanism’ has not been completed. Examples of missing monitoring mechanisms include (not an exhaustive list): <ul style="list-style-type: none"> – Dangerous Goods Act 1998 – Disaster Act – Electricity Networks (Third Party Access) Act – Workers Rehabilitation and Compensation Act – Bush Fire Act <p>Majority of monitoring mechanisms described in the GRACE reports are not actual mechanisms or do not provide any information on the monitor in place</p> <p>Similar to the control mechanisms, we note that the Governance Risk & Compliance team coordinate reviews and update controls and monitoring activities documented in GRACE in preparation for audits. PWC has confirmed that obligation owners and mapped controls will be reviewed in future. However, the roadmap for this task has not yet been developed.</p> <p>Parsons-Brinckerhoff recommended that all compliance obligations should be controlled and monitored at a frequency that aligns with their likelihood of non-compliance. For example, where the likelihood of non-compliance is ‘likely’ or ‘almost certain’, as defined in the <i>PWC Risk Assessment Guide</i>,</p>	<p>non-compliance. ie an obligation with a high likelihood of non-compliance is monitored more frequently</p> <ul style="list-style-type: none"> • Demonstrate that PWC’s assurance planning (in-house and external audits) has scoped in obligations where the monitoring mechanism is assigned as ‘Audit’. Retain documentation to evidence this linkage. 	<p>will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
	<p>Monitoring mechanisms are mapped to obligations in GRACE.</p>	<p>approach to compliance is planned to continue. Recommendation was closed in GRACE.</p> <ul style="list-style-type: none"> PwC's position was formally noted by the Audit & Risk Management Committee in Mar-2016 and the finding was closed in GRACE. 	<p>audit as the monitoring mechanism may not be appropriate, rather, more regular operational monitoring and reporting may be more appropriate</p> <p>PwC Australia notes that the recommendation from Parsons-Brinckerhoff can only be implemented if PwC makes updates to its risk assessment process, noting:</p> <ul style="list-style-type: none"> The likelihood of non-compliance has not been assessed for those legal obligations recorded in the Excel register of legal obligations The likelihood of non-compliance is not separately identifiable within GRACE. The overall risk rating can be filtered but the component relating to likelihood is not a separate field in the compliance management system 		
2.9.3	<p>An assurance plan for regulatory controls testing is reviewed by the Audit and Risk Committee and the Board <i>Identify breaches</i></p> <p>In accordance with the <i>Compliance Management Strategy</i> (approved Apr-15), a compliance activities plan is developed on an annual basis and includes the activities to be undertaken to assess compliance across the Corporation, including those detailed above.</p>	<ul style="list-style-type: none"> Inquiries with Economics & Regulatory team and Governance Risk Audit and Compliance team Obtained Compliance Status Reports submitted to ARMC meetings which were held between Feb-2014 and Mar-2016 Obtained summary of status of Audits for 2015/16 Obtained Business Services Performance Report – Apr-2016 Obtained draft 2016/17 	<p>1. Compliance self-assessment processes are in early pilot stage</p> <p>PwC does not currently have processes in place to periodically self-assess compliance with obligations. We note that a trial process is currently being implemented with an objective of rolling this out across key obligations.</p> <p>Consultation has been undertaken with Business Units regarding their implementation and the success criteria associated with their use. It was intended to incorporate this activity as part of the compliance strategy. However, PwC has recently deferred implementation to allow a more detailed management review of PwC's</p>	<p>Management should:</p> <ul style="list-style-type: none"> In the short term, formally document the roadmap for rolling out compliance self-assessments including objectives, scope, approach, frequency and stakeholder engagement Implement formal self-assessment 	<p>PwC accepts the intent of this recommendation and is commencing a broad-based review of the corporation's compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to</p>

Procedure 2.9 – Test a sample of key controls by which PwC identifies material breaches

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
	<p>PwC Internal Audit develops an Annual Audit Plan which is endorsed by the Executive Leadership Team (ELT) and approved by ARMC.</p>	<p>internal audit plan</p> <ul style="list-style-type: none"> • A draft Internal Audit Plan for 2016/17 (external provider KPMG) has been prepared and proposed changes to the internal audit plan for 2016/17 (PwC internal) are being reviewed. Both will be presented to the ARMC with a final plan to be tabled at the June meeting. • Obtained summary of status of compliance assessment plans • Obtained draft templates for pilot self-assessment program 	<p>compliance approach, including benchmarking against other organisations nationally.</p>	<p>processes</p> <ul style="list-style-type: none"> • Develop training materials and deliver training to nominated employees 	<p>the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Appendix I Procedure 2.12 – Test a sample of PWC’s key controls to report breaches

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
<p>2.12.1</p>	<p>Formal policies and procedures exist with regard to reporting breaches <i>Report breaches Identify breaches</i></p> <p>Policies and procedures are formally documented which outline the process for responding to, rectifying and reporting breaches against regulatory licencing requirements which include:</p> <ul style="list-style-type: none"> • Defined roles and responsibilities • Processes and systems by which non-compliance issues are logged and tracked • Risk assessment guidelines • Requirements for investigation • Escalation of breach reporting internally and externally 	<ul style="list-style-type: none"> • Obtained the following documents: <ul style="list-style-type: none"> – Compliance Management documents relevant to both periods; period of the 2014 NPD and present period (Jun-2016) – GRACE user guides as logged in Appendix U [Information in this appendix has been redacted] – Corporate Procedure – Breach of the Ring-Fencing Code (Jan-2009) 	<p>1. A breach reporting policy has not been formally documented</p> <p>The <i>Compliance Policy</i> and <i>Compliance Management Strategy</i> assign roles and responsibilities for reporting and escalating breaches internally. GRACE user guides have been documented for logging, assessing and investigating incidents/events.</p> <p>However, there are no current formal policies and procedures outlining processes for reporting and escalating breaches externally to the Utilities Commission nor have roles and responsibilities been formally assigned.</p> <p>A breach reporting procedure was documented for the Ring-Fencing Code and was last updated in Jan-2009. Under this procedure, the Manager Regulation, Pricing and Economic Analysis was designated as responsible for providing formal notification of the breach to the Utilities Commission as soon as reasonably possible after becoming aware of the breach.</p>	<p>Management should:</p> <ul style="list-style-type: none"> • Formally document and communicate the breach reporting process including guidelines on timeframes for verbal updates/formal reporting to the Commission • Clarify with the UC the requirement for reporting non-compliance events “as soon as possible”. 	<p>PwC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>
<p>2.12.2</p>	<p>Training and training materials are provided to relevant PwC staff to report identified breaches or concerns <i>Report breaches</i></p>	<ul style="list-style-type: none"> • Obtained the following documents: <ul style="list-style-type: none"> – Compliance Management documents relevant to both periods; period 	<p>1. Employees have not yet completed mandatory GRACE training</p> <p>There are currently 310 employees nominated for mandatory GRACE training that have not yet completed</p>	<p>Management should:</p> <ul style="list-style-type: none"> • Confirm minimum training requirements for various categories of employees engaged 	<p>PwC accepts the intent of this recommendation and is commencing a broad-based review of the</p>

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
	<p>For the full period when the breach was identified (Oct-2015) to present period (Jun-2016), the <i>Compliance Management Strategy</i> (Apr-2015) states that “procedures and training will be provided to ensure employees are aware of their obligations and how they can report identified breaches or concerns”.</p>	<p>of the 2014 NPD and present period (Jun-2016)</p> <ul style="list-style-type: none"> – GRACE user guides as logged in Appendix U [Information in this appendix has been redacted] – Corporate Procedure – Breach of the Ring-Fencing Code (Jan-2009) <ul style="list-style-type: none"> • Validated whether contents of documents and training materials provided staff with guidance on how to identify and comply with obligations. • GRACE user guides were obtained and it was noted that these document how breaches should be logged and escalated internally. • Obtained extract from GRACE (as at Mar-2016) of obligations under the regulation of the Commission including primary, secondary and tertiary control owners • Obtained extract from GRACE of employees nominated as assessors 	<p>it. There are anticipated to be additional employees and contractors who are not yet nominated on this list. The due-date for training completion was mandated as 30-Jun-2016.</p> <p><i>Control owners</i></p> <p>There were 19 employees nominated as primary, secondary or tertiary control owners for obligations under the regulation of the Utilities Commission as populated in the GRACE system.</p> <p>Of these, training records provided on 09-Jun-2016 noted:</p> <ul style="list-style-type: none"> • 11 have not yet been recorded as having completed GRACE training (3 were not nominated as required to complete this training) <p><i>Assessors</i></p> <p>There were 64 employees nominated as an assessor in GRACE (as at 01-Jul-2016).</p> <p>Of these, training recorded provided on 09-Jun-2016 noted that:</p> <ul style="list-style-type: none"> • 49 have not completed GRACE assessor training • Of these 49, 25 have also not completed GRACE basic training (14 are also not nominated as required to complete GRACE training) 	<p>in compliance processes</p> <ul style="list-style-type: none"> • Develop a plan to have employees undertake their required training • Implement a process to annually confirm that all compliance obligation owners (and assessors, if appropriate) have undertaken required training. 	<p>corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
		<p>in GRACE system (as at 01-Jul-2016)</p> <ul style="list-style-type: none"> • Obtained extract from PWC’s Training Management System of training registers (names of staff who have completed/nominated for training) • Mapped status of training completion against assigned primary/secondary/tertiary control owners in GRACE for obligations under the Commission • Mapped status of training completion against assessors nominated in GRACE 	<p>We note that PWC Management have not yet determined the criteria for employees to receive additional GRACE ‘Assessor’ training.</p>		
<p>2.12.3</p>	<p>Breaches are logged for tracking purposes in GRACE or an alternative separate breach register <i>Report breaches</i></p> <p>In accordance with the <i>GRACE user guide v3.0</i>, Power and Water's electronic event recording system is GRACE where all events should be recorded, assessed and investigated, where required. An event is defined to include “regulatory</p>	<ul style="list-style-type: none"> • Inquiries with Company Secretary, Economics & Regulatory team and Governance Risk Audit and Compliance team • Obtained extract of ‘events’ including non-compliance issues from GRACE (extracted Jun-2016) • Obtained Excel ‘Ring-fencing Code – Register of Breaches and Investigations’ • Obtained Annual 	<p>1. A consolidated register of non-compliance is not maintained</p> <p>There is not a formal register maintained of actual or possible non-compliance that is available for consideration by PWC as part of its submission i.e. to report breaches under investigation or breaches not yet reported to the Commission.</p> <p>The schedule of regulatory breaches submitted by PWC to the Utilities Commission as part of its compliance declaration represented a summary of:</p>	<p>Management should:</p> <ul style="list-style-type: none"> • Formalise the process for recording non-compliance events in GRACE (or alternate system) • Communicate this requirement to compliance owners • Formalise the requirements for PWC to notify the Commission of non-compliances/breach 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the</p>

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
	<p>compliance issues”.</p> <p>A separate Excel register ‘Ring-fencing Code – Register of breaches and investigations’ has been maintained by the Economics and Regulatory team</p>	<p>Compliance Report dated 04-Dec-2015 (letter from PWC to the Commission)</p> <ul style="list-style-type: none"> Mapped breaches as reported in the Annual Compliance Report to the GRACE extract of events and Excel ‘Ring-Fencing Code – Register’. 	<ul style="list-style-type: none"> Breaches already reported by PWC to the Utilities Commission or Non-compliance issues considered a breach by the UC (but not categorised as such by PWC) <p>The schedule identified nine (9) instances of non-compliance. Of these:</p> <ul style="list-style-type: none"> Eight (8) were not formally logged in GRACE or an alternative register of breaches. One (1) had been logged in an Excel register of ‘Ring-fencing Code – Register of breaches and investigations’ although the non-compliance itself was not a ring-fencing issue. 	<p>es pending investigation as part of the Annual Compliance Report</p>	<p>Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>
<p>2.12.4</p>	<p>Compliance issues are reported to the Executive Leadership Team (ELT) as part of ELT meetings</p> <p><i>Report breaches</i></p> <p>In accordance with the <i>Compliance Policy</i>, formal compliance reporting has been introduced with regular reporting to Executive Management on compliance assessment results, including any identified breaches.</p> <p>Executive Leadership Team (ELT) meetings are held on a monthly basis. Compliance</p>	<ul style="list-style-type: none"> Inquiries with Chief Executive, Company Secretary, Economics & Regulatory team, Governance Risk Audit and Compliance team, GM Networks, GM Customer Service Centre 	<p>1. Periodic compliance reporting to the ELT is not formalised</p> <p>Discussion with Management has indicated that compliance issues are discussed as part of ELT and ARMC meetings.</p> <p>There is not a standing agenda item and no non-compliance issues have been formally minuted in ELT meetings held Jul-2015 to Mar-2016.</p> <p>PWC’s Annual Compliance Declaration (signed 04-Dec-2015) identified nine (9) instances of non-compliance. PWC we unable to provide evidence that these were</p>	<p>Management should:</p> <ul style="list-style-type: none"> Implement a process for the formal periodic discussion of compliance issues and the status of resolution of any identified events. Formally record decisions that are made with regard to compliance events identified. 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk</p>

Procedure 2.12 – Test a sample of PWC’s key controls to report breaches

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
	issues are raised and discussed in this forum.		formally tabled in the Executive Leadership Team (ELT) meetings. We note that PWC Management state each was verbally discussed.		Management Committee (ARMC) for consideration at its October 2016 meeting. Specific actions and action owners will then be developed and nominated accordingly.

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
2.12.5	<p>Compliance issues are reported to the Audit and Risk Management Committee (ARMC) <i>Report breaches</i></p> <p>In accordance with the <i>Compliance Policy</i>, the Audit and Risk Management Committee are responsible for “monitoring compliance performance through reviews of regular compliance reporting from Management”. The Compliance Declaration (Dec-2015) states that “the progress of [audit] findings are managed through the GRACE system and reported regularly to the Audit and Risk Management Board Committee, as a standing agenda item”.</p>	<ul style="list-style-type: none"> Obtained Compliance Status Reports submitted to ARMC meetings between Feb-2014 and Apr-2016 Validated that ARMC meetings are held every 2-3 months. A standard Compliance Status Report is submitted to the ARMC by the Governance, Risk, Audit and Compliance Manager. The report provides a summary of the key compliance activities managed by the Governance, Risk and Compliance Unit. It includes: <ul style="list-style-type: none"> Compliance Management update Planned activities Status of open audit compliance findings Compliance watch list (upcoming changes to regulations/legislation etc.) 	<p>1. Periodic compliance reporting to the ARMC is not formalised</p> <p>Discussion with Management has indicated that compliance issues are discussed as part of ELT and ARMC meetings.</p> <p>Compliance status reports submitted to ARMC in the period Feb-2014 to Apr-2016 did not include a listing of compliance breaches identified or reported to the Utilities Commission or a statement that no issues have been identified during the period.</p> <p>PWC’s Annual Compliance Declaration (signed 04-Dec-2015) identified nine (9) instances of non-compliance. PWC were unable to provide evidence these were included in the Compliance Status Reports submitted by the Governance Risk and Compliance unit to the Audit and Risk Management Committee.</p>	<p>Management should:</p> <ul style="list-style-type: none"> Implement a process for the formal periodic reporting of compliance issues identified to the ARMC and the status of resolution of any identified events. Formally record decisions that are made with regard to compliance events identified. 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>
2.12.6	<p>Material breaches are reported to the Utilities Commission through verbal discussions and formal written documentation <i>Report</i></p>	<ul style="list-style-type: none"> Inquiries with stakeholders as listed in Appendix V [Information in this appendix has been redacted] Obtained Annual 	<p>1. Inconsistency in reporting compliance breaches to the Utilities Commission</p> <p>There is inconsistency in the way compliance breaches are reported.</p>	<p>Management should:</p> <p>Formalize the process for breach reporting to regulatory authorities.</p> <p>Implement a process for</p>	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the</p>

Ref	Control title/description	Procedures performed	Results	Recommendations	Management response
	<p><i>breaches</i></p> <p>PWC’s Corporate Procedure for <i>Breach of the Northern Territory Electricity Ring-Fencing Code</i> (Jan – 2009) requires the Manager Regulation, Pricing and Economic Analysis is designated as responsible for providing formal notification of the breach to the Utilities Commission as soon as reasonably possible after becoming aware of the breach.</p>	<p>Compliance Report dated 04-Dec-2015 (letter from PWC to the Commission)</p> <ul style="list-style-type: none"> • PWC Management indicated that breaches are reported formally to the Utilities Commission once PWC is able to document the following items (in line with the Utilities Commission’s <i>Compliance Framework and Reporting Guidelines</i> (Feb-2016): <ul style="list-style-type: none"> – Brief statement explaining the circumstances and reasons for the breach – Brief statement explaining any delay in reporting the breach – Relevant regulatory provision(s) – Consequences of non-compliance – Remedial measures • Validated that a letter reporting a breach to the Utilities Commission is typically reviewed and signed by the Chief Executive of PWC. 	<p>PWC’s Annual Compliance Declaration (signed 04-Dec-2015) identified nine (9) instances of noncompliance. Of these:</p> <ul style="list-style-type: none"> • Four (4) were reported to the Utilities Commission as an email from the Senior Manager, Economics & Regulation. It is not clear if this is acceptable as there is not a formal breach reporting protocol, however these are typically sent from the Chief Executive. • Two (2) were not considered a breach – of which one (1) had been previously reported by PWC to the UC as a breach and the other one (1) was had not been considered a reportable breach • Two (2) were not separately notified to the UC as a breach. The UC was formally notified as part of the annual Declaration of Compliance on 04-Dec-2015 which included a schedule of 2014-15 compliance breaches. <p>NOTE: Additional issues have been raised relating to formal procedures including:</p> <ul style="list-style-type: none"> • Specified procedure 2.8: Understand PWC’s current risk assessment to categorise a breach as ‘material’ (issue ref. 2.8.1-1.) 	<p>the periodic assessment/declaration of compliance.</p>	<p>corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

***Appendix J Procedure 2.14 –
Compliance with PWC’s breach
reporting requirements***

Ref	PWC Control	Procedures Performed	Results	Recommendation	Management Response
2.14.1	<p>Required events should be entered into GRACE</p> <p><i>Report breaches</i></p> <p>Refer to control requirements as outlined in PWC’s procedures as per Specified Procedure 2.13.</p>	<ul style="list-style-type: none"> Obtained breach reporting procedural documents as listed in Appendix U [Information in this appendix has been redacted] Held inquiry meetings with key stakeholders as listed in Appendix V [Information in this appendix has been redacted] Obtained extract of ‘events’ including non-compliance issues from GRACE (extracted Jun-2016) Obtained Excel ‘Ring-fencing Code – Register of Breaches and Investigations’ 	<p>1. The ACS breach was not entered into GRACE</p> <p>When the ACS overcharge issue was identified in Oct-2015, the following procedure was in place; GRACE Event Notification, Recording, Assessing and Investigation Procedure (issued May-2012) which required events should be logged within 24 hours of occurrence but did not stipulate these event types included regulatory issues.</p> <p>When the ACS overcharge issue was identified as a breach in March-2016, the GRACE user guide v3.0 (Dec-2015) was in place which defined an event to include “regulatory compliance issues”.</p> <p>We note that a separate Excel register ‘Ring-fencing Code – Register of breaches and Investigations’ has been maintained by the Economics and Regulatory team. The ACS overcharge has been logged in this Excel sheet.</p> <hr/> <p>2. The unresolved ACS issue relating to developers is not entered into GRACE</p> <p>As reported in Part 1 of our Specified Procedures, PWC has yet to reach a position on the treatment of ‘Service Establishment – New Infrastructure’ as an ACS for developers.</p> <p>This potential non-compliance (subject to investigation) is still not recorded in GRACE as at present day (Jun-2016).</p>	<p>Management should:</p> <ul style="list-style-type: none"> Formalise the process for recording events in GRACE (if this is the system of choice) as recommended under Specified Procedure 2.3, control # 2.3.12 Communicate the requirement to identify non-compliance events in GRACE (if this is the system of choice) as recommended under Specified Procedure 2.3, control # 2.3.12 <hr/> <p>Management should:</p> <ul style="list-style-type: none"> Log the ACS for developers issue in GRACE (or alternate system) to ensure the process for resolution and reporting is followed 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting. Specific actions and action owners will then be developed and nominated accordingly.</p> <hr/> <p>This issue will be entered in GRACE. The 2019-2024 distribution determination project will ensure proper embedding of all aspects of the AER determination into business-as-usual procedures and</p>

Ref	PWC Control	Procedures Performed	Results	Recommendation	Management Response
			<p>It is also not logged in the Excel register ‘Ring-fencing Code – Register of breaches and Investigations’ as an outstanding investigation.</p>		<p>processes.</p>
<p>2.14.2</p>	<p>Events should be risk assessed within 3 business days <i>Report breaches</i> Refer to control requirements as outlined in PWC’s procedures as per Specified Procedure 2.13.</p>	<ul style="list-style-type: none"> • Obtained breach reporting procedural documents as listed in Appendix U [Information in this appendix has been redacted] • Held inquiry meetings with key stakeholders as listed in Appendix V [Information in this appendix has been redacted] • Obtained extract of ‘events’ including non-compliance issues from GRACE (extracted Jun-2016) • Obtained Excel ‘Ring-fencing Code – Register of Breaches and Investigations’ 	<p>1. There is no documentation to evidence that a risk assessment was completed within 3 business days</p> <p>When the ACS overcharge issue was identified in Oct-2015, the following procedure was in place; <i>GRACE Event Notification, Recording, Assessing and Investigation Procedure</i> (issued May-2012) which did not stipulate a timeframe for the risk assessment.</p> <p>The updated <i>GRACE Assessor Guide</i> (Feb-2016) requires a risk assessment to be completed within 3 business days.</p> <p>For the 2014 NPD breach, we note that a management meeting was arranged where this event was discussed attended by relevant PWC executives [redacted]. While it is likely the risk of this event was discussed, there is no formal risk assessment available (at that date or present day).</p>	<p>Management should:</p> <ul style="list-style-type: none"> • Formally record the completion of the risk assessment in the event of an identified compliance event. 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s risk and compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>
<p>2.14.3</p>	<p>Investigations should be closed within 30 days (or reasons provided if this timeframe is extended) <i>Report breaches</i></p>	<ul style="list-style-type: none"> • Held inquiry meetings with key stakeholders as listed in Appendix V [Information in this appendix has been redacted] • Obtained extract of 	<p>1. Timelines for event recording and investigation were not complied with</p> <p>Review of the timeframes for action taken to address the ACS issues noted:</p> <ul style="list-style-type: none"> • The Initial investigation report was submitted within 43 business days 	<p>Management should:</p> <ul style="list-style-type: none"> • Communicate required timeframes for completion of investigations through training materials and 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s risk and compliance</p>

Ref	PWC Control	Procedures Performed	Results	Recommendation	Management Response
	<p>Refer to control requirements as outlined in PWC’s procedures as per Specified Procedure 2.13.</p>	<p>‘events’ including non-compliance issues from GRACE (extracted Jun-2016)</p> <ul style="list-style-type: none"> Obtained Excel ‘Ring-fencing Code – Register of Breaches and Investigations’ 	<p>(expected within 30 business days)</p> <p>A preliminary investigation report (email) was submitted to PWC Executive GM by internal PWC email within 43 days. PWC Management asserted that Exec GM was notified verbally prior to this date.</p> <p>In accordance with the <i>GRACE Event Notification, Recording, Assessing and Investigation Procedure</i> (issued May-2012), sections 14.10-14.11, an interim investigation report must be submitted to the Managing Director within a maximum of 30 days for all extreme risk assessed events. The investigation should have a time-line (suggest 60 days) for completion. The ACS issue has not been risk-assessed. Hence it is not possible to confirm whether PWC complied in respect of the ACS issue.</p> <p>In accordance with the <i>GRACE Event Assessors Guide</i> (Feb-2016), investigations must be closed within 30 days once the action items are closed. If an investigation is open for longer than 30 days and closing the investigation within the timeframe is not feasible, reasons must be noted in the investigation workbench under ‘Discussions’ which is a ‘log of events’ for investigators.</p> <ul style="list-style-type: none"> Analysis of domestic ACS customers affected by the breach was finalised within 99 days. Final results of customer analysis and proposed wording for joint customer letters was provided to Jacana Energy by GM of Customer Service 	<p>training delivery</p> <ul style="list-style-type: none"> Where an investigation cannot be completed within the expected timeframe, approval from senior management should be obtained and documented. Log the ACS for developers issue in GRACE (or alternate system) to ensure the process for resolution and reporting is followed (as noted in recommendation under control # 2.14.1) 	<p>strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

Ref	PWC Control	Procedures Performed	Results	Recommendation	Management Response
			<p>Centre.</p> <ul style="list-style-type: none"> Investigation of regulatory treatment for developers has not been yet been determined. Finding has been recorded with reference 1.2.4.-1. under specified procedure 1.2. 		
<p>2.14.4</p>	<p>PWC must report breaches to the Commission as soon as reasonably possible</p> <p><i>Report breaches</i></p> <p>Refer to control requirements as outlined in PWC’s procedures as per Specified Procedure 2.13.</p>	<ul style="list-style-type: none"> Held inquiry meetings with key stakeholders as listed in Appendix V [Information in this appendix has been redacted] Letter dated 10-Mar-2016 from PWC Chief Executive to the Commission notifying of the ACS breach 	<p>1. Breaches should be reported to the Commission “as soon as possible”. Notification of the ACS overcharge occurred within 103 business days</p> <p>It is unclear/unknown when the ACS issue overcharge issue was considered to be regulatory breach by PWC. PWC Management has stated it reported the breach as such as soon</p> <p>However, within 103 business days, the Utilities Commission was formally notified of ACS overcharge in writing by PWC’s Chief Executive of “a breach of the parameters of the 2014 Network Price Determination (NPD)”</p> <p>Refer also to finding 2.3.12.-2.; ACS new infrastructure issue was not reported in the Annual Compliance Report. The ACS issue was identified in Oct-2015 but was not reported to the Commission in its Annual Compliance Report in Dec-2015</p>	<p>Management should:</p> <ul style="list-style-type: none"> Agree with the Commission the process for informing them of suspected breaches (while investigation takes place to quantify the impact) Document this requirement in the Compliance Event Management procedure. 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s risk and compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

***Appendix K Procedure 2.15 –
Known gaps or areas for
improvement in the current or
previous processes and procedures***

Ref	PWC Control	Procedures Performed	Results	Recommendation	Management Response
2.15.1	<p>Improvement s/gaps identified in audit reports are logged in GRACE for action</p> <p><i>Continuous improvement</i></p>	<ul style="list-style-type: none"> Obtained extract of audit findings tracker from GRACE as at Jun-2016 Traced a sample of audit findings from external compliance audit reports to PWC's tracker of audit findings and action plans as at 01-Jun-2016. 	<p>1. Inconsistency in reporting of risk ratings to ARMC</p> <p>There is inconsistency in the reporting of risk ratings assigned to these audit findings. The Compliance Status Report (Jul-2015) submitted to the ARMC noted:</p> <p><i>The annual Compliance Audit undertaken by Parsons Brinkerhoff on behalf of the Utilities Commission has been completed with a number of minor recommendations for Power and Water Corporation to implement.</i></p> <p>Parsons-Brinckerhoff ('PB') does not assign risk/criticality ratings to audit findings except to note that PWC is 'Non-compliant' in those instances.</p> <p>PWC Management has assigned all of PB's audit findings with a 'MEDIUM' criticality rating in GRACE. These criticality ratings are not reported to the ARMC.</p>	<p>Management should:</p> <ul style="list-style-type: none"> Include risk ratings in reporting audit findings to ARMC 	<p>PWC is commencing a broad-based review of the corporation's Internal Audit function, reporting and performance metrics relating to Internal Audit, to be presented to Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting. The review of all existing recommendations is expected to be completed by December 2016.</p>
			<p>2. Action plans in response to audit findings do not address root causes</p> <p>PB's <i>Special Technical Audit</i> (Apr-15) reported the following audit finding:</p> <p><i>Establish and maintain a compliance process – Corporate Compliance system GRACE currently does not provide granularity required. Lack of internal audit. No active internal compliance program for licence obligations or obligations arising from the System Control Technical Code. STA2.4 P114 13-14 PSR</i></p>	<p>Management should:</p> <ul style="list-style-type: none"> Review audit plans to ensure that all items within the audit finding are addressed Incorporate lessons learned from audit findings into compliance management strategy planning (i.e. demonstrating continuous improvement from 	<p>PWC Internal Audit develop audit work plans, risk assessment and a testing processes. Audit findings / recommendations are reviewed by management and then entered into and monitored in the GRACE system.</p> <p>As per response to 2.15.1.-1 A project to</p>

Procedure 2.15 – Known gaps or areas for improvement in the current or previous processes and procedures

Ref	PwC Control	Procedures Performed	Results	Recommendation	Management Response
			<p>The finding was closed in GRACE in Nov-2015 after individual compliance obligations specific to the <i>System Control Technical Code</i> were uploaded into GRACE with updated control and monitoring mechanisms. An annual review is scheduled in Jul-2016.</p> <p>However, PB’s finding was relevant to obligations beyond the <i>System Control Technical Code</i> and hence a similar finding is still outstanding as reported by PwC Australia under Specified Procedures 2.3 and 2.9.</p> <p>Parsons-Brinkerhoff’s finding also included an observation on the lack of tie-through to ensure that if 'internal audit' was elected as the monitoring mechanism, it was clearly scoped into future scopes of internal audit reviews. There are a significant number of obligations with 'Annual Audit' nominated as the monitoring mechanism. An action plan has not developed in response to this element. A similar finding has been raised by PwC Australia under Specified Procedure 2.9 (ref. issue 2.9.3.-2.).</p> <p>Management has confirmed that this finding would have been discussed at meetings of the Technical Committee (Management) or Audit and Risk Management Committee (Board) or System Control Board Sub-committee (Board).</p> <p>There is no documentation to evidence that these Committees reviewed and approved its closure. Management has confirmed that the closure of a specific audit finding may not be recorded in detail.</p>	<p>root cause analysis of audit issues).</p>	<p>review and validate all outstanding recommendations is planned for completion by December 2016.</p>

Ref	PWC Control	Procedures Performed	Results	Recommendation	Management Response
			<p>3. Observations raised in audit reports are not logged in GRACE</p> <p>Parson-Brinckerhoff ('PB') provided an audit report in Jul-2015; <i>Audit of PWC's Compliance Process and Compliance Reporting</i>.</p> <p>While we were able to trace audit actions to GRACE, a number of observations were also reported by PB which were not loaded into GRACE for tracking and monitoring by the ARMC. Similar findings have been raised by PwC Australia under Specified Procedure 2.3 and 2.9.</p> <p>Refer to extract of observations below this table.</p>	<p>Management should:</p> <ul style="list-style-type: none"> Ensure all actions from audit findings (including observations) are uploaded into GRACE 	<p>PWC uses the GRACE system to track and monitor all internal and external audit recommendations managed by the Internal Audit Team.</p> <p>As per response to 2.15.1.-2 A project to review and validate all outstanding recommendations is planned for completion by December 2016.</p>

See extract of issue below from PB’s *Audit of PWC’s Compliance Process and Compliance Reporting (Jul-2015)*:

Observation	Recommendation
<p>Control mechanisms</p> <p>Parsons Brinckerhoff considers that the control mechanisms detailed against particular compliance obligations in GRACE are too generic in nature and do not give enough detail to demonstrate how PWC intend to ensure compliance against the obligation. Parsons Brinckerhoff understands that in some cases there are also processes, such as work instructions and procedures, in place at PWC that assist in compliance, but these haven’t been referred to in GRACE.</p> <p>Examples of lack of description for control mechanisms include:</p> <ul style="list-style-type: none"> GRACE ID 2173, referring to Clause 24 of the Network License, "the licensee must (b) annually review and if necessary update the plan to ensure that it is consistent with and reflects good electricity practice (c) comply with the plan as approved in accordance with this clause". The control mechanism is specified as "Review of plan as noted". GRACE ID 3998, "An electricity entity must comply with electricity pricing order or part of an electricity pricing order that applies to the entity". The control mechanism is specified as "PWC will comply with all of the legal obligations as specified in the Electricity Reform Act". 	<p>It is recommended that control mechanisms give a clear method for controlling compliance against the specific obligation.</p>
<p>Monitoring mechanisms</p> <p>Parsons Brinckerhoff considers that the majority of monitoring mechanisms described in the GRACE reports are not actual mechanisms or do not provide any information on the monitor in place. For example:</p> <ul style="list-style-type: none"> GRACE ID 4280, referring to clause 12 of the System Control Licence, “PWC must notify the UC of any change to any officer and; if applicable; any major shareholder of the license”. The monitoring mechanism is described as “There are internal processes in place to ensure that all deadlines are met”. 	<p>Where internal processes are in place, Parsons Brinckerhoff recommends that these are documented and the relevant process document referred to.</p>
<p>The majority of monitoring mechanisms in the GRACE report for the Network Licence refer to an annual audit. Whilst this mechanism may be all that is required, Parsons Brinckerhoff would expect that this would link to an audit programme indicating the specific audit, frequency of the audit and obligations that are being checked. It is also expected that other control mechanisms may be in place as well as or instead of the audit in some cases.</p>	<p>It is recommended that where audit is the main means of monitoring compliance that this is clearly linked to an audit program.</p>

***Appendix L Procedure 2.3.1 –
Formal policies and procedures to
identify and comply with obligations***

PWC Document	Results	Recommendation	Management Response
<p>Compliance Policy</p>	<p>Period of the 2014 NPD and present period</p> <p>In accordance with the <i>Compliance Policy</i>, it is required that the Compliance Framework and Policy are reviewed on an annual basis by the PWC Board, through the Audit and Risk Management Committee, to ensure that it continues to meet the requirements of the Corporation. At the start of the period of the 2014 NPD, the Compliance Policy and Compliance Management Strategy had not been formally reviewed since Dec-2010. [also reported in KPMG's 2013/14 Compliance Audit released Oct-14]</p> <p>The present day <i>Compliance Policy</i> and <i>Compliance Management Strategy</i> have also not been updated in the last 12 months (approved Feb-2015 and Apr-2015). We note that updated compliance policy documents have been drafted as at Jun-2016 with a three-tier structure:</p> <ul style="list-style-type: none"> • A <i>Compliance Management Policy</i> which sets the broad intent of the corporation to regulatory compliance. • A <i>Compliance Management Standard</i> which establishes mandatory minimum expectations around regulatory compliance. • A <i>Compliance Management guideline</i> which provides detailed assistance to the business on how to become more compliant and how to implement the standards required. 	<p>Management should:</p> <ul style="list-style-type: none"> • Finalise the review and approval of compliance management documents • Ensure that documents are reviewed and updated in line with PWC's policy. 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation's compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>
<p>Compliance Management Strategy</p>	<p>Period of the 2014 NPD and present period</p> <p>The <i>Compliance Management Strategy</i> refers to:</p> <ul style="list-style-type: none"> • Version approved Dec-2010: "a procedure that will be developed to monitor legal changes and maintain the compliance obligations register" • Version approved Apr-2015: "processes have been established to monitor legal changes and maintain the compliance obligations register." <p>PwC Australia has not been able to identify documentation of the procedure or processes as to how new/modified compliance obligations were to be identified and logged.</p> <p>PWC Management has indicated that the Governance Risk Audit and Compliance team (GRC) are responsible for monitoring legal updates via SIA Global updates. Any updates are communicated to Legal Services for review and subsequently communicated to GRC</p>	<p>Management should:</p> <ul style="list-style-type: none"> • In accordance with issue ref. 2.3.4, determine the scope and use of the Excel 'Legal Obligations Register' and GRACE • Document procedure to monitor legal changes and maintain the compliance 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation's compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk</p>

PWC Document	Results	Recommendation	Management Response
	<p>to update the compliance Obligations Registers. GRC communicate any changes in obligations to the Business Units (BU's) and prompt the BU's to update control and monitoring mechanisms.</p> <p>This current process for monitoring legal changes and maintaining the compliance register has not been formally documented.</p> <p>The draft <i>Compliance Management Standard</i> provides additional guidance in response to identifying new and changed laws, regulations, codes and other obligations to ensure on-going compliance. Where changes are identified and notified by PWC Legal and Governance, an impact assessment will be completed. This will include examination of any existing compliance policies, procedures and activities. However, this updated documentation is still in draft.</p>	<p>obligations register</p> <ul style="list-style-type: none"> • Communicate roles and responsibilities to relevant stakeholders • Ensure that documents are reviewed to align with any changes in the <i>Compliance Policy and Compliance Management Strategy</i> 	<p>Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>
	<p>Period of the 2014 NPD and present period</p> <p>At the start of the period of the 2014 NPD, the <i>Compliance Management Strategy</i> (Dec-2010) states that “all compliance obligations will be risk rated using a new compliance risk framework”. The “new compliance risk framework” was not developed.</p> <p>The draft <i>Compliance Management Guideline</i> (draft as at Jun-2016) states that PWC will implement a risk based approach to compliance management including a formal process to identify compliance risks which are identified, assessed and treated in accordance with the PWC Risk Framework (<i>aligned to ISO31000</i>).</p> <p>The draft <i>Compliance Management Guideline</i> also states that “compliance obligations should be re-assessed periodically, annually as a minimum, and whenever there are significant changes in the risk assessment or effectiveness of controls implemented”.</p> <p>However, this updated documentation is still in draft.</p>	<p>Management should:</p> <ul style="list-style-type: none"> • In accordance with specified procedure 2.10, review the risk assessment guidelines to consider compliance specific issues • Finalise the review and approval of compliance management documents • Communicate roles and responsibilities to relevant stakeholders • Ensure that periodic risk reviews of compliance obligations are embedded into the business (as required by the 	<p>PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation's compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

PWC Document	Results	Recommendation	Management Response
	<p>Period of the 2014 NPD and present period</p> <p>For the full period of the 2014 NPD, the <i>Compliance Management Strategy</i> (Dec-2010 and Apr-2015) states that compliance procedures will be developed or are under development. PwC Australia has not been able to identify draft or final compliance procedures during this period.</p>	<p><i>Compliance Management Guideline)</i></p> <p>Management should:</p> <ul style="list-style-type: none"> • Ensure that processes and procedures are developed in support of the overall <i>Compliance Management Strategy</i> • Formally document these outcomes and assign roles and responsibilities 	<p>PwC accepts the intent of this recommendation and is commencing a broad-based review of the corporation's compliance strategy, through which these recommendations will be considered.</p> <p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>
<p>Risk Management documents</p>	<p>Period of the 2014 NPD and present period</p> <p>The <i>Risk Management Framework and Risk Management Policy</i> require that the following risk policy and procedure documents are reviewed and approved annually including:</p> <ul style="list-style-type: none"> • <i>Risk Management Policy</i> • <i>Risk Management Framework</i> • <i>Risk Management Guidelines</i> • <i>Risk Assessment Protocol</i> 	<p>Management should:</p> <ul style="list-style-type: none"> • Finalise the review and approval of risk management documents • Ensure that documents are reviewed and updated in line with 	<p>PwC accepts the intent of this recommendation and is commencing a broad-based review of the corporation's compliance strategy, through which these recommendations will be considered.</p>

Procedure 2.3.1 – Formal policies and procedures to identify and comply with obligations

PWC Document	Results	Recommendation	Management Response
	<p>For the full period of the 2014 NPD and present day, the associated Risk Management documents have not been updated for a number of years including:</p> <ul style="list-style-type: none"> • <i>Risk Management Policy</i> (approved for issue Jul-2009) • <i>Risk Management Framework</i> (approved for issue Jul-2009); and • <i>Risk Assessment Protocol</i> (updated and approved Nov-2012). PWC Management has confirmed that the Protocol was superseded by the <i>Risk Management Guidelines</i> (version Jul-2014). <p>Updates to these Risk Management are in progress with the Governance Risk Audit and Compliance function but they are still draft or yet to be issued (as at Jun-2016) including:</p> <ul style="list-style-type: none"> • <i>Risk Management Standard</i> (draft issued 22-Oct-2014) • <i>Risk Management Framework Procedure</i> (draft issued 17-Dec-2015) • <i>Risk Management Policy</i> (draft issued 17-Dec-2015) • <i>Risk Assessment Protocol (Assessment Matrix)</i> (draft issued 05-Nov-2012) • <i>Risk Reporting Procedure</i> (draft yet to be issued) • <i>Risk Management Guideline</i> (draft yet to be issued). 	<p>PWC's policy</p>	<p>A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.</p> <p>Specific actions and action owners will then be developed and nominated accordingly.</p>

***Appendix M Procedure 2.3.4 –
Obligations not logged in Excel
'Legal Obligations Register' or
GRACE***

Procedure 2.3.4 – Obligations not logged in Excel ‘Legal Obligations Register’ or GRACE

The Commission performed an analysis of obligations registered in GRACE (as extracted in Mar-2016). The Commission has identified potential gaps in the obligations register. As an update, PwC Australia could not identify the following obligations in the Excel ‘Register of Legal Obligations’ (version May-2015) or GRACE.

We note that PWC does not intend to log determinations or guidelines in its Excel ‘Legal Obligations Register’. Details of the nine (9) obligations are listed below:

Ref.	Type	Obligation	Notes	Recommendation	Management Response
1.	Code	<i>Network Technical Code and Network Planning Criteria</i> (Dec-2013)	Prepared pursuant to the Electricity Networks (Third Party Access) Act (“TPA Act”), as in force as at 1 February 2011. The Code is established in Part 2 of the TPA Act and the accompanying schedule. The Network Technical Code and Network Planning Criteria is published by PWC on its website.	Management should: <ul style="list-style-type: none"> Determine the scope and use of the Excel ‘Legal Obligations Register’ and GRACE as the compliance management system (potentially to be documented in the draft <i>Compliance Management Policy, Standard and Guideline</i>) Consider the codes, determinations and guidelines identified as potentially ‘missing’ by the Commission and, if deemed appropriate, update the relevant compliance register 	PWC accepts the intent of this recommendation and is commencing a broad-based review of the corporation’s compliance strategy, through which these recommendations will be considered.
2.	Code	<i>Energy Loss Factors Code</i> (Apr-2006)	Published by the Utilities Commission pursuant to section 24 of the <i>Utilities Commission Act</i> and took effect from 19 April 2006. The <i>Utilities Commission Act</i> is included in GRACE but this code is not referenced.		A plan/roadmap for the review is to be presented to the Audit and Risk Management Committee (ARMC) for consideration at its October 2016 meeting.
3.	Code	<i>Trade Waste Code</i> (Dec-2001)	Developed by the Power and Water Corporation (Power and Water) and approved by the Utilities Commission. The Code is a key document of the Trade Waste Management System (TWMS) and establishes the criteria under which an Approval will be granted to allow the discharge of Trade Waste to Power and Water’s Sewerage System. Sections of the Code may be amended from time to time following a specific request from a customer, the Utilities Commission, or as deemed appropriate by PAWA. The Utilities Commission must approve all amendments to the Code. The <i>Utilities Commission Act</i> is included in GRACE but this code is not referenced.		Specific actions and action owners will then be developed and nominated accordingly.
4.	Determination	<i>Network Price Determination</i> (Jul-2014)	The Network Price Determination (2014) has not been loaded into the GRACE system. While certain items of the <i>Electricity Networks (Third Party) Access Act 2000</i> have been uploaded into GRACE, they do not include: <ul style="list-style-type: none"> Clause 3A ‘Compliance with Network Access Code’ and Clause 3B ‘Compliance with price regulation determinations’ of the <i>Electricity Networks (Third Party</i> 		

Ref.	Type	Obligation	Notes	Recommendation	Management Response
			<p><i>Access) Act</i></p> <ul style="list-style-type: none"> the <i>Electricity Networks (Third Party Access) Code</i> which is a schedule to the <i>Electricity Networks (Third Party Access) Act</i> (as reported in control #2.3.4.-1.) or Network Capital Contributions Policy, an obligation under Chapter 8 of the Network Access Code Network Pricing Principles Statement, an obligation under Section 75(5) of the Network Access Code 	<ul style="list-style-type: none"> Communicate the outcomes with key stakeholders including the Commission 	
5.	Determination	<i>Power System Control (section 38 of the Electricity Reform Act)</i>	<p>The Power System Controller (currently a stand-alone business unit within Power and Water Corporation) is the entity licensed by the Commission to manage the day-to-day operation of the power system. Section 38 of the <i>Electricity Reform Act 2000</i> sets out the powers and functions of the System Controller. Customer contestability and bilateral contracting require the Power System Controller to:</p> <ul style="list-style-type: none"> monitor the output of third-party generators and the demand of those generators' customers at half-hourly intervals or less call up agreed standby generation ('standby power') as required. <p>While the Commission is responsible for the economic regulation of the Northern Territory electricity market, the function of monitoring and controlling the power system lays with the Power System Controller, with broad oversight by the Commission.</p>		
6.	Determination	<i>Ancillary Charges; Regulation 3 of the Utilities Commission Regulations (Dec-2011)</i>	<p>Grants the Commission authority to determine prices relating to the provision of ancillary services in the electricity supply industry. System control charges were last approved to be applied from 1 July 2004. The <i>Utilities Commission Regulations</i> are included in the Excel 'Legal Obligations Register' but this section is not specifically referenced.</p>		
7.	Guidelines	<i>Electricity Ring-Fencing Guidelines (Jan-2009)</i>	<p>A key aspect of Power and Water Corporation's licence conditions is the requirement that certain business units be 'ring-fenced' to ensure that Power and Water Corporation does not use its dominant market position in an</p>		

Ref.	Type	Obligation	Notes	Recommendation	Management Response
			anti-competitive manner. The purpose of these Guidelines is to set out the Commission's views relating to the application or interpretation of, or matters arising under, the Northern Territory Electricity Ring-fencing Code (version 3) ("the Code") which took effect on 1 January 2009. At high level, the <i>Electricity Ring-fencing Code</i> is included in GRACE but these guidelines are not referenced.		
8.	Guidelines	<i>Electricity Standards of Service Code Feeder Category Guidelines</i> (December 2012)	Issued by the Commission under clause 1.8 of the <i>Electricity Standards of Service (ESS) Code</i> (December 2012). The Commission is authorised to publish guidelines relating to the performance of its functions under section 7 of the <i>Utilities Commission Act 2000</i> . The <i>Utilities Commission Act</i> is included in GRACE but this code is not referenced.		
9.	Guidelines	<i>Compliance Framework and Reporting Guidelines</i> (Oct-2015)	In 2015, the Commission decided to impose an annual compliance reporting requirement on all licensees and an annual declaration from the Board of Directors of each business as a vehicle for elevating the importance of compliance. Final Compliance Framework and Reporting Guidelines were released in October 2015. They have since been consolidated with the Statement of Approach on Compliance released in January 2012). At high level, the <i>Electricity Reform Act</i> , <i>Utilities Commission Act 2000</i> and <i>Network Licence</i> are included in GRACE but these guidelines are not referenced.		

***Appendix N Procedure 1.8 –
Detailed testing results for sample of
25 excluded network access services***

Information within this appendix has been redacted.

Appendix O Procedure 1.8 – New infrastructure charges

Information within this appendix has been redacted.

***Appendix P Procedure 2.3.5 –
Comparison of the compliance
obligation risk ratings in the Excel
‘Legal Obligations Register’ and
GRACE***

Procedure 2.3.5 – Comparison of the compliance obligation risk ratings in the Excel 'Legal Obligations Register' and GRACE

Obligations in GRACE and the Excel 'Legal Obligations Register' have been risk-rated. However, the risk assessment of the Excel 'Legal Obligations Register' did not comply with the Risk Assessment Procedure outlined PWC's *Risk Assessment Guideline*. As a result, there are inconsistencies in the risk ratings between the Excel 'Legal Obligations Register' and GRACE. Discussions with PWC have indicated that the risk ratings applied in the Excel 'Legal Obligations Register' were a priority ranking rather than a formal risk rating.

Refer to table below for comparison of risk ratings applied in the two registers:

Details recorded as per Excel 'Legal Obligations Register'			Details as extracted from GRACE Compliance Management System						
Title	Type	Risk as per Excel Legal Obligations Register	Breakdown of risk ratings by section						
			Highest risk rating as per GRACE Compliance Management System	Extreme	Very High	High	Medium or Low	No risk rating	
<i>Inconsistency in risk rating as per 'Legal Obligations Register' and GRACE compliance management system</i>									
1	Age Discrimination Act 2004	Com Legislation	High	Extreme	1	-	-	8	-
2	Competition and Consumer Act 2010 (formerly known as the Trade Practices Act 1974)	Com Legislation	High	Extreme	3	-	9	7	-
3	Corporations Act 2001	Com Legislation	High	Extreme	3	-	-	5	-
4	Disability Discrimination Act 1992	Com Legislation	High	Extreme	2	-	-	11	-
5	Environment Protection and Biodiversity Conservation Act 1999	Com Legislation	High	Extreme	6	2	6	10	-
6	National Greenhouse and Energy Reporting Act 2007	Com Legislation	High	Extreme	1	1	1	3	-
7	Renewable Energy (Electricity) Act 2000	Com Legislation	High	Extreme	1	2	8	18	-
8	Sex Discrimination Act 1984	Com Legislation	High	Medium	-	-	-	14	-

Procedure 2.3.5 – Comparison of the compliance obligation risk ratings in the Excel 'Legal Obligations Register' and GRACE

Details recorded as per Excel 'Legal Obligations Register'				Details as extracted from GRACE Compliance Management System					
9	Privacy Act 1988	Com Legislation	High	Low	-	-	-	2	-
10	Dangerous Goods Act 1998	NT Legislation	High	Extreme	2	1	5	8	-
11	Northern Territory Aboriginal Sacred Sites Act 1989	NT Legislation	High	Extreme	1	-	2	2	-
12	Waste Management and Pollution Control Act 1998	NT Legislation	High	Extreme	1	-	12	4	-
13	Water Act 1992	NT Legislation	High	Extreme	1	3	7	29	-
14	Work Health & Safety (National Uniform Legislation) Act 2011	NT Legislation	High	Extreme	3	-	23	42	-
15	Electricity Reform Act 2000	NT Legislation	High	Very High	-	1	39	11	-
16	Heritage Conservation Act 1991	NT Legislation	High	Very High	-	2	1	1	-
17	Workers Rehabilitation and Compensation Act 1986	NT Legislation	Medium	Very High	-	1	-	-	-
18	Fire and Emergency Act 1996	NT Legislation	Medium	High	-	-	1	-	-
19	Marine Pollution Act 1999	NT Legislation	High	Medium	-	-	-	1	-
20	Power and Water Corporation Act 1987	NT Legislation	High	Low	-	-	-	1	-
21	Weeds Management Act 2001	NT Legislation	Low	Medium	-	-	-	8	-
22	Bushfires Regulations	NT Regulations	Low	High	-	-	1	-	-
23	Dangerous Goods Regulations	NT Regulations	Low	Medium	-	-	-	1	-
24	Fire and Emergency Regulations 1996	NT Regulations	Low	Medium	-	-	-	1	-
25	Workers Rehabilitation and Compensation Regulations	NT Regulations	Low	High	-	-	1	-	-

Procedure 2.3.5 – Comparison of the compliance obligation risk ratings in the Excel 'Legal Obligations Register' and GRACE

Details recorded as per Excel 'Legal Obligations Register'				Details as extracted from GRACE Compliance Management System						
26	Workplace Health and Safety Regulations	NT Regulations	Low	Very High	-	18	439	554	-	
27	Electricity Standards of Service Code	UC Code	High	Medium	-	-	-	38	-	
28	Guaranteed Service Level Code	UC Code	High	Medium	-	-	-	11	-	
<i>Risk rating in 'Legal Obligations Register' but no risk rating in GRACE compliance management system</i>										
1	Electrical Workers and Contractors Act 1978	NT Legislation	High	No risk rating	-	-	-	-	1	
2	Utilities Commission Act 2000	NT Legislation	High	No risk rating	-	-	-	-	158	
3	Environmental Offences and Penalties Act 1996	NT Legislation	Low	No risk rating	-	-	-	-	1	
4	Electrical Workers and Contractors Regulations	NT Regulations	Low	No risk rating	-	-	-	-	1	
5	Electricity Reform (Administration) Regulations	NT Regulations	Low	No risk rating	-	-	-	-	1	
<i>Risk rating in 'Legal Obligations Register' but no record of legal instrument in GRACE compliance management system</i>										
1	Water Metering Code	UC Code	High	Not identified in GRACE	-	-	-	-	-	
2	Water Supply Services Licence (urban)	UC Licence	High	Not identified in GRACE	-	-	-	-	-	
3	Electricity Networks (Third Party Access) Code	UC Code	Medium	Not identified in GRACE	-	-	-	-	-	
4	Water Supply and Sewerage Services Regulations	NT Regulations	Low	Not identified in GRACE	-	-	-	-	-	

Procedure 2.3.5 – Comparison of the compliance obligation risk ratings in the Excel 'Legal Obligations Register' and GRACE

Details recorded as per Excel 'Legal Obligations Register'				Details as extracted from GRACE Compliance Management System						
<i>No record in 'Legal Obligations Register' but record and risk rating in GRACE compliance management system</i>										
1	Environmental Assessment Act	NT Legislation	Not identified	Medium	-	-	-	1	-	-
2	Environmental Assessment Administrative Procedures	NT Legislation	Not identified	Low	-	-	-	1	-	-
3	Greenhouse and Energy Minimum Standards Regulation (2012)	NT Regulations	Not identified	Low	-	-	-	1	-	-
4	Electricity Retail Supply Code	UC Code	Not identified	High	-	-	1	33	-	-
<i>Consistent risk ratings as per 'Legal Obligations Register' and GRACE compliance management system</i>										
1	Racial Discrimination Act 1975	Com Legislation	High	High	-	-	1	10	-	-
2	Bushfires Act 1980	NT Legislation	High	High	-	-	1	-	-	-
3	Consumer Affairs and Fair Trading Act 1990	NT Legislation	High	High	-	-	46	4	-	-
4	Disasters Act 1982	NT Legislation	High	High	-	-	1	-	-	-
5	Electricity Networks (Third Party Access) Act 2000	NT Legislation	High	High	-	-	2	44	-	-
6	Information Act 2002	NT Legislation	High	High	-	-	8	44	-	-
7	Water Supply and Sewerage Services Act 2006	NT Legislation	High	High	-	-	11	20	-	-
8	Contracts Act 1978	NT Legislation	Low	Low	-	-	-	1	-	-
9	Financial Management Act 1995	NT Legislation	Low	Low	-	-	-	1	-	-
10	Electricity Reform (Safety and Technical) Regulations	NT Regulations	High	High	-	-	56	23	-	-
11	Financial Management Regulations	NT Regulations	Low	Low	-	-	-	1	-	-

Procedure 2.3.5 – Comparison of the compliance obligation risk ratings in the Excel 'Legal Obligations Register' and GRACE

Details recorded as per Excel 'Legal Obligations Register'				Details as extracted from GRACE Compliance Management System					
12	Weeds Management Regulations	NT Regulations	Low	Low	-	-	-	1	-
13	Electricity Ring Fencing Code	UC Code	High	High	-	-	84	-	-
14	System Control Technical Code	UC Code	High	High	-	-	377	-	-
15	Network Licence	UC Licence	High	High	-	-	22	-	-
16	Sewerage Supply Services Licence (urban)	UC Licence	High	High	-	-	26	-	-
17	System Control Licence	UC Licence	High	High	-	-	32	-	-

***Appendix Q Procedure 2.6 –
Documented timeline of events for
the ACS breach***

Procedure 2.6 – Documented timeline of events for the ACS breach

Information within this appendix has been redacted.

Appendix R Procedure 2.13 – Breach reporting procedures comparison

Procedure 2.13 – Breach reporting procedures comparison

PwC Australia has obtained four (4) procedural documents related to breach reporting covering the period of our specified procedures from the date when the breach was identified (Oct-2015) to present day (Jun-2016).

These include:

- 1 Breach of the Northern Territory Electricity Ring-Fencing Code (issue date unknown, review due Sep-2013)
- 2 GRACE Event Notification, Recording, Assessing and Investigation Procedure (issued May-2012)
- 3 GRACE User Guide v3.0 (issued 09-Dec-2015)
- 4 GRACE Event Assessor Guide v.1.0 (issued 22-Feb-2016)

PwC Australia has mapped breach reporting requirements as outlined in PwC’s procedural documents against key milestones including; logging an event, risk assessing, performing and completing an investigation and reporting the breach to the Commission.

Procedural documents					
Ref	Control title/ description	<i>Breach of the Northern Territory Electricity Ring-Fencing Code</i>	<i>GRACE Event Notification, Recording, Assessing and Investigation Procedure</i>	<i>GRACE User Guide v3.0</i>	<i>GRACE Event Assessor Guide v1.0</i>
		<i>Issue date unknown. Review due Sep-2013</i>	<i>Issued May-2012</i>	<i>Issued 09-Dec-2015</i>	<i>Issued 22-Feb-2016</i>
2.13.1	Required events should be entered into GRACE	A Register of Breaches and Investigations is maintained by the Regulation, Pricing and Economic Analysis unit, which records all actual breaches and investigations of potential breaches. PwC Australia note that this procedure is specific to ring-fencing.	Supervisors are responsible for ensuring that events are entered into GRACE within 24 hours of its occurrence (where practical). PwC Australia notes that the <i>GRACE Event Notification</i> procedure does not include non-compliance issues as an event category. Event categories are focused on personal injury and environmental categories. In accordance with section 1.1, the classifications provided included; injury/illness, environmental,	The updated GRACE procedure does not specify a timeframe but does require that events are registered Power and Water's electronic event recording system is GRACE where all events should be recorded, assessed and investigated, where required. An event is defined to include “regulatory	Addressed by <i>GRACE User Guide v.3.0</i> (Dec-2015)

Procedural documents

			motor vehicle accident, product or service failure, damage or loss, hazard report, near hit, minor injury, property/equipment damage, recycled/reused water, security, waste water or water quality.	compliance issues” PwC Australia notes that there is no timeframe stipulated for this entry.	
2.13.2	Events should be risk assessed within 3 business days	The procedure does not include any details of risk assessment.	The procedure does not specify a timeframe for the risk assessment of an event.	Addressed by <i>GRACE Event Assessor Guide v1.0</i> (Feb-2016)	An event should be assessed within a maximum of 72 hours (3 days).
2.13.3	Investigations should be closed within 30 days (or reasons provided if this timeframe is extended)	There are no timeframes outlined in the procedure document but details of a breach should include: <ul style="list-style-type: none"> • the nature of the breach and dates of relevant events • date of suspected breach • full disclosure of the parties involved • the relationship of the parties involved • the circumstances under which the breach occurred • the steps that have been taken to notify all parties that the breach has occurred • remedial action taken to rectify the breach and to minimise potential for a similar breach occurring. 	In accordance with sections 14.10-14.11 of the procedure, an interim investigation report must be submitted to the Managing Director within a maximum of 30 days for all extreme risk assessed events. The investigation should have a time-line (suggest 60 days) for completion. If this time-line needs to be altered in any way, a report should be submitted to the General Manager outlining the reasons why this alteration is required.	Addressed by <i>GRACE Event Assessor Guide v1.0</i> (Feb-2016)	Investigations must be closed within 30 days once the action items are closed. If an investigation is open for longer than 30 days and closing the investigation within the timeframe is not feasible, reasons must be noted in the investigation workbench under ‘Discussions’ which is a ‘log of events’ for investigators.

Procedural documents

<p>2.13.4 PWC must report breaches to the Commission as soon as reasonably possible</p>	<p>PWC must advise the Commission as soon as reasonably possible after becoming aware that a breach has occurred, and must advise of the remedial action that is being undertaken to rectify the breach.</p>	<p>GRACE procedure documents do not provide guidance on external reporting to the Commission [refer to PwC Australia finding documented in 2.12.1]</p>	<p>GRACE procedure documents do not provide guidance on external reporting to the Commission [refer to PwC Australia finding documented in 2.12.1]</p>	<p>GRACE procedure documents do not provide guidance on external reporting to the Commission [refer to PwC Australia finding documented in 2.12.1]</p>
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***Appendix S Procedure 2.1 –
Comparison of Compliance
Management Strategy between start
and end of 2014 NPD period***

Procedure 2.1 – Comparison of Compliance Management Strategy between start and end of 2014 NPD period

Identified changes between the two versions of the *Compliance Management Strategy* (version approved Dec-2010 and version approved Apr-2015) specific to the sections regarding PWC’s approach to identify and comply with obligations

Refer to results below.

Compliance Management Strategy –Approved Dec-2010	Compliance Management Strategy –Approved Apr-2015
<p>3.1.5 Register of Compliance obligations An on-line register of compliance obligations will be established and maintained. This includes all relevant acts, regulations, codes, standards and other relevant legal instruments with which PWC should be compliant</p>	<p>1.1.5 A register of compliance obligations is held and maintained in the GRACE system. The register includes all relevant acts, regulations, codes, standards and other high risk legal instruments with which PWC should be compliant.</p>
<p>It will also include relevant PWC policies and procedures which are in place to ensure compliance obligations are met.</p>	<p>1.1.5 [no change]</p>
<p>Where policies and procedures are not included within the scope of the compliance framework i.e. they are not related to legal compliance activities the Integrated Management System (IMS) team or business owner of the procedures will be responsible for monitoring and ensuring compliance.</p>	<p>1.1.5 [deleted reference to the Integrated Management System (IMS) team]</p>
<p>As compliance obligations can and will change over time, a procedure will be developed to monitor legal changes and maintain the compliance obligations register.</p>	<p>1.1.5 As compliance obligations can and will change over time, processes have been established to monitor legal changes and maintain the compliance obligations register.</p>
<p>3.1.6 Risk Assessment PWC will use a risk based approach to ensure resources are focussed on higher risk areas when developing and implementing compliance management across PWC.</p>	<p>1.1.6 [no change]</p>
<p>All compliance obligations will be risk rated using a new compliance risk framework. The risk rating will then be used to help prioritise and define the activities required to confirm compliance eg high risk areas may be subject to more frequent audits than low risk areas.</p>	<p>1.1.6 All compliance obligations are risk rated based on penalties and other factors. The risk rating is then be used to help prioritise and define the activities required to achieve and monitor compliance eg high risk areas may be subject to more frequent audits than low risk areas.</p>
<p>The risk assessment process will include examination of any existing compliance policies, procedures and activities.</p>	<p>1.1.6 [no change]</p>

Compliance Management Strategy –Approved Dec-2010	Compliance Management Strategy –Approved Apr-2015
<p>3.1.7 Compliance System Implementation</p> <p>In order to efficiently maintain and report compliance obligations and activities, an information management system is required. PWC will issue a tender for the implementation of a new combined risk and compliance system. As a minimum the system will include:</p> <ul style="list-style-type: none">• The register of all compliance obligations, including business owner and risk rating• The planned activities/regime to monitor and/or confirm compliance for each obligation• The Corporate and Operational risk registers where defined• Compliance and risk reporting tailored to stakeholder requirements	<p>1.1.7 PWC implemented a compliance information management system in 2012 (GRACE). PWC’s Compliance system includes:</p> <ul style="list-style-type: none">• The register of high risk compliance obligations, including business owner, risk ratings and key controls in place to monitor compliance• A regime to monitor and/or effectively confirm compliance for each recorded obligation• The Corporate and Operational risk registers where relevant
<p>3.1.8 Compliance Procedures</p> <p>Appropriate compliance procedures will be developed as the rollout of compliance management progresses. These will be submitted to appropriate stakeholders for review and approval.</p>	<p>1.1.8 Appropriate compliance procedures are in development as part of the continued rollout of compliance management across the business. The procedures will be submitted to appropriate stakeholders for review and approval.</p>

Appendix T Listing of specified procedures

Part 1

Scope of services	Specified procedures
Understand processes, procedures and controls in place for Power and Water Corporation (PWC) to comply with 2014 NPD, specific to <i>excluded network access services</i> levied from 1 July 2014 to 30 June 2015	<p>1.1 Understand PWC's processes, procedures and controls in place to ensure that costs match the definition of <i>Excluded Network Access Services</i> as outlined in Schedule 3 of the 2014 Network Price Determination (NPD) (Final Determination: Part B).</p> <p>1.2 Test a sample of key controls identified in part 1.1 [to be agreed with the Commission]</p>
Sample testing of network charges levied by PWC during the period of 1 July 2014 to 30 June 2015, specific to <i>excluded network access services</i>	<p>1.3 Obtain system mapping of service charges included as <i>excluded network access services</i> in the 2014 NPD</p> <p>1.4 Extract detailed listing and value of charges assigned to <i>excluded network access services</i> from period 1 July 2014 to 30 June 2015 and reconcile to PWC's audited financial statements (or appropriate alternative)</p> <p>1.5 Analyse entries in the period 1 July 2014 to 30 June 2015 based on a specific risk profile [to be agreed with PWC and the Commission]. This may include:</p> <ul style="list-style-type: none"> • History of activity • Activity description • Other risk profiles to be agreed in consultation with the Commission and PWC <p>1.6 Select a sample of charges incurred between 1 July 2014 to 30 June 2015 across customer types (including new residential customers, commercial customers and developers). Sample sizes to be agreed in consultation with the Commission.</p> <p>1.7 Understand PWC's documentation available to evidence that services provided to customers meet the Commission's definition of <i>excluded network access services</i></p> <ul style="list-style-type: none"> • Interview key stakeholders (PWC) • Walkthrough each type of evidence available to support the validity of excluded network access services (eg invoice, work order) <p>1.8 Test the sample of <i>excluded network access service</i> charges to supporting evidence provided by PWC. Document the findings.</p>

Part 2

Scope of services	Specified procedures			
Compliance management				
Understand processes, procedures and/or systems which existed in PWC to:	2.1 Understand PWC's processes, procedures and systems in place to:			
<ul style="list-style-type: none"> identify and comply with obligations identify a breach report a breach 		01-Jul-14 to 30-Jun-15 related to the 2014 NPD	Date when breach was identified (Oct-2015)	Date of fieldwork (Jun-2016)
	Identify and comply with obligations (obligation identification)	☑	-	☑
	Identify a breach (implementation, monitoring and risk assessment)	-	☑	☑
	Report a breach (reporting)	-	☑	☑
	Obtain and sight relevant compliance documents including: <ul style="list-style-type: none"> Governance structure and organisation chart Schedule of roles and responsibilities Regulatory compliance framework Compliance policy, strategy and procedures Training Billing Breach reporting framework Risk assessment and categorisation of breaches Breach reporting policies Protocol and escalation procedures in relation to breach reporting Compliance reports submitted to the Board Other documents to be determined following interview with key stakeholders (PWC) 			

Scope of services	Specified procedures
IDENTIFY AND COMPLY WITH OBLIGATIONS: Compliance Management including Obligation Identification, Implementation, Responsibility and Training	
<p>Understand processes, procedures and/or systems which existed in PWC to identify and comply with obligations related to the 2014 NPD, prior to 1 July 2015 and which currently exist</p>	<p>In addition to the procedures under 2.1:</p> <p>2.2 Understand process by which PWC’s Annual Compliance Report to the Commission was compiled, reviewed and approved.</p> <ul style="list-style-type: none"> • Interview key stakeholders (PWC) • Obtain and sight Annual Compliance Report • Examine files and work-papers in support of the preparation and approval of the Annual Compliance Report <p>For the following period</p> <p><input checked="" type="checkbox"/> Up to submission of Annual Compliance Report (Dec-2015)</p>
<p>Test PWC’s controls in place to identify and comply with obligations</p>	<p>2.3 Test a sample of key controls identified in 2.1 and 2.2 [to be agreed with the Commission].</p> <p>For two periods</p> <p><input checked="" type="checkbox"/> 01-Jul-14 to 30-Jun-15 (specific to 2014 NPD)</p> <p><input checked="" type="checkbox"/> As at date of fieldwork May-Jun 2016 (non-specific to NPD)</p>
	<p>2.4 Deleted at request of the Commission (<i>this item related to a comparison of PWC’s Compliance Framework with ISO19600:2015 – similar to what was undertaken in 2015</i>)</p>
	<p>2.5 Deleted at request of the Commission (<i>this item related to whether compliance principles are embedded in relevant processes and procedural documents – similar to what was undertaken in 2015</i>)</p>
IDENTIFICATION OF THE BREACH : Compliance management including Monitoring, Reporting and Continuous Improvement	
<p>Understand the processes undertaken by PWC to identify the breach</p>	<p>In addition to the procedures under 2.1:</p> <p>2.6 Document timeline of identifying the breach including who was involved and how the breach was identified.</p> <ul style="list-style-type: none"> • Interview key stakeholders (Jacana, PWC and the Commission) • Examine supporting evidence • Obtain and sight results of any investigation performed internally by PWC • Obtain and sight copy of the breach register (or equivalent) covering period 01-Jul-2014 to present day <p>For period up to breach identification</p> <p><input checked="" type="checkbox"/> 01-Jul-14 to time the breach was identified (date to be confirmed)</p>

Scope of services	Specified procedures
	<p>2.7 Review the results of PWC’s root cause analysis to understand why the breach was not previously identified.</p> <ul style="list-style-type: none"> • Interview key stakeholders (Jacana and PWC) • Obtain and sight results of any investigation performed internally by PWC • Obtain and sight Compliance Reports submitted to the Board • Obtain and sight Internal Audit Reports relevant to network pricing <p>For period up to breach identification</p> <p><input checked="" type="checkbox"/> 01-Jul-14 to time the breach was identified (date to be confirmed)</p>
<p>Understand the processes and procedures which currently exist in PWC to identify a breach</p>	<p>In addition to the procedures under 2.1:</p> <p>2.8 Understand PWC’s current risk assessment to categorise a breach as ‘material’</p> <ul style="list-style-type: none"> • Interview key stakeholders (PWC and the Commission) • Review risk assessment methodology <p>As at date of fieldwork</p> <p><input checked="" type="checkbox"/> May-Jun 2016 (non-specific to NPD)</p>
<p>Test PWC’s controls in place to identify breaches</p>	<p>2.9 Test a sample of key controls by which PWC identifies material breaches [to be agreed with the Commission].</p> <p>As at date of fieldwork</p> <p><input checked="" type="checkbox"/> May-Jun 2016 (non-specific to NPD)</p>
	<p>2.10 Compare PWC’s risk methodology with ‘Appendix A: Risk Assessment Methodology’ of the Statement of Approach on Compliance (published Feb-16 by the Utilities Commission)</p> <p>As at date of fieldwork</p> <p><input checked="" type="checkbox"/> May-Jun 2016 (non-specific to NPD)</p>
	<p>2.11 Check that processes and procedures have been updated in response to the breach identified.</p> <ul style="list-style-type: none"> • Interview key stakeholders (PWC) • Obtain and sight results of any investigation performed internally by PWC • Understand what corrective actions were agreed in response to the investigation • Obtain evidence that corrective actions have been implemented • Obtain and sight current versions of updated process and procedure documents <p>As at date of fieldwork</p>

Scope of services	Specified procedures
	<input checked="" type="checkbox"/> May-Jun 2016 (non-specific to NPD)
BREACH REPORTING: Compliance management including Reporting	
Test PWC's controls to report breaches at the time the breach was identified and which currently exist (including reporting to senior management and the Board)	2.12 Test a sample of key controls as identified in 2.1 [to be agreed with the Commission]. As at date of fieldwork <input checked="" type="checkbox"/> May-Jun 2016 (non-specific to NPD)
	2.13 Compare PWC's processes and timelines against good practice. For two periods <input checked="" type="checkbox"/> At the time the breach was identified (date to be confirmed) <input checked="" type="checkbox"/> As at date of fieldwork May-Jun 2016
	2.14 Refer to procedure 2.6. <ul style="list-style-type: none"> - Map the timeline against reporting requirements as outlined in PWC's processes at the time of the breach • Examine reporting within Compliance function and management • Examine reporting to senior management and the Board • Obtain and sight correspondence between PWC and the Utilities Commission • Investigate any discrepancies with PWC For one period <input checked="" type="checkbox"/> At the time the breach was identified (date to be confirmed)
CONTINUOUS IMPROVEMENT: Compliance management including Continuous improvement	
	2.15 Understand with Management whether there are/were any known gaps or areas for improvement noted in the current or previous processes and procedures <ul style="list-style-type: none"> • Interview key stakeholders (PWC) • Review outcomes of any internal investigations • Obtain and review the compliance issues register (or equivalent issues tracker for issues reported by the business) As at date of fieldwork <input checked="" type="checkbox"/> At the time the breach was identified (date to be confirmed) <input checked="" type="checkbox"/> May-Jun 2016 (non-specific to NPD)

Appendix U Listing of documents provided

Information within this appendix has been redacted.

Appendix V Listing of interviews conducted

Listing of interviews conducted

Information within this appendix has been redacted.

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PwC refers to the Australian member firm, and may sometimes refer to the PwC network.

Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

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