

Memo

To Audited Participants
Copies Approved Auditors
From Jonathon Staite
Date 27 September 2017
Subject Participant provided information required in the Compliance plan

For your information

Clause 16A.13(4) of the Electricity Industry Participation Code 2010 (Code) requires participants to populate the *Actions* and *Completion date* fields in the compliance plan

Clause 16A.13(2) requires participants to provide a compliance plan to the Authority when they submit their audit report.

Clause 16A.13(4) requires the compliance plan to specify:

- a. *the actions that the participant intends to take to address any breaches or potential breaches identified in the audit report*
- b. *the time frames within which the participant intends to complete those actions.*

Participants need to populate the following fields in the compliance plan to meet the requirements of the Code:

- a. *Actions taken to resolve the issue*
- b. *Completion date.*

Title: <title of audit section>		
Non-compliance	Description	
Audit Ref: <Audit section number> With: <CLAUSE BREACHED> From/to: <DATES BREACH OCCURED>	< DESCRIPTION OF THE NON-COMPLIANCE > Potential impact: <AUDITOR TO COMPLETE> Actual impact: <AUDITOR TO COMPLETE> Audit history: <AUDITOR TO COMPLETE> Controls: <AUDITOR TO COMPLETE> Breach risk rating: <AUDITOR TO COMPLETE>	
	Populate to meet Clause 16A.13(4)(a)	Populate to meet Clause 16A.13(4)(b)
Audit Risk Rating	Rationale for audit risk rating	
<Audit Risk Rating>	<AUDITOR TO COMPLETE>	
Actions taken to resolve the issue	Completion date	Remedial action Status
[1. Participant comments]	[2. proposed or actual completion date]	<AUDITOR TO COMPLETE>
Preventative actions taken to ensure no further issues will occur	Completion date	
[3. Participant comments]	[4. proposed or actual completion date]	

Actions taken need to be specified

In order to meet the requirement, the information populated in “Actions taken to resolve the issue” section needs to be the **actions**¹ that the participant intends to take and need to describe what is being done, not a statement on the cause of the issue.

For example:

“*The non-compliance was caused by our vendor*” is a statement, not an action, so will not meet the requirements of the Code.

However:

“*We will be raising the issue with our vendor*” describes an action and will meet the requirements of the Code.²³

Please note that the Authority will be able to better inform its decisions (such as the next audit date) if the compliance plan provides specific information about actions being taken to resolve any issues.

Timeframes need to be specified

The time frames within which the participant needs to complete the action need to be specified, and could include the following:

- a. a specific date, such as “*23 March 2018*”
- b. a specific month/year such as “*June 2018 or Q3 2019*” (this is interpreted as being the end of the period specified)
- c. a timeframe, such as “*within 6 months*” (this is interpreted as being the end of the period specified from the date the audit was submitted to the Authority).

If the actions taken are part of a continual improvement plan, the timeframe of “*ongoing*” may be appropriate.

Participants that have already submitted non-compliant compliance plans have the opportunity to provide replacement compliance plan

We realise that several participants have submitted compliance plans that do not include the actions and/or the timeframes.

In this case, the non-compliance can be addressed by emailing an updated copy of the compliance plan to marketoperations@ea.govt.nz. The updated version will be published on our website.

Kind regards



Jonathon Staite

¹ The definition of action (Oxford English Dictionary) is “the fact or process of doing something, typically to achieve an aim” (noun), a thing done; an act (noun), take action on; deal with (verb).

² For the avoidance of doubt, a participant’s decision to take no action will meet the requirements of clause 16A.13(4)(a) in certain situations. If that is the case, the action taken could be recorded in the compliance plan with wording like, “We will not be taking any action to address this issue”, along with the reason(s) why this is appropriate.

³ Where a non-compliance is disputed, the participant should describe the action being taken to dispute the non-compliance, such as “seeking legal advice” or “arranging to meet with Authority staff to discuss the matter further”.