

17 December 2021

Ms Emily Baker Investigative Reporter ABC Hobart 1-7 Liverpool Street Hobart TAS 7000

By Email: Baker.Emily@abc.net.au

Dear Ms Baker,

Right to Information Request - 29 October 2021

I refer to your request pursuant to the *Right to Information Act 2009* ("RTI Act") made on 29 October 2021 and refined by discussion and email on 22 November 2021.

I am authorised to make decisions on behalf of Hydro Tasmania in respect of applications for information under the RTI Act.

1. Your Request

Your request sought the following information:

- 1. All information and communications (including correspondence, such as emails) in relation to internal audit Voltron;
- 2. Any reports associated with internal audit Voltron;
- 3. All information and communications (including correspondence, such as emails) in relation to internal audit Wellington;
- 4. Any reports associated with internal audit Wellington.

Items 1 and 2 were refined on 22 November 2021 by phone discussion and email to be replaced with:

- The project plan for Voltron;
- 2. Voltron progress reports, from September 2020 to the current day.

It will be collectively referred to in the body of this letter as 'the Request'.

It was agreed by email on 13 December 2021 that you did not require the inclusion of the names of non-executive level employees and that these names could be redacted.



Hydro Tasmania refused items 3 and 4 in accordance with section 90 of the *Public Interest Disclosure Act 2002* on 16 November 2021.

2. Determination and Reasons for Determination of Request

I have undertaken a search of the information held by Hydro Tasmania and its subsidiaries to locate any records that may be relevant to the Request and have determined that the information which can be released to you is as follows:

| Document | Section of the Request | Released |
|---|------------------------|--|
| Project Plan - Voltron | 1 | Substantially in full, minor redactions by agreement |
| 08.4 Board Update – Project Voltron September 2020 | 2 | Substantially in full, minor redactions by agreement |
| Finance Performance Report September 2020 EXTRACT | 2 | Extract of relevant information per s 18(3) |
| 6.7 Quarterly Compliance Management Report RMC September 2020 EXTRACT | 2 | Extract of relevant information per s 18(3) |
| 05.4.1 Finance Performance Report November 2020 EXTRACT | 2 | Extract of relevant information per s 18(3) |
| 02 Finance Performance Report January 2021 EXTRACT | 2 | Extract of relevant information per s 18(3) |
| 05.4.1 Finance Performance Report February 2021 EXTRACT | 2 | Extract of relevant information per s 18(3) |



| 7.3 Audit Actions Status Report EXTRACT – 23 February 2021 | 2 | Extract of relevant information per s 18(3) |
|---|---|---|
| 05.4.1 Finance Performance Report March 2021 EXTRACT | 2 | Extract of relevant information per s 18(3) |
| 05.4.1 Finance Performance Report April 2021 EXTRACT | 2 | Extract of relevant information per s 18(3) |
| 5.2a Hydro Quarterly Report April 2021 EXTRACT | 2 | Extract of relevant information per s 18(3) |
| 7.3 Audit Actions Status Report EXTRACT – 27 April 2021 | 2 | Extract of relevant information per s 18(3) |
| 05.4.1 Finance Performance Report May 2021 EXTRACT | 2 | Extract of relevant information per s 18(3) |
| 7.3 Audit Actions Status Report EXTRACT – 22 June 2021 | 2 | Extract of relevant information per s 18(3) |

For clarity of the above, I note that progress reports and other updates for Voltron were on a number of occasions included in broader documents and papers with information not within the scope of the Request. In accordance with section 18(3) of the RTI Act I have extracted the information relevant to the Request and provided those extracts in full, apart from the names of non-executive level employees redacted by agreement.

3. Review of Rights

You are entitled under section 43 of the RTI Act to apply for a review of the decision made under Part 2.

Any request for such a review should be made in writing within twenty (20) working days of receiving this letter and addressed to:

Mr Ian Brooksbank Acting Chief Executive Officer Hydro Tasmania



4 Elizabeth Street Hobart TAS 7000

Should you have any further questions on the information provided please contact the undersigned.

This request is now considered closed.

Yours sincerely,

Laura Harle Legal Counsel

t 6240 2813

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e laura.harle@hydro.com.au



Annexure 1

Right to Information Act 2009 (Tas) – section 18(3)

18. Provision of information

- (3) If -
- (a) information requested under this Act is included with other information; and
- (b) the information requested can be extracted from that other information by the use of a computer or other equipment usually available to the public authority or Minister the information is to be extracted accordingly.

| | | Pro | ject Voltro | n - Da | shboa | rd Ap | ril Boa | ard Up | odate | | | | | | | | | |
|----------|--|--|---------------------------------|----------|--------------|-----------|-----------|---|--------|----------|------------------------------------|--|----------|--------|---------|----------------------|-------------|--|
| | Project Title: | Project Voltron | | Pro | ject Spo | nsor/s | | | | | Caroline Wykamp and Ian Brooksbank | | | | | | | |
| | | Current State | | | Interde | pendencie | es | | | | Target State | | | | | | | |
| | have been multiple audits, reviews ar oncerns across Front, Middle and Back | 0 0 0. | where possible - Addre - develo | | | | | | | | | m of Project Voltron is twofold: ess current issues and concerns of recent audits, reviews and investigation lop and implement an holistic plan that rectifies any identified systemic issue and | | | | | | |
| | I | | Target Completion | | | | | <add dat<="" th=""><th></th><th></th><th>hese going</th><th>•</th><th></th><th></th><th></th><th>.</th><th>T -/ -</th></add> | | | hese going | • | | | | . | T -/ - | |
| No. | Overall Project Key Milestones and | Activities | Accountable | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Status | % Comp. | |
| _ | Stage 1 of Project | | | _ | | | | | | | | | | | | | | |
| 1 | Provide progress paper for Septemb | | | | 08.09.20 | | | - | 1 | <u> </u> | | | | | | Complete | 100% | |
| 2 | Review investigation, past audits and | • • | | | 30.09.20 | | | - | 1 | <u> </u> | | | | | | Complete | 100% | |
| 3 | Review findings from recent KPMG a | | | 14.08.20 | | | | - | 1 | <u> </u> | | | | | | Complete | 100% | |
| 5 | | ose open investigation and audit actions d themes identified as part of the review | | 30.08.20 | 19.09.20 | | | - | 1 | <u> </u> | | | | | | Complete | 100% | |
| - 5 | , , | themes identified as part of the review | | 30.08.20 | | | | L | 1 | <u> </u> | L | <u> </u> | <u> </u> | | | Complete | 100% | |
| _ | Stage 2 of Project | atti - d t- aha toatiati d dia | | Т | | | | | | | | | | | | Complete | 100% | |
| 6 | | tified in the recent investigations and audit | | | | | | | | | | | | | | Complete | | |
| / | | e with milestones and implementation timeline | Canalina /Ian | 1 | | | | | | <u> </u> | | | | | | Complete | 100% | |
| 8 | Sponsors to approve and sign off Pro | • | Caroline/Ian | | | | | | | | | | | | | Complete | 100% | |
| _ | Theme 1: Governance and Oversi | gnt , functions, roles and accountabilities | | | | | | | | | | | | | | Complete On Track | 100% 24% | |
| 11 12 | Theme 2: People - team purpose, | · · · · · · · · · · · · · · · · · · · | | | | | | | | | | | | | | On Track On Track | 72% | |
| 13 | Theme 4: Systems and IT | improvement | | | | | | | | | | | | | | On Track | 60% | |
| 13 | Project Monitoring and Reporting | | <u> </u> | | | | | | | | | | | | | OII ITACK | 00% | |
| 14 | Implement regular project status and | d review meetings | | 12.08.20 | | | | Г | Т | Т | Г | Г | Г | | П | Complete | 100% | |
| 15 | Develop monthly dashboard on project | | | 09.09.20 | | | | | | - | | | | | | Complete | 100% | |
| | | Completed this month | | | Activities P | lanned fo | r Next Mo | onth | | | | | | Risks | /Issues | complete | 10070 | |
| Allau | dit actions were closed by the end of N | Complete capt | | | | | | odels | | | | | 1110110 | 10000 | | | | |
| Some | project activities have commenced no | , | | | | | | | | | | | | | | | | |

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|-------------|--------------------------------------|---------------|--|---------------|----------------------------------|---------------|-------|
| | | | Recent Investigation an | id Audit A | tion Status | | |
| | KPMG External Audit (August 2020) | Last Month | Trading Strategy Incident (July 2020) | Last Month | Management Review (June 2020) | Last Month | Total |
| No. Actions | 8 | N/A | 17 | N/A | 15 | N/A | 40 |
| Open | 8 | N/A | 16 | N/A | 15 | N/A | 39 |
| Overdue | 0 | N/A | 0 | N/A | 0 | N/A | 0 |
| Closed | 0 | N/A | 1 | N/A | 0 | N/A | 1 |

| | Review of Previous Audits and Reviews - Action Status | | | | | | | | | | | | | |
|------------------|---|--------------|--------------------|------------------|--------------|--|--|--|--|--|--|--|--|--|
| # Audits/Reviews | No. Actions | Closed | Status to be | Status could not | | | | | | | | | | |
| Audits/ Neviews | No. Actions | Ref in Audit | Per Internal Audit | confirmed | be confirmed | | | | | | | | | |
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| | • | 13 | 1 | 0 | 49 | | | | | | | | | |
| | | | | | | | | | | | | | | |

Note: excludes recent investigation, KPMG and Wholesale Credit Review actions captured in table 1 09.10.20 Decision - agreed with the sponsor at the SteerCo that further follow up of action closer was not warranted as any outstanding issues/concerns have been covered in the Themes for the project

| | | Recent Audit/Inve | stigation Actions | | | | |
|-------------|----------|-------------------|-------------------|-------------|----------|--|--|
| No. Actions | On Track | Not Yet Started | Overdue | Endorsement | Complete | | |
| 54 | 0 | 0 | 0 | 0 | 54 | | |
| | | Last Re | eport | | | | |
| 54 | 0 | 0 | 0 | 0 | 54 | | |

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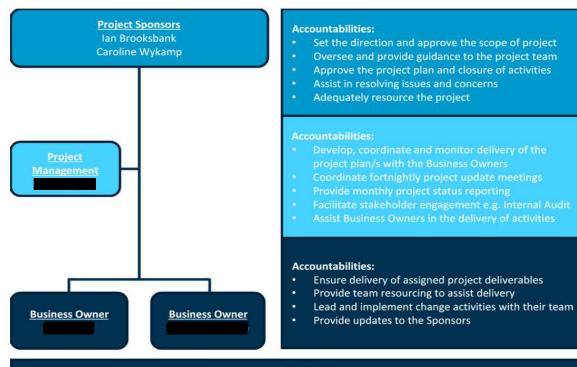
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| | | | Project Activities | | | |
|--------------------|------------------|----------------|--------------------|-----------------|---------|----------|
| The | eme | No. Activities | On Track | Not Yet Started | Overdue | Complete |
| 1. Governance & | Oversight | 16 | 0 | 0 | 0 | 16 |
| 2. People, Roles & | Accountabilities | 17 | 6 | 7 | 0 | 4 |
| 3. Process Improv | ement | 25 | 11 | 2 | 0 | 18 |
| 4. Systems & IT | | 5 | 2 | 0 | 0 | 3 |
| | Total | 63 | 19 | 9 | 0 | 41 |
| | Last Month | 63 | 24 | 12 | 0 | 28 |

Last updated: 12/05/2021

| | Finance - Audit/Investigation Actions Status | | | | | | | | | | | | |
|-------------|---|---------|-------------|----------|--|--|--|--|--|--|--|--|--|
| No. Actions | On Track | Overdue | Endorsement | Complete | | | | | | | | | |
| 34 | 34 33 0 0 | | | | | | | | | | | | |
| | Last Update | | | | | | | | | | | | |
| N/A | N/A | N/A | N/A | N/A | | | | | | | | | |
| 1 | Note: numbers include internal audits, external audits and recent Trading Strategy Investigation findings which are all being coordinated and managed via Project Voltron | | | | | | | | | | | | |

| Commercial - Audit/Investigation Actions Status | | | | | | | | | | | | |
|--|----------|---------|-------------|----------|--|--|--|--|--|--|--|--|
| No. Actions | On Track | Overdue | Endorsement | Complete | | | | | | | | |
| 10 | 10 | 0 | 0 | 0 | | | | | | | | |
| Last Meeting | | | | | | | | | | | | |
| N/A | N/A | N/A | N/A | N/A | | | | | | | | |
| Note: numbers include internal audits and recent Trading Strategy Investigation findings which are all being coordinated and managed via Project Voltron | | | | | | | | | | | | |



Project status & monitoring:

Implementation of fortnightly project meetings and project dashboard established

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| | | Project Title: Theme 1 - Governance and Oversight | | | | | Own | ners/s: | <add n<="" th=""><th>ame/s></th><th></th><th></th><th></th></add> | ame/s> | | | | | | | |
|-----------|---------|---|-------|---------------|-------------|----------|--------|-----------|--|-----------------------|--------|--------|--------|----------|-------------|---|------------------------------|
| | court? | State | - | Farrest State | | | | | | KPIL | _ | | _ | | | Prioritization | - |
| | | er of findings continue to be found in susfex highlighting raise alignment with the Concgs Youding Or Policy, along with knowledge and application of this within the groups. | | illective ov | ersight and | | | | | | | | | | | 8 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | |
| | | ing and Support Required | _ | nterdepend | erest Comp | | | cadd date | | a deliberar | | | | | | Case | - |
| 100 | 2600101 | ing and support kinguined | | etsizeperi | Dencies/Ut | ner nems | | | | Additional Commentary | | | | | | | + |
| L | | | | | | | | | | | | | | | | | |
| Report 15 | No. O | Overall Project Key Millestones and Activities Accounts inergy Trading Strategy | table | Aug-20 | Sep-30 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | | | | | | | Comments Addresses TSII 1.1 | |
| _ | | Complete refresh of Trading Strategy to ensure sufficient detail to | | - | - | _ | | _ | _ | | | | - | _ | | Appreciate 150 1.1 | - |
| Ľ | 1.1 | guide trading tactics and decisions. | | | | | | | | | | | | | Complete | | |
| Ŀ | 1.2 | 2 Provide early draft / key elements to FMC | | | | | | | | | | | | | Complete | 09.10.20 One paper on progress already gone to FMC. Update going to October RMC of further key elements. 1.11.2002 This was completed in October - FMC was held on 19 October-packs from August and October sent to: | |
| | 1.3 | Obtain external feedback on draft Trading Strategy | | | | | | | | | | | | | Complete | 1.5.09.20 This activity is to be confirmed by the chert it will occur, if it does it will be to provide feedback on the strategy 09.10.30 the chert of this will occur in early November 1.11.2000 Will happen in | Complete per redidence to 20 |
| | 1.4 | Provide complete draft strategy for FMC approval | | | | | | | | | | | | | Complete | 1.11.2000 document is in early draft - consider "On Track" for FMC. 07.12.30 Complete evidence t | Complete per evidence to 12 |
| | 1.5 | Provide revised strategy for RMC and Board approval | _ | | | | | | | | | | | | Complete | 07.01.21 meetting with as provided evidence of closure, Trading Strategy was approved at the Dec RWC and Board meeting | |
| | 1.6 | Roll out updated and approved Energy Trading Strategy to all relevant teams | - | | | | | | | | | | | | Complete | Need to determine who this will need to be rolled out to 07:01.21 Meeting with her will both discuss the best way of ensuring this is adequately rolled out to relevant people and on track for closure at the end of Jan | |
| | 1.7 | Add familiarisation with Trading Strategy to onboarding checklet | | | | | | | | | | | | | Complete | 1.11.20 Completed - emailed evidence | |
| TSII 2.3 | 2 (| nersy Tradina Policy | | Aug-20 | Sec-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-23 | 1 Jun-21 | Satus | Addresses TSII 2.3 | I |
| | 2.1 | neview the spanied training pocky detailering doubreations raised in the Trading Strategy incident investigation and revised uplift work for 'umber/hearing completion. Update procedure documents to reflect the monitoring and reporting | _ | | | | | | | | | | | | Complete | 07.01.21 meeting wit noved out to end of Feb to align | |
| Ľ | | requirements outlined in policy. Ensure that accountabilities between Front, Middle and Back Office for monitoring and reporting of positions, trades and compliance against approved trading plans are clearly articulated. | | | | | | | | | | | | | | with 2.3 action to provide draft to FMC | |
| | 2.2 | Obtion external review of the Trading Policy | | | | | | | | | | | | | Complete | 07.01.21 meeting with sound over out to end of Feb to align with 2.3 action to provide draft to FMC | |
| | 2.3 | Provide early draft FMC | . 1 | | | | | | | | | I _ | 1 - | | Complete | | |
| | 2.4 | Provide revised policy for FMC approval | | | | | | | | | | | | | Complete | | |
| | 2.5 | Provide revised policy for RMC and Board approval | | | | | | | | | | | | | Complete | 14.04.21 New policy endorsed by RMC | |
| | 2.6 | Roll out updated and approved Energy Trading Policy to all relevant teams | | | | | | | | | | | | | Not Started | Need to determine who this will need to be rolled out to | |
| TSII 2.4 | 3 6 | overnance Reporting and oversight from FMC and RMC | | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-23 | 1 Jun-21 | Satus | Addresses TSII 2.4 | 1 |
| | 2.1 | Develop FMC & RMC reporting to ensure additions of trading activities for the month, alignment to approved strategy and Front Office assessment of trading performance are captured. | | | | | | | | | | | | | Complete | 01.11.02 - still on track for completion 07.12.20 Complete evidence to | Complete per eddexx to12 |
| | 2.2 | Develop Commercial Risk report to be provided to FMC & RMC on a monthly bases. | | | | | | | | | | | 1 - | 1 - | Complete | 8.10.20 in October FMC report. | |
| | 2.2 | Automate position and MTM for Commercial Risk report | - | | | | | | | | | | | | Complete | 01.12.20 Complete | 7 |

| | | Project Title: Theme 4 - People and Culture | | | | | | | | | Own | ers/s: | <add nar<="" th=""><th>ne/s></th><th></th></add> | ne/s> | | |
|---|--------|---|-------------|--|-------------|-----------|--------|--------|---------|------------|----------|--------|---|--------|-------------|--|
| c | ırrent | t State | | Target Stat | te | | | | | KPIs | | | | | | Prioritisation |
| | | | | | | | | | | | | | | | M M L L M H | |
| L | | | | Target Completion Date <add date=""></add> | | | | | | | | | | Ease | | |
| R | esour | rcing and Support Required | | Interdeper | ndencies/Ot | her Items | | | | Additional | Commenta | ry | | | | |
| | | Overall Project Key Milestones and Activities | I | Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Mar-21 Apr-21 May-21 Ji | | | | | | | | | | | Status | Comments |
| | | Function, Role and Accountability Alignment | Accountable | Aug-20 | Sep-20 | UCI-20 | NOV-20 | Dec-20 | Jdf1-Z1 | Feb-21 | IVIdI-21 | Apr-21 | IVIdy-21 | Jun-21 | Status | Addresses TSII 2.2 |
| | 1.1 | Develop template to capture Group/Team purpose, functions and structure | | | 30.09.20 | | | | | | | | | | Complete | 23.09.20 Template created to support recording of this and has been added in Voltron Project Files/Templates |
| | 1.2 | Define and document functional accountabilities of each group - Front, Middle, Back Office and Management Accounting? | | | | | | | | | | | | | Complete | 13.11.20 timeline has been moved to align with Horizon 2 Activities |
| | 1.3 | Define and document key activities of each of the functional groups | | | | | | | | | | | | | Complete | 13.11.20 timeline has been moved to align with Horizon 2 |
| | 1.4 | Determine teams and roles to support delivery of the groups functions and activities, noting resource numbers required and ensuring appropriate delineation of role activities as required. | | | | | | | | | | | | | On Track | Activities 12.05.21 PWC have completed 13.11.20 timeline has been moved to align with Horizon 2 Activities |
| | 1.5 | Review/Create position descriptions in alignment with functional, activity, role requirements and what success in role looks like | | | | | | | | | | | | | On Track | 13.11.20 timeline has been moved to align with Horizon 2 Activities |
| | 1.6 | Review outcome of above activities against existing structure to confirm alignment, gaps, and changes if required | | | | | | | | | | | | | On Track | 13.11.20 timeline has been moved to align with Horizon 2 Activities |
| | 1.7 | Develop implementation plan to support any people changes that may be required accounting for team engagement and consultation requirements. | | | | | | | | | | | | | Not Started | 13.11.20 timeline has been moved to align with Horizon 2 Activities |
| | 1.8 | Implement changes as required to structure and roles | | | | | | | | | | | | | Not Started | 13.11.20 timeline has been moved to align with Horizon 2 Activities |
| | | Competency, Development and Training Develop template to capture team member competency and skills | | | | | | | | | | | | | | Addresses TSII 2.2 23.09.20 Template created to support recording of this and |
| | 2.1 | requirements | | | 30.09.20 | | | | | | | | | | Complete | has been added in Voltron Project Files/Templates |
| | 2.2 | Develop and document a skills, capability and training matrix for each role | | | | | | | | | | | | | On Track | 05.02.21 as updated, pushed out a month a complete, agreed to have this done by the end of F |
| | 2.3 | Undertake review of personnel against the matrix to determine team/individual gaps | | | | | | | | | | | | | On Track | |
| | 2.4 | Feed gaps into team members personnel development | | | | | | | | | | | | | Not Started | |
| | 3 | Team and Behavioural Alignment | | | | | | | | | | | | | | Addresses TSII 2.1 |
| | 3.1 | Develop content for team building workshop - Provide clarity of team functions/cross team - Workshop defining what success looks (within and across teams) - Workshop defining what teams are required to support success - Workshop effective communication activities for in and across teams | | | | | | | | | | | | | On Track | 10.09.20 Need to determine whether this is done with all teams across front, middle, back and management accounting or within functional teams 05.02.21 greed to get this started in Feb and aim for a March |
| | 3.2 | Run facilitated workshop with the team | | | | | | | | | | | | | Not Started | |
| | 3.3 | Document outcomes from the workshop | | | | | | | | | | | | | Not Started | |
| | 3.4 | Re-share the outcomes with the workshop with the team to play back and gain agreement of success and behaviours | | | | | | | | | | | | | Not Started | |
| L | 3.5 | Ensure team behaviours are fed into the performance process, team meeting and prominently displayed | | | | | | | | | | | | | Not Started | |

| | Project Title: Theme 3 - Process Improvement | | | | | | | | | Own | ers/s: | <add na<="" th=""><th>me/s></th><th></th><th></th></add> | me/s> | | |
|------|--|-------------|--|----------------------------|--------|--------|---|---------|-----------|------------|---------------|---|--------|-------------|---|
| | State | | Target Sta | te | | | | | KPIs | | | | | | Prioritisation Prioritisation |
| sour | ding and Support Required | | | Target Comp ndencies/Ot | | • | <add date:<="" th=""><th></th><th>Additiona</th><th>I Commenta</th><th>ary</th><th></th><th></th><th></th><th>Ease</th></add> | | Additiona | I Commenta | ary | | | | Ease |
| | | | | | | | | | | | | | | | |
| | Overall Project Key Milestones and Activities Critical Process Review | Accountable | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Status | Comments |
| 1 | Create a Process Matrix - is there a process document, owner of | | | 30.09.20 | | | | | | | | | | Complete | 23.09.20 Template created to support recording of this and has been |
| - | the process, when was it last reviewed, where is it stored etc. | | | | | | | | | | | | | | added in Voltron Project Files/Templates 13.11.20 timesine has been moved to align with Horizon 2 Activities 07.01.21 meeting wit both indicated this is on track f |
| 1.2 | Determine critical processes for each of the functional groups/across group and overall accountability for the process | | | | | | | | | | | | | Complete | completion at the end of Jan 05.02.2 till to finalised. Agreed to have the |
| 1.3 | Populate the Process Matrix | | | | | | | | | | | | | On Track | 13.11.20 line has been moved to align with Horizon 2 Activities 07.01.21 meeting with both indicated this is on track f |
| 1.4 | Develop plan to close any gaps identified in the Process Matrix | | | | | | | | | | | | | On Track | 13.11.20 timeline has been moved to align with Horizon 2 Activities |
| 1.5 | Role out refresher/changes to any of the processes to the | | | | | | | | | | | | | Not Started | 13.11.20 timeline has been moved to alien with Horizon 2 Activities |
| 2 | Reporting Review | | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Status | 13.11.20 dimense has been intowed to ankin with Horizon 2 Autorios |
| 2.1 | Develop a matrix to capture all reporting that is undertaken by all of the functional groups, capturing accountabilitie, who is the audience, frequency, adequacy, opportunity for automisation | | | 30.09.20 | | | | | | | | | | Complete | O7.01.21 meeting with |
| 2.2 | Determine critical reports for each of the functional groups/across group and overall accountability for producing | _ | | | | | | | | | | | | Complete | completion at the end of Jan 05.02.21 sharp as completed sharp till to finalised. Agreed to have the done by the end of Feb thus timeline moved out a month. |
| 2.3 | Populate the Reporting Matrix B | _ | | | | | | | | | | | | On Track | 12.5.21 included in energy trading policy 07.01.21 meeting with both indicated this is on track f |
| 2.4 | Develop plan to address any gaps or requirements | | | | | | | | | | | | | On Track | completion at the end of Jan |
| 3 | Rusiness Modelling Review | | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Status | |
| 3.1 | Develop a matrix to capture business critical modies, confiming owner, whether detail and assumptions are documented, internal and external review has been undertaken. | | | | | | | | | | | | | Complete | 06.10.20 - Template created and has been added in Project Voltron Files/Templates folder |
| 3.2 | Populate Modelling Matrix | _ | | | | | | | | | | | | On Track | 07.01.21 meeting with both indicated this is on track if completion at the end of Jan 05.02.21 share completed done by the end of Feb thus timetime moved out a month. |
| 3.3 | Develop plan to address any gaps in the modeling or requirements Trading Strategy Review - Process Improvement | | Aug. 20 | Sep-20 | 0.00 | Mon-20 | Dec-20 | lan-21 | Enh.21 | May. 21 | Anr. 21 | Mau-21 | Jun-21 | Not Started | bolle by the end of rea this timeline moved dot a morth. |
| 4.1 | Institute quarterly review of Trading Strategy within Wholesale Portfolio team, to review execution against the KPIs and assess any course correction or adjustments required. | | AUG-10 | 349-20 | 00.20 | 101-20 | 560-20 | 2017-22 | 160-21 | 71 | Apr-11 | may 22 | 701722 | Complete | 08.09.2 Documented in Front Office procedures: detail on Trading Strategy and Planning by [30 Sep 2020]. 1st review in April 2021 of March quarter against approved Trading Strategy. |
| 4.2 | Documenting requirement in the FO procedure | | | | | | | | | | | | | Complete | 07.12.20 Complete, evidence sent to |
| 4.3 | First review at the end of Q1 | | | | | | | | | | 1st Review | | | Complete | 12.5.21 Complete |
| 5 | Trading Plan - Process Improvement | | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | | May-21 | Jun-21 | Status | Addresses TSII 1.2 |
| 5.1 | Institute trading plan, to capture current tactics to execute on approved strategy and establish intended trading activity for the period (approximately monthly). | | | 30.09.20 | | | | | | | | | | Complete | 08.09.20 Trading plan cycle commenced in June 2020. Agreed processes for approval, amendment and review to be documented in Front Office procedures by 30 Sep 2020. |
| 5.2 | Produce summary of intended trading for tracking and discussion. Wholesale Transactions Manager monitors activity on a daily basis and weekly review of activity against plan with Head of Wholesale Portfolio. | | | 30.09.20 | | | | | | | | | | Complete | 09.10.20 Tracking in place in elec blotter, weekly trading planning meeting established for the weekly review including WTM and HOWP |
| 5.3 | Documentation for FO procedre to capture trading plan requirements including process for making adjustments within | | | | | | | | | | | | | Complete | 09.10.20 this is underway and On Track to be completed by the end of October. |
| 6 | the month and completing an end of month review and look Update Position Reporting - Process Improvement | | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Status | 07:12:20 Complete evidence sent to Addresses TSII 1.3 |
| 6.1 | Front office position report to be updated to show granularity of load forecast between segments and differentiation of expected volume vs fixed price exposure. | | | | | | | | | | | | | Complete | 09.10.20 This has been completed. |
| 5.2 | Put in place checks between Front Office report and Middle Office position reporting | | | | | | | | | | | | | Complete | 07.01.2 provide update on progress, but will ensure it is completed by end Jan |
| 6.3 | Extend Smiles reporting to all future periods | | | | | | | | | | | | | Complete | 08.09.20- Completed as per Spreadsheet update 07.09.20 |
| 7 | Visibility of Trading Position, Strategy and Plans - Process Improvement | | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Status | |
| 7.1 | Commercial Risk added to relevant meetings - Sep 2020. | | | | | | | | | | | | | Complete | 09.10.20 MO reps now invited to Monthly Market view and Trading Plan meetings, Wednesday contract trading meeting and we have weekly FOMO meeting. |
| 7.2 | Develop summary level Trading Strategy / Plan info format for sharing outside team (i.e. Wed morning meetings, Strategy Alignment & Overview meeting) - Oct 2020 | | | | | | | | | | | | | Complete | 07.12.20 Complete evidence sent t |
| 8 | Front Office FMC Report Improvements - Process Improvement | | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Status | |
| 8.1 | Commentary and detail on trading activity (DONE June 2020) | | | | | | | | | | | | | Complete | 14.09.20 This was completed in June 2020 |
| 8.2 | Add performance metrics including Smiles output (Oct 2020) | | | | | | | | | | | | | Complete | 07.12.20 Complete evidence sent to |

| ŀ | | Project Title: | Theme 5 - Systems & IT | | | | | | | | | Own | ers/s: | <add na<="" th=""><th>me/s></th><th></th><th></th></add> | me/s> | | |
|--------|--------|---------------------------------------|-----------------------------|-------------|------------|------------|--------|--------|--|--------|------------|----------|--------|---|--------|----------------------------|--|
| ŀ | Curren | t State | | | Target Sta | te | | | | | KPIs | | | | | | Prioritisation |
| | Resour | cing and Support Required | | | | Target Com | | e | <add date:<="" th=""><th>•</th><th>Additional</th><th>Commenta</th><th>ry</th><th></th><th></th><th></th><th>Magana Magana Ma</th></add> | • | Additional | Commenta | ry | | | | Magana Ma |
| - | | | | | • | | | | | | | | | | | | |
| Report | No. | Overall Project Key Milestones a | nd Activities | Accountable | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Status | Comments |
| | 5.1 | | | | | | | | | | | | | | | | 18.01.21 Meeting with believes this has been completed and will confirm where we are with testing. 18.01.21 feedback from A security config was fixed last week and it is now with Will need to check in with |
| | | Shiny virtual servers to host risk re | porting dashboard | | | | | | | | | | | | | Complete | him on his return. Has been prioritised by IS&S to be done in Q420 |
| | 5.2 | | | | | | | | | | | | | | | | 18.01.21 There is a program for this with the vendor will send through the program to update high level timeframe in Voltron. Also arrange a meeting with to confirm requirements. 18.01.21 sent through milestones, on track for completion end of Feb |
| | | Lacima upgrade to support MTM, | Position and EaR valuations | | | | | | | | | | | | | Complete | 12.5.21 Upgrade complete, finalising testing/calibration |
| - | 5.3 | Snowflake & Matillion access | | | | | | | | | | | | | | On Track | 18.01.21 Meeting with confirm status but beleive this may be complete |
| | 5.4 | PowerBI Pro licenses | | | | | | | | | | | | | | Complete | 18.01.21 Meeting with If licences have been provided then this will be complete. to confirm Licences |
| | 5.5 | Badger implementation | | | | | | | | | | | | | | On Track | 18.01.21 Meeting with to follow up with confollow up with there then this can be completed |
| | 5.6 | Monty production environment | | | | | | | | | | | | | | On Track | 18.01.21 Meeting with |
| ŀ | 5.7 | | | | | | | | | | | | | | | Not Started | |
| ŀ | 5.8 | | | | | | | | | | | | | | | Not Started | |
| | 5.9 | | | | | | | | | | | | | | | Not Started | |
| | 5.10 | | | | | | | | | | | | | | | Not Started | |
| ŀ | 5.11 | | | | | | | | | | | | | | | Not Started Not Started | |
| ŀ | 5.12 | | | | - | | | | | | - | | | - | - | Not Started Not Started | |
| ŀ | 5.14 | | | | | | | | | | | | | | | Not Started Not Started | 1 |
| ŀ | 5.15 | | | | | | | | | | | | | | | Not Started | |
| | 5.16 | | | | | | | | | | | | | | | Not Started | |

| | Documentation Review - act | ions status a | and relevance | | | | |
|---------------------|--|---------------------------------------|---|-----------------------|------------------------|--------|----------------------------------|
| p. f | August 2020 - KPMG Audit | | a relevance | | | | Captured in Voltron Project Plan |
| Reference in Doc | Action/Recommendation Best practice methodology considerations | Status of Action (based on review) | Accountable | Still Relevant Y/N | Theme | Status | Comment/Evidence for Closure |
| 1 | Recommendation 1: Consideration should be given to the inter-regional spread calculations under the Basslink Service Agreement as was undertaken by ACIL Allen for the Wind Farm PPAs. | New | Head of Commercial Risk | N | Risk Management | Open | |
| 2 | Best practice methodology considerations Recommendation 2: Consider more advanced risk measures such as Potential Forward Exposure (PPE) for recognising credit risk adjustmentson the fair values | New | Head of Commercial Risk | N | Risk Management | Open | |
| 3 | of divivative contracts Independent Review - no evidence of independent internal review of derivative and accounting results were evident | New | Head of Commercial Risk | Y | Process Improvement | Open | |
| 4 | Ongoing Validation of Credit Risk Data for derivative valuation purposes Recommendation: Hydro should consider finding alternative sources for credit spread data, or actively quantify the financial impact of the 1 month change in | New | Head of Commercial Risk | N | Risk Management | Open | |
| 5 | credit spreads when the market data is published by the RBA. Forecast Price Curve (STPB & LTPB) Completion Recommendation: That Hydro implement input validation checks | New | Head of Commercial Risk | Y | Process Improvement | Open | |
| 6 | Conversion Factor for Wind Farm Price Forecasts Recommendation: forward looking data should be incorporated into management's valuation assumptions going forward | New | Head of Commercial Risk | N | Risk Management | Open | |
| 7 | Load Volume Inputs Recommendation: Management had not appropriately assessed the current market and counterparty conditions on the MI and PPA contract valuations. The impact of COVID 19 should continue to be considered by management when assessing valuation assumptions. | New | Head of Commercial Risk | Y | Risk Management | Open | |
| 8 | Day 1 California (Norske 2002) Recommendation: address the inconsistent treatment of a contract component in day 1 calculation and year end calculation | New | Head of Commercial Risk | N | Process | Open | |
| | July 2020 - Trading Strategy Incident Investigation (external) | | RISK | | Improvement | | Captured in Voltron Project Plan |
| Reference in Doc | Action/Recommendation | Status of Action (based on review) | Accountable | Still Relevant Y/N | Theme | Status | Comment/Evidence for Closure |
| Recommendation 1.1 | Energy Trading Strategy - Capture trading strategy for all meaningful trading activity and periods, ensure that all members of the trading team are fully engaged in this process to build awwereness and support for the strategy implementation. Apper lower level trading plans/factics a needed to support the implementation of the trading strategy. Internal Auditunderstands trading plans are being developed which align and roll-up to approved strategies. These documented plans/factics could then be used during daily and weekly trading team discussions and to provide clear rationale for individual (and aggregated) trading activity. | Partially Complete | Head of Wholesale Portfolio | Y | Gov & Oversight | Open | Covered |
| Recommendation 1.2 | Trading Tactics - Implement measures within the trading team to ensure that transactional activity is aligned with approved trading strategy. These could include: - Abcommentation of Trading Tactics in support of the Trading Strategy-this would be expected to be updated real time to reflect the latest thinking and strategy existent. This subscreamed call to cover all tradeable periods and be used for ofccussion during dishylvestly meetings. - Ongoing performance reviews against trading plants to ensure trading activity and performance in time with strategy - Undertake expanded communication effort and capability fould for ley areas of weathers identified (refer 2.8.2.2) | Partially Complete | Head of Wholesale Portfolio | γ | Process Improvement | Open | |
| Recommendation 1.3 | Total Country of the | Partially Complete | Head of Wholesale Portfolio | Y | Process Improvement | Open | |
| Recommendation 1.4 | Next Measurement and Reporting - Undertalle a review of the Risk Limit Framework in the content of required performance insight and risk measurement and reporting across the portfolio nated in this report. This is also expected to provide successors to the adequacy of both the "energy" risk in the portfolio (underlined) and the "energy of the portfolio (underlined) and provided in the energy of the provided and the control of the energy of the provided and the country of the implementation. Implements material upfit to the Commercial Risk reporting to ensure the following components are covered within an independent report (at least each month): **Workson report for all priorids** **Adan't to market report for all priorids** **Adan't to market report for all priorids and underlined a | New | Head of Commercial Risk | Y | Risk Management | Open | |
| Recommendation 1.5 | More Prequent reporting of aspects of this risk reporting should be considered on a daily or weetly basis (e.g. position report). Effectiveness of Bid Oversight - implement measures within the Commercial Bikk team to effect more appropriate oversight of closer involvement and support to trading activity. These could include: **Colore working relationship and support/callinger/debate for the trading team **Driving violality of trading tactics, plans and inlarge to the trading strategy and active participation within weekly trading meetings to levy review and challenge to the finition of file: **Formalised review of trading activity, with validation recorded, vs trading stactics and trading strategy **Aligning reporting with risk appetities and monitoring of approved height strategies." | New | Head of Commercial Risk | Y | Risk Management | Open | |
| Recommendation 2.1 | Communication and Culture - Defines target "constructors" culture for the Commercial Teams, including defining cultural leves to be used and actions to be taken to move towards this target state. It is also important that success measures are defined up-front to ensure progress can be tracked and outcomes defined. This requires open dislogue with hit learn members to ensure views and perspectives on the current culture and suprisonal culture are shared in a safe forum where actions are agreed as a collective. It is also recommended that communication is deliberately expanded within the Commercial Teams (including Commercial Rosk) as it relates to the trading strategy, trading factics and current studing position to ensure transparency of activity and facilitate oversight and invite challenge. | New | Head of Wholesale Portfolio / Head of Commercial Risk | Y | People | Open | |
| Recommendation 2.2 | Adequacy of current resourcing and capability alignment - Internal Auditunderstands restructuring of the Commercial Risk team has nowbeencompleted, creating increased capacity in the new structure for core middle office functions, including RiskAnalysis and Risk Monitoring and Compliance. Internal Auditusportsaremented focus on oversight and challenge, noting there are currently wazancies for the Senior Analysis Contract Managementand Commercialands, Senior Specialst Risk Models and Development roles. It is also recommended that the Commercial Team undertake an analysis of the resource capability required to achieve the utiliar defined in 2.1 and support the increased focus or trading strategy and strating planylatics development including associated analysis and quantitative skills. This should be compared to the current capability, kill sets and capacity of the team. Any areas of capacity and capability deficit should beldentlified, and plans put in place to address these pages, including address and team capacity. | Partially Complete | Head of Wholesale Portfolio / Head of Commercial Risk | Y | People | Open | |
| Recommendation 2.3 | Energy Trading and Policy Standard - Review the updated trading policy considering the observations raised within this report and revised uplift work for similar fearing completion. Ensure simplicity is paramount. Prepare or update procedure documents to reflect the monitoring and reporting requirements outlined in policy. Ensure that accountabilities between Front, Middle and Back Office for monitoring and reporting or positions, trades and compliance against approved trading plants are classified particulated in Policy documents. This include defining, implementing and monitoring compliance with trading strategy. | New | Head of Commercial Risk | Υ | Gav & Oversight | Open | |
| Recommendation 2.4 | Governance Reporting and Oversight from FMC and RMC - Materially uplift the FMC & RMC reporting to ensure the following components are covered within a Font Office / Commercial Report - Accimentary on tending stirily for the month - 45-pecific (flours on alignment with approved trading strategy - 4-front Office assessment of trading performance (poling that as in independent assessment is expected from the Middle Office). FMC & RMC are also expected to receive a monthly report from Commercial Risk. | Partially Complete | Head of Wholesale Portfolio | Y | Gov & Oversight | Open | |
| | June 2020 - Wholesale Credit Risk Management Review by PwC | | | | | | Captured in Voltron Project Plan |
| Observation 1 | There are deficiencies with several key areas of the current Credit Policy and Wholesale Credit Standard where there is a lack of clarity on expected control activities and accountabilities leading to malsignment with current practice. Highlighting key areas for improvement, these included: • Stakeholder roles and accountabilities • Stakeholder roles and accountabilities • Steller in the state of the clarity accountabilities and accountabilities and accountabilities of some state of the stat | New | Head of Commercial Risk | Y | Gov & Oversight | Open | |
| | 2020 BMC We observed a weak control environment including failure to detect issues in a timely manner, provide appropriate oversight of the credit risk exposures or proactive insight to those charged with governance. Recommendation 11 Lipidate the Wholesel Cord Standard and New Counterparty Procedure Manual so that they reflect current approval processes. Ensure that the procedure details the conditions for approval and the approval process. Recommendation 21 Lipidate the Wholesel are is obtact the displacement of credit risk assessment in place, for each new counterparty assessment a formal Recommendation 21. | New | Head of Commercial Risk | Y | Process Improvement | Open | |
| | document should be completed which captures the onboarding and approval processes that includes corporate due diligence gathered about the counterparty and its directors, subjective factors, KYC scoring and credit risk assessments, the credit limit and tenure proposed and evidence of final approvals / review of process. | New | Head of Commercial Risk | Y | Process Improvement | Open | |
| Observation 2 | Reccomendation 3: Due diligence should include subjective information such as whether directors have been involved in businesses that have gone into | New | Head of Commercial Risk | Y | Process Improvement | Open | |
| 2a | administration, clarity over an organisation's business model and consideration for whether the business conducts dubious activities. Reccomendation 4: An assessment template should be created for wholesale counterparties similar to the C&I example, showing all calculations leading to a final ratio out of 40 and the subsequent operating credit limit calculation. | New | Head of Commercial Risk | Υ | Process Improvement | Open | |
| | Reccomendation 5: Formalise documentation storage procedures to better evidence the credit risk assessment scoring, the calculation of the Maximum Credit Limit and authorisation of the Operational Credit Limit for wholesale counterparties | New | Head of Commercial Risk | Y | Process Improvement | Open | |
| | Reccomendation 6: Management's learnings from Zinc Energy and risk mitigation strategies associated with unrated / non-financial counterparties was to update policy requirements for upfront security. It is recommended that management review its credit risk mitigation and credit support policy clauses and ensure that this aligns with its risk appetite with counterparty risk profiles. | New | Head of Commercial Risk | Y | Process Improvement | Open | |
| | Reccomendation 7: In order to mitigate the risk that changes in circumstances following ISDA executions and trades presents, Middle Office needs to put in | New | Head of Commercial Risk | Y | Process Improvement | Open | |
| | place processes to check whether there has been any changes to counterparty which would impact on their original assessment or trigger a reassessment. Week control environment - Lack of formal countrols and performance of oneging monitoring activatives. Recommendation 1: Formalising key control activities. Foruse that there are formalised detailed requirements and procedures which prescribe what is required finature, limiting and extent to perform key control activities residing to onegoing monitoring and experting activities (weekly exposure report review, on -going counterparty monitoring) and managing trading halts and situations where proposed trades would exceed limits (there needs to be clear processes in place). These procedures and key control activities need to align with the Credit Policy and Wholesiale Credit Standard. | New | Head of Commercial Risk | Y | Process Improvement | Open | |
| Observation 2 2b | Recommendation 2: Pre-trade counterparty checks * Procedures studie be updated to ensure that prior to trades being approved by the Middle Office them has been a check to ensure that there has been no events or changes to a counterparty's circumstances that could impact the original credit risk avessment and current credit limit hydro Tamania count bear arisk bead approach to this is explaying this activity to riske counterparties with their profition. *The Wholesale Credit Standard should be more explicit on Front Office seeking approved from Middle Office prior to executing any transaction that would result in counterparty expource exceeding approved dollar or term limits, or any transaction originating when the current counterparty expource is within NS of the approved operating exposure or in miles. | New | Head of Commercial Risk | Y | Process Improvement | Open | |
| | Recommendation 3: Master list and change management - Hydro Taxmania needs to maintain a change per list and change management - Hydro Taxmania needs to maintain a change pot of the master counterparty worksher to document dates, cleated of the change and approver of changes to key counterparty details. This helps to ensure that there is auditability of changes but also demonstrates effective governance of changes and traceability to decisions being made | New | Head of Commercial Risk | Y | Process Improvement | Open | |
| | affecting counterparty risk management. Exposure measurement methodology is missilgned with industry standards and exposure monitoring is ineffective. Recommendation 1: Incorporate the use of the Potential future Exposure ment's which would enable exposure measurement to consider the movement of the forward curve, which mark-to- | New | Head of Commercial Risk | Y | Risk Management | Open | |
| I | use of the Potential Future Exposure metric which would enable exposure measurement to consider the movement of the forward curve, which mark-to- market cannot achieve on its own. The incorporation of this metric would bring Hydro Tasmania in line with its peers in the energy industry. | | NSK | | wanagement | | |

| 1 | | | ı | ı | | | |
|---|---|--|--|-----|--|------|---|
| | Recommendation 2: The exposure report should be updated to automatically call out counterparties that are: —Within 20%, 10%, 5% of approved credit limits | New | Head of Commercial | Y | Risk | Open | |
| | Exceeding their operational limits and call out when trading halt action is required Put on 'watch' when approaching thresholds in order to ensure that these counterparties are closely monitored by Front and Middle Offices | | Risk | | Management | .,. | |
| Observation 3 | Recommendation 3: Counterparty exposures could be aggregated by market segment, giving management a more accurate picture of potentially correlated | New | Head of Commercial Risk | Y | Risk Management | Open | |
| | counterparty exposures. Reporting should also enable portfolio exposure aggregation and assessment to be performed in line with the Credit Policy. | | 1908 | | wanagement | | |
| | Recommendation 4: While it is the commonly held view that Hydro Tasmania's trade volumes are sufficiently small that counterparty exposure can be managed by means of a weekly report, live reporting accessible to traders would undoubtedly decrease the risk of exposure limits being met or exceeded. | New | Head of Commercial Risk | Y | Risk Management | Open | |
| | However, system capabilities are an obvious consideration here and may preclude any improvements from being made. | | | | | | |
| | Recommendation 5: Weekly formal meetings with Middle Office and Front Office should continue following the conclusion of the current COVID-19 disruption. Without putting pressure on limited resources, these meetings could include the review of the ounterparty exposure report allowing teams to | New | Head of Commercial Risk | Υ | Risk | Open | |
| | discuss / raise matters regarding potential trades or behaviours observed with counterparties. Actions from these meetings should be documented and tracked. | | Risk | | Management | | |
| 01 | There are no formal processes and procedures to ensure continuous monitoring of counterparties including scheduled counterparty reassessments | None | Head of Commercial | v | Risk | | |
| Observation 4 | Recommendation: Hydro Tasmania should determine what ongoing monitoring is required and when (timing, nature and extent) and formalise this in its Policy and by documenting the required procedures. | New | Risk | , | Management | Open | |
| | Insufficient reporting provided to committees and those charged with governance: | | | | Risk | | |
| Observation 5 | Recommenation: Credit Risk Reporting to the Finance Management Committee and Risk Committee should be enhanced in order to include information that | New | Head of Commercial Risk | Y | Management | Open | |
| | enables the Committees to assess management's compliance with policies and procedures and to also enable proactive governance over credit risk. June 2019 - Audit Electricity Spot Trading by PwC | | | | | | Captured in Voltron Project Plan |
| | | | | | | | |
| | Clarity of accountability and overall process for maintaining of the Storage Operating Rules requires enhancement. ACTION 1: Develop a process which: | Closed - Per Internal | Manager Production | | Process | | |
| Observation 1 | a) Manages reviews of Storage Operating Rules (SORs) to ensure compliance against the 3 yearly review requirement and ongoing business needs are addressed; | Audit Update | Strategy | | Improvement | | |
| | b) Assigns suitable Subject Matter Experts (SMEs) to review; c) Tracks progress of SQRs under review: and | | | | | | |
| | d) Generates a monthly report to FMC (or appropriate governance forum) informing of the status of SORs under review | | | | | | |
| Observation 1 | Clarity of accountability and overall process for maintaining of the Storage Operating Rules requires enhancement. | Closed - Per Internal Audit Update | Manager Production Strategy | | Process Improvement | | |
| | ACTION 2: Develop a table following discussion with relevant SMEs; which a ssigns specific SOR update and review resp onsibilities to relevant Level 2 Managers under each of the SOR sub-headings | Audit Update | Strategy | | improvement | | |
| Observation 1 | | Partially Complete | Manager Production | | Process | | |
| Observation 1 | Clarity of accountability and overall process for maintaining of the Storage Operating Rules requires enhancement. ACTION 3: Modify SOR Change Management Document to reflect the above mentioned process and table. | Turtumy complete | Strategy | | Improvement | | |
| Observation 2 | Increase the visibility and independence of Spot Trading performance measurement. Action 1: Spot Trading management will change the Daily Report to better highlight the presence of performance management statics and separately inform | Closed - Per Internal Audit Undate | Head of Spot Trading | | Gov & Oversight | | |
| | recipients of its presence and interpretation. Dec 2018 Middle Office Review Report | Addit Opdate | | | | | Captured in Voltron Project Plan |
| | Define trading risk appetite aligned to wider enterprise risk appetite - define and assess the adequacy of trading (electricity, gas and environmental products) risk appetite as implied through expected trading activities. | | Hand To | | | | |
| G1 | Note that this will need to be assessed relative to the risk capacity, tolerance and appetite to be defined for all other material risks (e.g. operational, market, | Partially Complete | Head of Commercial Risk | Y | Risk Management | | |
| | Including, credit, interest, etc.) within the organisation, which is currently in progress. Develop interested Wholesale trading risk limit structures aliened to trading risk appetite integrated Wholesale trading risk limit structures aliened to | | | | | | |
| G2 | Develop integrated Wholesale trading risk limit structures aligned to trading risk appetite - integrated Wholesale trading risk limit structure aligned to trading risk appetite should be developed to provide management with a portfolio view of aggregated risk measure while enabling effective monitoring of individual risk limits, performance reporting and portfolio attribution. | Partially Complete | Head of Commercial Risk | Y | Risk Management | | |
| | | | | | | | |
| G3 | Develop trading performance measurement framework aligned to risk limit structure - Trading need to be given a 'playing field' to operate within and performance measurement against. To adequately measure performance of trading operations a defined KPI(s) must be formalised and agreed. This is usually | Partially Complete | Head of Commercial Risk | Y | Risk Management | | |
| | driven by the desired strategic outcome of the business can take the form of a benchmark portfolio or trading approach, performance against a historical scenario or performance based on other factors (i.e. desire growth, hedge levels, pricing achieved). | | KISK | | ivianagement | | |
| | Define, formalise and assign core MO roles and responsibilities to key individuals - define core MO roles and responsibilities aligned to market practice | | | | | | |
| P1 | Define, formalise and assign core MIO roles and responsibilities to key individuals - define core MIO roles and responsibilities aligned to market practice focusing on exposure quantification against risk limits (inc. policy compliance, escalation and challenge with FO), risk and performance reporting and risk exposure analysis (supported by robust risk and oricine models). This should be formalised through responsibility assignment (RACI matrix and undated | Partially Complete | Head of Commercial | Y | People | | |
| | position descriptions) across all MO and FO (to the extent that activities involve MO touchpoints) activities. Buy - in from MO and FO managers will be key to | , , | Risk | | | | |
| P2 | establish the correct operating rhythm and enforce single points of accountability. Segregate core Middle Office responsibilities from non - core activities - Non - core MO activities such as trade support and other technical activities could be | Partially Complete | Head of Commercial | Y | People | | |
| F2 | retained within MO however should be formally segregated from staff assigned with core MO activity. Up lift core MO capabilities to assume new responsibilities - Uplift existing capability within the team to ensure that there is sufficient energy markets risk | Fartially Complete | Risk | | | | |
| P3 | knowledge and understanding to effectively carry out core MO tasks by key individuals. This may range from formal cross training to sourcing additional resources (internal or external) with initial focus on quantitative market risk capabilities. | Partially Complete | Head of Commercial Risk | Y | People & Culture | | |
| R1 | Develop trade performance reporting aligned to proposed integrated risk limit structures - In combination with limits structures (derived from risk appetite) transparent reporting and assessment of trading performance aligned to risk measurement is a critical enabler for ensuring maturity and enabling future | Partially Complete | Head of Commercial | Y | Gov & Oversight | | |
| | growth in the trading scope across electricity. P and gas. Develop new risk reporting framework aligned to proposed integrated risk limit structures - Provide further clarity and commentary around reported risk. | Turtumy compacts | Risk | · | COV & OVERSEN | | |
| R2 | limits on an individual and aggregate basis. The current reporting format is difficult to interpret in aggregate given the different measurement units and | Partially Complete | Head of Commercial | Υ | Gov & Oversight | | |
| | periods. This is expected to improve based on the proposed risk limit structure, which provides an opportunity to redesign the associate risk reporting format and content. | | Risk | | | | |
| R3 | Enhance management insight through incorporating stress testing and scenario analysis as part of regular risk reporting - Enhance risk measurement and reporting insights by developing and implementing scenario analysis and stress testing incorporating plausible financial and non - financial drivers to portfolio | Partially Complete | Head of Commercial Risk | Y | Gov & Oversight | | |
| | composition. | | | | | | |
| | | | | | | | |
| S1 | Maximise use of existing quantitative infrastructure through enhancing risk analytical capability with MO - Investment is required to enhance the analytical capability within the team to ensure key risk model outputs can be developed, maintained and interpreted by individuals with robust energy risk expertise. | Partially Complete | Head of Commercial Risk | Y | People | | |
| S1 | | Partially Complete | | Y | People | | |
| \$1 \$2 | capability within the team to ensure key risk model outputs can be developed, maintained and interpreted by individuals with robust energy risk expertise. This is especially critical as the Business operates within an increasingly complex market and intends to extract the most value from its investment in Lacima. | Partially Complete Partially Complete | Risk Head of Commercial | Y | Process | | - this had me against it but it is about load data flowing from C&I contract management to back office. Taking to |
| | capability within the team to ensure key risk moded outputs can be developed, maintained and interpreted by individuals with robust energy risk expertise. This is especially critical as the Business operates within an increasingly complex market and intensit to extract the most value from its investment in Lacima. Streamline material CAI load update process - Opportunity to streamline the process to ensure timely and accurate reflection of material CAI load changes now and load fieth provisioning). | Partially Complete | Risk | Y | | | contract management to back office. Talking to actually that relevant as back office use load data from Kat not from Allegro? may be worth you deciding whether there is any action required here. |
| | capability within the team to ensure key risk model outputs can be developed, maintained and interpreted by individuals with robust energy risk opertise. This is expecially critical as the Business operates within an increasingly complex market and intends to extract the most value from its investment in Lacima. Streamline material C&I load update process - Opportunity to streamline the process to ensure timely and accurate reflection of material C&I load changes | Partially Complete Partially Complete | Risk Head of Commercial Risk | Y | Process | | contract management to back office. Talking to she didn't think it was actually that relevant as back office use load data from Kat not from Allegro? |
| | capability within the team to ensure key risk model outputs can be developed, maintained and interpreted by individuals with robust energy risk operation. This is especially critical as the Business operates within an increasingly complex market and intends to extract the most value from its investment in Lacima. Streamline material C&I load update process - Opportunity to streamline the process to ensure timely and accurate reflection of material C&I load changes (new and load files provisioning). June 2018 - Audit Gas Trading by PwC Limited oversight and understanding of the financial performance of the gas portfolio | Partially Complete | Risk Head of Commercial | Y | Process | | contract management to back office. Taking it to gate didn't think it was actually that relevant a back office use load data from Kat not from Allegro? may be worth you deciding whether there is any action required here. Captured in Voltron Project Plan provided evidence of this action being closed via email 08.10.20 Gas |
| S2 | capability within the team to ensure key risk model outputs can be developed, maintained and interpreted by individuals with robust energy risk operation. This is expecially critical as the Business operates within an increasingly complex market and intends to extract the most value from its investment in Lacima. Streamline material C&I load update process - Opportunity to streamline the process to ensure timely and accurate reflection of material C&I load changes (new and load filex provisioning). **Rune 2018 - Audit Cas Trading by PwC** Limited oversight and understanding of the financial performance of the gas portfolio **Action 1: The current financial reporting will include specific reports for the gas business and provided to the relevant stakeholders on a monthly basis. Limited oversight and understanding of the financial performance of the gas portfolio **Action 1: The current financial reporting will include specific reports for the gas business and provided to the relevant stakeholders on a monthly basis. | Partially Complete Partially Complete Closed - Per Internal | Risk Head of Commercial Risk Head of Wholesale Portfolio Head of Wholesale | Y | Process Improvement | | contract management to back office. Talking tt she didn't think it was actually that relevant as back office us load data from Kat not from Allegro? may be worth you deciding whether there is any action required here. Captured in Voltron Project Plan |
| S2 Observation 1 Observation 1 | capability within the team to ensure key risk moded outputs can be developed, maintained and interpreted by individuals with robust energy risk expertise. This is especially critical as the Business operates within an increasingly complex market and intends to extract the most value from its investment in Lacima. Streamline material C&I load update process - Opportunity to streamline the process to ensure timely and accurate reflection of material C&I load changes (new and load flee provisioning). Since 2018 - Audit Gas Trading by PwC Limited overslight and understanding of the financial performance of the gas postfolio Action 2. Financial medical reporting will include specific reports for the gas business and provided to the relevant stakeholders on a monthly basis. Action 2. Financial metrics for the measurement of gas trading strategy to be developed by Middle Office and WES. | Partially Complete Partially Complete Closed - Per Internal Audit Update Partially Complete | Risk Head of Commercial Risk Head of Wholesale Portfolio Head of Wholesale Portfolio Head of Wholesale | Y | Process Improvement Gov & Oversight | | contract management to back office. Taking toll subskip that relevant as back office used odds at from fat not from Allegor? may be worth you deciding whether there is any action required here. Captured in Voltron Project Plan provided evidence of this action being closed via email 08.10.20 Gas Performance Report - August 2020 - 1 think this covered by the new portfolio limits / metrics in the months *FAC reporting. |
| S2 Observation 1 Observation 1 Observation 1 | capability within the team to ensure key risk model outputs can be developed, maintained and interpreted by individuals with robust energy risk expertise. This is especially critical as the Blusiness operates within an increasingly complex market and intends to extract the most value from its investment in Lacima. Streamline material C&I load update process - Opportunity to streamline the process to ensure timely and accurate reflection of material C&I load changes (new and load files provisioning). Amer 2018 - Audit Gast Trading by PwC Limited oversight and understanding of the financial performance of the gas portfolio Action 1: The current financial reporting will include specific reports for the gast business and provided to the relevant stakeholders on a monthly basis. Limited oversight and understanding of the financial performance of the gas portfolio Action 2: Financial intends for the machine of gast bridge intends to be relevant stakeholders on a monthly basis. Limited oversight and understanding of the financial performance of the gas portfolio Action 2: Financial intends for the measurement of gas trading risting to be developed by Middle Office and WES. Limited oversight and understanding of the financial performance of the gas portfolio Action 2: Financial performance of gas trading risting to be developed by Middle Office and WES. | Partially Complete Partially Complete Closed - Per Internal Audit Update Partially Complete Partially Complete | Risk Head of Commercial Risk Head of Wholesale Portfolio Head of Wholesale Portfolio Head of Poolesale Portfolio | Y | Process Improvement Gov & Oversight Gov & Oversight Gov & Oversight | | contract management to back office. Taking till gill he didn't think it was takingly that relevant a back office used to data from star for for mallegar? Interpretation of the star of |
| S2 Observation 1 Observation 1 | capability within the team to ensure key risk model outputs can be developed, maintained and interpreted by individuals with robust energy risk expertso. This is especially critical as the Business operates within an increasingly complex market and intends to extract the most value from its investment in Lacima. Streamline material C&I load update process - Opportunity to streamline the process to ensure timely and accurate reflection of material C&I load changes (new and load flex proviousing). Amer 2018 - Audit Gast Trading by PwC Limited oversight and understanding of the financial performance of the gas portfolio Action 1: The current financial reporting will include specific reports for the gas business and provided to the relevant stakeholders on a monthly basis. Limited oversight and understanding of the financial performance of the gas portfolio Action 2: Financial intensit for the measurement of gas trading risting to be developed by Middle Office and WES. Limited oversight and understanding of the financial performance of the gas portfolio Action 3: The receiver price setting mechanism will be formalized and approved by the FMC as required. Risk limit framework could be enhanced to facilitate effective governance of the gas portfolio Action 1: Revenue for the semanting will be formalized approved by the FMC as required. Risk limit framework could be enhanced to facilitate effective governance of the gas portfolio Action 1: Revenue for the semanting or the couloment femilish will be considered provided acceptable portfolio risk exposures are maintained. | Partially Complete Partially Complete Closed - Per Internal Audit Update Partially Complete | Risk Head of Commercial Risk Head of Wholesale Portfolio Head of Wholesale Portfolio Head of Wholesale | Y | Process Improvement Gov & Oversight | | Contract management to back office. Taking tell such pit relevant as back office used and fair form fair fort mallegra? Imp be worth you deciding whether there is any action required here. Captured in Votron Project Han provided evidence of this action being closed via email 08.10.20 Gas Priformance Report - August 2020. Friformance Report - August 2020. This was done - the process for the transfer price in that its progned by This is done - the process for the transfer price in that its progned by Wholesale Profition, cerviewed an endoned by Commercial Risk and then |
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| S2 Observation 1 Observation 2 Observation 3 Observation 3 Observation 3 Observation 3 Observation 3 Observation 5 Observation 6 | capability within the team to ensure key risk model outputs can be developed, maintained and interpreted by individuals with robust energy risk expertiss. This is especially critical as the Business operates within an increasingly complex market and intends to extract the most value from its inventment in Lacina. This is especially critical as the Business operates within an increasingly complex market and intends to extract the most value from its inventment in Lacina. Streamline material C&I load update process - Opportunity to streamline the process to ensure timely and accurate reflection of material C&I load changes (new and load files provisioning). Limited oversight and understanding of the financial performance of the gas portfolio Action 2. The current financial removing wall include specific reports for the gas business and provided to the relevant stakeholders on a monthly basis. Action 2. Financial metrics for the measurement of gas trading strategy to be developed by Middle Office and WES. Limited oversight and understanding of the financial performance of the gas portfolio Action 2. The results protection will be formatical and approved by the FMC or required. Risk limit financework could be enhanced to facilitate effective governance of the gas portfolio Action 3. The trained or personal protection of the protection of the gas portfolio Action 1. Develop a matrix for streat setting of the portfolio for potential financial exposures and report the same. This measure to be aligned with financial proteining metrics. Communication protocods on gas trading strategy and operational procedures need to be enhanced to reflect the additional complexity in the portfolio Action 1. Develop an artist for strategy and operational procedures need to be enhanced to reflect the additional complexity in the portfolio Action 2. A communication protocods on gas trading strategy and operational procedures need to be enhanced to reflect the additional complexity in the portfolio Action 2. A communication pr | Partially Complete Partially Complete Closed - Per Internal Audit Update Partially Complete Partially Complete Partially Complete Partially Complete Partially Complete Partially Complete Closed - Per Internal Audit Update Closed - Per Internal Audit Update | Fisk Head of Commercial Risk Head of Wholerabe Portfolio Head of Wholerabe Portfolio Head of Wholerabe Portfolio Head of Wholerabe Portfolio Head of Commercial Risk GM Gas Portfolio (Manager Middle Office) | Y | Process Improvement Gov & Oversight Gov & Oversight Gov & Oversight Gov & Oversight Risk Management Risk Management People Systems/IT People Systems/IT Systems/IT Process Improvement Process Improvement Process Improvement Risk Management Risk Management | | contract amagement to back office. Taking till guide didn't think it was actually that relevant a back office used to data from tax for for malegor? In yor be worth too deciding whether there is any action required here. Ceptured in Vottom Project Man. provided evidence of this action being closed via email 08.10.20 Gs Performance Report - August 2020. — I think this is covered by the new portfolio limits / metrics in the monthly fluct reports for the transfer price in that it is prouded by different process for the transfer price in that it is proud by the process for the transfer price in that it is proud by the process for the transfer price in that it is proud by the process for the transfer price in that it is proud by the process for the transfer price in that it is proud by the process for the transfer price in that it is proud by the process for the transfer price in that it is proud by the process for the transfer price in that it is proud by the process for the transfer price in the first product by the fluctuation of the process for the transfer price in the portfolio limits / metrics in the mountainy FMC reporting. |

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|--|---------------|--|---|-----------------------|----------|-----------------|----------------------------------|
| March Marc | | | | | | | |
| Part | Observation 4 | | Partially Complete | | | | |
| Part | | | | Olikey | | | |
| March March And | | April 2017 - Audit Energy Trading Risk Management by PwC | | | 1 | | Captured in Voltron Project Plan |
| March Marc | | | | | | | |
| Part | Finding 1 | Recommendation 1: Seek structured dialogue between the Directors and Management on the required enhancements to the energy trading governance | Partially Complete | Director | Gov & | Oversight | |
| March 1997 | | measured and reported to the Board and the delegated committees. | | WES | | | |
| Part | | transparent and cohesive risk framework to effectively govern trading activities | | | | | |
| Company | | expected that existing exposure measurement methodologies will be heavily utilised with the effort focussed on quantitative refinement and scenario analysis | | | | | |
| Part | Finding 1 | Example outcomes include: | Partially Complete | | Gov & | Oversight | |
| March Company Compan | | clear linkage between risk appetite, financial performance and risk limits ensuring alignment with the Treasurer's Instructions; revised limit framework to address interstate basis risk, recalibrated ABT limits and simplified EaR limit definition; | | WES | | | |
| March March Control of the protection of t | | whole of portfolio scenario analysis utilised to calibrate and supplement defined metrics; and | | | | | |
| And Company | | Middle Office are Limited in their capacity to provide effective oversight and challenge to trading operations: | | Kate Gillies | | | |
| March Company Compan | Finding 2 | consider the range of prioritised reporting requirements and articulate incremental actions and timing to move from reporting of critical information to a | Partially Complete | | Syst | tems/IT | |
| Mary Company | | Middle Office are Limited in their capacity to provide effective oversight and challenge to trading operations: | | Kate Gillies | | | |
| March | Finding 2 | Reccomendation 2: Develop a plan for cross - training Middle Office team members that increases redundancy in Middle Office operations. This should including rotation of duties among staff and team training initiatives | Partially Complete | | Pe | eople | |
| March | Finding 2 | | Partially Complete | Kate Gillies | Gov & | Oversight | |
| Marked and A. Committed and Committed Commit | | Reccomendation 3: Implement a formalised Middle Office review process for weekly risk reporting and the publishing of retail forecasts | ,, | | | | |
| Company Comp | Finding 3 | Current IT Infrastructure and applications do not support reliable and effective risk and performance reporting Recommendation 1: Clearly define and understand critical requirements from daily position reporting from both a Front and Middle Office perspective. | Partially Complete | | Syst | tems/IT | |
| The control of the co | Finding 2 | Current IT Infrastructure and applications do not support reliable and effective risk and performance reporting | Dartielly Complete | | Sura | toms/IT | |
| Services of the control of the contr | Finding 3 | both Allegro and the Datamart. | Partially Complete | | Syst | temsyll | |
| Section 1. Control of the control of | Finding 3 | Reccomendation 3: Consider redesign of the process to produce the existing position report to provide a more reliable robust run-time process. This could | Partially Complete | | Syst | tems/IT | |
| March | | Current IT Infrastructure and applications do not support reliable and effective risk and performance reporting | Closed - Per Internal | | | | |
| Security of the control of the contr | Finding 3 | reporting process, allowing for more targeted deployment of existing IT resources on critical tasks. | Audit Update | | Syst | tems/IT | |
| Section of the parties to the parties of the partie | Finding 3 | Reccomendation 5: Ensure Front Office do not have access to edit and save official Middle Office reports. | Closed - Evidenced in Audit | | Syst | tems/IT | |
| Services of the control of the contr | Finding 4 | There are a number of opportunities for trading and risk management processes to be made more reliable and provide greater control over trading operations | | | | | |
| The state of the control of the cont | | of day. | Audit Update | WES Manager | Mana | agement | |
| Section 1. The control of the contro | 1 | operations | | | | rocess | |
| The control of the control of the product of the selection of the control of the | Finding 4 | against third party confirmation or broker statements performed by Middle Office is a key control activity, however the initial review | Partially Complete | WES Manager | | | |
| Section 1. In contrast of the | | of Allegro vs. Front Office email is not a critical review control and it should be considered if resource allocation is justified for this activity. There are a number of opportunities for trading and risk management processes to be made more reliable and provide greater control over trading | | | | | |
| The state of the control of the cont | Finding 4 | operations Recommendation 3: Enhance current processes to ensure that Finance have visibility over completion of the two person invoice check in Middle Office or are | | | | | |
| Section 1. The property of the company of the compa | | granted access to validate this independently in Allegro. | | | | | |
| Authority and control of the control | Finding 5 | changes to and reporting of modelling methodology and assumptions, approvals, requirements for back testing and stress testing, timeframes for review and | Partially Complete | | Gov & | Oversight | |
| Model of the content | | | , | | | | |
| Section of the section of the content of the conten | | | | | | | Captured in Voltron Project Plan |
| South and any of the options of the company of the control of the | Finding 1 | Recommendation: Development of a plan to ensure the functionality contained within TimeStudio is provided into the future with a focus on reducing critical | Partially Complete | | Syst | tems/IT | |
| Assertation to more the study of a control of the c | | Quantification of risk exposures and interrelationships between water management and broader wholesale management portfolio activities are not | | | | | |
| Invalidation of the company of the c | Finding 2 | Recommendation 1: Assess the feasibility of modelling solutions to facilitate the holistic measurement of risk to earnings that captures the relationships | Open | | | | |
| Secretarian of the control of the co | | should be viewed primarily through a risk and value (cost / benefit) lens. The audit team acknowledge that achieving a holistic measurement of key risks | | | Mana | agement | |
| Magnetical Control and Anti-Control Control Co | | Quantification of risk exposures and interrelationships between water management and broader wholesale management portfolio activities are not | Closed - Per Internal | | | Risk | |
| Security Security Control of the Con | Finding 2 | Recommendation 2: Develop a standard set of scenarios that can be run across all metrics in a single iteration to provide a holistic view of risk. | - | | Mana | agement | |
| Treaty 1 Fig. | Finding 3 | Recommendation 1: Formalise the regular TimeStudio and Temsim process so that they may be evidenced | Audit Update | | Gov & | Oversight | |
| Harden Section of the control of the | Finding 3 | | | | Gov & | Oversight | |
| Register method by recording to the profit process and descriptions of which the complete of an extra accordance of acco | Finding 3 | Hydrological modelling processes and documentation should be consolidated and formalised to create a more robust control environment | | | Gov & | Oversight | |
| Foreign Comment of the Comment o | | Hydrological modelling processes and documentation should be consolidated and formalised to create a more robust control environment | Closed - Per Internal | | | | |
| Finding Section of the Company of th | Finding 3 | nature of back testing to be performed | Audit Update | | Gov & | Oversight | |
| Matter respective control control and an internal control and control | Finding 4 | Recommendation 1: Assign an independent area of the business responsibility for the execution and administration of second line risk management | | | Mana | Risk agement | |
| Control districtment was being and if the organize automation. Finally State of the control of | E- C- 4 | Water management activities relies on Line 1 functions to manage risk with limited Line 2 independent oversight | Closed - Per Internal | | | | |
| Troops: The company of the control absorbed control and company of the control and company of the Goldson, and the control and company of the Control and Control | Finding 4 | control effectiveness testing and fit-for-purpose assessments | Audit Update | | Mana | agement | |
| Total Company for the control of the company of the control of the | Finding 5 | the current documentation and opportunities to enhance the documentation structure and water risk management reporting. | Partially Complete | | Gov & | Oversight | |
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| Finding 5 the correct documentation and approximation to submixed the documentation between the control of the company of the control of the company of the control of the | | protocols, approved actions and links between metrics and objectives | | | | | |
| Our review of water management pulsey and from execute internal connections of water an interagement profession flat and execute the connection of water and connection of wat | Finding 5 | the current documentation and opportunities to enhance the documentation structure and water risk management reporting. | Partially Complete | | Gov & | Oversight | |
| Moreomorphisms of Curbin within the process for studyer withing whether the process of any process and any process and any process whether the process of th | | Our review of water management policy and framework identified a number of water management activities that are not comprehensively captured by | | | | | |
| Commendation of formal diseases. Finding 3 Finding 4 Finding 5 Finding 6 Finding 6 Finding 7 Finding 7 Finding 7 Finding 8 Finding 8 Finding 8 Finding 9 | Finding 5 | Recommendation 4: Clearly define the processes for strategy setting, strategy review and approval, timing of any review and reference to the | Partially Complete | | | | |
| The current deconnectation and appearunisation and appearunisation in the deconnectation intended and a state of the appearation and interference to consider the intended and appearation and interference to consideration and appearation and interference and appearation and interference and appearation and interference and appearation and appearatio | - | documentation of formal strategy Our review of water management policy and framework identified a number of water management activities that are not comprehensively captured by | | | | | |
| Included operating registromers In control of present of water management production and interest on identified a new analyse of the second comment of th | Finding 5 | Recommendation 5: Guidelines should be refined to include operational material relevant to overall portfolio level with storage operating rules containing | Partially Complete | | | | |
| Single Courses disconnectation and apportunities to enhance the decident reconstruction and water that management appoints growing the continuent to minimum processes and the continuent to the continuent to minimum processes and the continuent to the continuent to minimum processes and the continuent to the continuent to the continuent to minimum processes and the continuent to | - | individual operating requirements Our review of water management policy and framework identified a number of water management activities that are not comprehensively captured by | | | | | |
| management strategy and other key strickles. Reporting requirements should be defined in the Wholesale Particle Management Refer or other relevant double and the strickles of t | Finding 5 | the current documentation and opportunities to enhance the documentation structure and water risk management reporting. Recommendation 6: Water management reporting should be enhanced to include relevant commentary on changes to inflows, forecast TEIS, water | Partially Complete | | Gov & | Oversight | |
| New and modified user access to appropriately established Recommendation. Introduce a new and modified user process, including for access to be reinstated, which requires dual approval for both access to the: Profession of the process of the p | | document as required | | | | | |
| Finding 3 Recommendations introduce a new and modified user process, including for access to be reinstanded, which requires dual approval for both access to the software process of the software proc | | | | | | | Captured in Voltron Project Plan |
| * Aligno Retail Module* **Aligno Retail Module* **Perfold user access reviews* Finding 3 Finding 3 Finding 3 Finding 3 Finding 3 **Recommendation Enrollment and Secretary of the Reviews in recording vision of the Recommendation of the | Finding 1 | Recommendation: Introduce a new and modified user process, including for access to be reinstated, which requires dual approval for both access to the: | | Business Managers, IT | Syst | tems/IT | |
| Recommendation: Ferform and formally record user access reviews, very six-months by: Finding 2 Recomfigure divers of every, buts, irrecord the marking of each took secal season propriet by a task for otherwise indicating how the access should be modified or reviews. Finding 3 Recommendation: Further thanks sufficied in the finding sufficiency and formation of the finding sufficiency and formation of the finding sufficiency and such propriets of the finding sufficiency and such propriets and such prop | | Allegro Retail Module | Audit | | | | |
| Finding 2 | | Recommendation: Perform and formally record user access reviews, every six-months by: | | | | | |
| * Recording evidence of actioning with the changes with the change | Finding 2 | Recording evidence of review, that is, record the marking of each user's access as appropriate by a tick or otherwise indicating how the access should be modified or revoked. | | Business Managers, IT | Syst | tems/IT | |
| Failure to report non-performance of a key control as an incident. Recommendation: Litural with acconstitute and appropriate process outlined in the Energy Trading Policy and Sundards aligness Manager Middle Office. Some day and profit of process and a simply manner, and captured in the SAP breach register accordingly. Finding 3 Finding 4 Finding 5 Finding 5 Finding 65 Recommendation: Imprise the SAP in six assessment into the current PMC incident Report, so that the risk rating of a potential breach is confirmed by the PMC requires the SAP in six assessment into the current PMC incident Report, so that the risk rating of a potential breach is confirmed by the PMC requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process which requires dual approval for both access to the: New and modified user process and the process and the pro | | Recording evidence of actioning any of the Reviewer's revocations or modifications, within a timely manner, ought also to be obtained (generally a refreshed user listing with the changes suffices). | | <u></u> | <u> </u> | | |
| Standards algers to Person reperformance of a lay country as an incident. Finding 3 Recommendation 2: Ensure that incidents are reported and escalated in a timely manner, and captured in the SAP breach register accordingly. Finding 4 Recommendation incidents are reported and escalated in a timely manner, and captured in the SAP breach register accordingly. Finding 4 Recommendation incidents are reported and escalated in a timely manner, and captured in the SAP breach register accordingly. Finding 5 Lay and the SAP in a successment in time current FMC incident Report, so that the risk rating of a potential breach is confirmed by the Recommendation introduce a modified user process which requires dual approval for both access to the: Audit Update Recommendation introduce a modified user process which requires dual approval for both access to the: Audit Update Recommendation introduce a modified user process which requires dual approval for both access to the: Audit Update Finding 6 Recommendation introduce an modified user process which requires dual approval for both access to the: Audit Update Business Managers, IT Gov & Oversight Finding 7 Recommendation 1: Undertake a formal post-implementation user access review of the Allegro Retail Module. Finding 7 Segregation of duties in the manage change environment Recommendation 1: Undertake a formal post-implementation user access review of the Allegro Retail Module. Finding 7 Segregation of duties in the manage change environment Recommendation 1: Undertake a formal post-implementation user access review of the Allegro Retail Module. Segregation of duties in the manage change environment Finding 7 Recommendation 1: Undertake a formal post-implementation user access review of the Allegro Retail Module. Segregation of duties in the manage change environment Finding 8 Recommendation 0: English and the segregation of duties in the manage change environment Finding 9 Policities done of presentable that terminated are accessed that a timely base in | Finding 3 | Failure to report non-performance of a key control as an incident | Closed - Per Internal | Manager Middle Office | Gov & | Oversight | |
| Recommendation Ensure that incidents are regorded and escalated in a timely manner, and captured in the SAP breach register accordingly. | | Standards aligns to Management's expectations. | - | - | | - | |
| Recommendation: Integrate the 34P risk assessment into the current FMC incident Report, so that the risk rating of a potential breach is confirmed by the following integrated the April 19 per incident of SAP by the incident Owner in medited in SAP by the incident Owner in SAP by t | Finding 3 | Recommendation 2: Ensure that incidents are reported and escalated in a timely manner, and captured in the SAP breach register accordingly. | Audit Update | Manager Middle Office | | _ | |
| New and modified user access process: | Finding 4 | Recommendation: Integrate the SAP risk assessment into the current FMC Incident Report, so that the risk rating of a potential breach is confirmed by the | | Manager Middle Office | | | |
| Audit Lidage Retail Module. Finding 6 Privileged access is restricted to appropriate individuals and inclinate and an | | New and modified user access process: | Closed - Evidenced in | Paralle services | | | |
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| Segregation of duties in the manage change environment Finding 7 | | Recommendation 2: Remove the privileged access for all non-IT Support personnel (post-implementation). | Audit | | | | |
| Finding 7 Segregation of duties in the manage change environment Examinated user access to all months of the product of a time by basis Finding 8 Finding 9 Finding 9 Finding 9 Finding 9 Finding 10 F | Finding 7 | Recommendation 1: Undertake a formal post-implementation user access review of the Allegro Retail Module. | Audit Update | Business Managers, IT | Gov & | Oversight | |
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| the termination timeframes are altered to. Finding 9 Finding 9 Finding 9 Finding 9 Finding 10 Fi | Finding 8 | Policies do not prescribe that terminated user access be deactivated in a timely basis | | | | | |
| Princing 9 Recommendation: Finure that the frequency of user access review of Allego & Betall Module is consistent with Hydro Tarmana ICT Security Standard. Judiates to Policy Certification of Control of Cont | | the termination timeframes are adhered to. Periodic user access review policy | | | | | |
| Finding 10 Recommendation 1: Update wording to the Energy Trading Standard - Wholleade lot or effect that the Energy Rolk Report is to be produced and analysis has required, e.g. position reporting may still be as it required, e.g. position reporting though the size required, e.g. position reporting may still be as it required, e.g. position reporting may still be as the required, e.g. position reporting may still be as the required. e.g. position reporting may still be as the required. e.g. position reporting may still be as the required of the reporting may still be as the required. e.g. position reporting may still be as the required of the reporting still be as the required of the reporting may still be as the required of the reporting still be as the reporting may still be as the required of the reporting still be as the reporting may still be as the reporting still be as the reporting may still be as the reporting ma | Finding 9 | Recommendation: Ensure that the frequency of user access review of Allegro Retail Module is consistent with Hydro Tasmania ICT Security Standard. | Audit Update | IT Risk Manager | | | |
| Updates to Policy to reflect current practice Grow Recommendation 2 update the wording in the Energy Trading Policy and Standard (Wholesale) to reflect that the FMC only require EAR stress testing results Globel — Post Internal Clobel — Post Internal C | Finding 10 | Recommendation 1: Update wording to the Energy Trading Standard - Wholesale to reflect that the Energy Risk Report is to be produced weekly, while other | | Manager Middle Office | Gov & | Oversight | |
| to be reported at their request Audit Update To be reported at their request Audit Update To be reported at their request To b | Finding 10 | Updates to Policy to reflect current practice | | Manager Middle Off | Co. 2 | Oversinht | |
| | | | Audit Update | | 907 & | | |

| | Updates to Policy to reflect current practice | Closed - Per Internal | | Process | | |
|------------------------|---|---|--|-------------------------------------|-----|---|
| Finding 10 | Recommendation 3: e-work the approved instruments and approved product table in section 4.1 of the Energy Trading Standard – Wholesale to provide additional clarity. Consider having a separate table for Energy, EP and Weather derivatives. This will allow additional gramularly under each product type. May 2015 - Energy Trading Risk Management by EY | Audit Update | Manager Middle Office | Improvemen | : | Captured in Voltron Project Plan |
| Finding 1 | Segregation of duties FO users able to change SFE futures to expired Recommendation 1: Amend Allegro so FO cannot modify deals in the MO Validated status. | Closed - Evidenced in Audit | Wholesale Transactions Manager | Risk Managemen | : | , |
| Finding 1 | Segregation of duties FO users able to change SFE futures to expired Recommendation 2: Review Allegro configuration to ensure other system enforced Segregation of Duties controls have been implemented correctly. | Closed - Evidenced in Audit | Wholesale Transactions Manager | Gov & Oversig | nt | |
| Finding 2 | MO review of OTC curves Recommendation: Middle office implements a formalised and documented review of the OTC curves against a secondary source, incorporating | Closed - Per Internal Audit | Manager Middle Office | Gov & Oversig | nt | |
| Finding 3 | prepare/freviewer sign - off, acceptable tolerances and store the relevant documentation. Daily Risk Reporting Recommendation: 1: Produce the Energy Risk Report and EP Risk Report on a daily basis. | Closed - Evidenced in Audit | Manager Middle Office | Risk Managemen | | |
| Finding 3 | Daily Risk Reporting Recommendation 2: Continue to develop Allegro energy and environmental product reporting capabilities. Daily Risk Reporting | Closed - Evidenced in Audit Closed - Evidenced in | Manager Middle Office | Risk Managemen Risk | | |
| Finding 3 Finding 4 | Recommendation 3: Prioritise system stability issues that are currently preventing these reports being run using Allegro data. Daily Broker Recomciliations Recommendation 1: Finure the requirement that the broker reconciliations are performed daily. | Audit Closed - Per Internal Audit | Manager Middle Office Manager Middle Office | Managemen Process | | |
| Finding 4 | Daily Broker Reconciliations Recommendation 2: Design and implement this reconciliation for Allegro, prior to turning off NEMPower. | Closed - Per Internal Audit | Manager Middle Office | Improvemen Process Improvemen | | |
| Finding 5 | Static data Recommendation 1: Implement preparer and reviewer controls on static data in Allegro. Static data | Closed - Per Internal Audit | Manager Middle Office | Risk Managemen Risk | | |
| Finding 5 | Recommendation 2: In addition, periodic review of static data can detect changes to parameters (e.g. trader limits and counterparty credit risk limits) that were not implemented in the system. Deal validation process | Audit Closed - Evidenced in | Manager Middle Office Wholesale | Managemen Process | : | |
| Finding 6 | Recommendation 1: Modify the deal entry process, such that deals entered require a second 'staff to validate, and do not require MO validation. Deal validation process Recommendation 1: Following implementation of the recommendation above, the email from FO to the new trades inbox becomes redundant. Management | Audit Closed - Per Internal | Transactions Manager Wholesale | Improvemen | : | |
| Finding 7 | should consider removing the email requirement from the trade entry / validation process. New user process and logical access policy | Audit Closed - Per Internal | Transactions Manager Manager Middle Office | Improvemen Process | : | |
| Finding 8 | Recommendation: Design and document a new user process, and ensure the new user process is adhered to. Allegro deal entry user interface Recommendation: Enhance the Allegro user interface to include more data consistency checks and minimise number of inputs required. For example: | Closed - Per Internal | Wholesale Transactions | Improvemen Systems/IT | | |
| | Electricity futures should select "Exchange Swap", and the only product types available are SFE futures. Load following awaps should have the metered box automatically ticked, while shaped swaps have the metered box automatically unticked. Settlement matching process | Audit | Manager / Digital and Mobility Manager | | | |
| Finding 9 | Recommendation 1: Formalise this control, such that documented evidence is maintained showing that the comparison between Allegro and counterparty—calculations has occurred, with associated preparer/reviewer controls and materiality thresholds applied. Settlement matching process | Closed - Per Internal Audit | Manager Middle Office | Process Improvemen | : | |
| Finding 9 | Recommendation 2: Consider the cost/benefic of further automating this process by enhancing Allegro or using spreadsheets to mitigate human errors and reduce number of manual steps. While the entering of counterparty settlement amounts would still be manual, the extraction of Allegro settlement amounts, calculation of differences and entry of required adjustments for involcing into Allegro could be more automated. | Closed - Per Internal Audit | Manager Middle Office | Systems/IT | | |
| | April 2015 - Wholesale Regulated Pricing by EY Lack of independent checks for the regulated wholesale pricing weekly offer process | | | | | Captured in Voltron Project Plan |
| Finding 1 | Recommendation 1: Middle Office, as an independent department who performs the risk role over front office, should assign a staff member to perform a weekly review of the Wholesale regulated pricing model. This review can either be in the form of reperforming the process (model inputs) parallel to front office or performing a stage gate validation check of the model. | Closed - Per Internal Audit | Manager Middle Office | Gov & Oversig | nt | |
| Finding 1 | Lack of independent checks for the regulated wholesale pricing weekly offer process Recommendation 1: A standards and procedures document should formally document detailed instructions, delegations for the independent checks. Guideline breach clause 3.4.2.c - Standard pricing template not used by retailers for 50% of regulated trades in FY 2015 to date | Closed - Per Internal Audit | Manager Middle Office | Gov & Oversig | nt | |
| Finding 2 | Recommendation 1: Educate traders, front office and middle office staff on the need to only accept nominations from retailers when the Hydro Tasmania standard pricing template is used. If the retailer requests a trade on email or verbally via telephone, the retailer must be advised to utilise the template in order to confirm the nomination | Closed - Per Internal Audit | Trading Analyst & Manager Wholesale | People | | |
| Finding 2 | Guideline breach clause 3.4.2.c - Standard pricing template not used by retailers for 50% of regulated trades in FY 2015 to date Recommendation 2: In order to improve retailer's knowledge and access to the template, the Hydro Tasmania website should clearly state that the standard | Closed - Per Internal Audit | Trading Analyst & Manager | People | | |
| Finding 3 | pricing template must be used to submit a nomination Lack of independent review and reliance on manual processes for quarterly Management Reporting on the performance of the wholesale pricing process | Closed - Per Internal | Wholesale Finance Risk | Gov & Oversia | nt. | |
| rinuing 3 | Recommendation 1: To maintain independence, assign the quarterly management reporting task to Middle Office. If this is not feasible, assign an independent review of the management report prepared by the Trading Analyst before this is sent to hydro Tasmania's Regulatory Manager. Lack of independent review and reliance on manual processes for quarterly Management Reporting on the performance of the wholesale pricing process | Audit | & Forecasting Analyst | GOV & OVERSIG | - | |
| Finding 3 | Recommendation 2: Consider exploring opportunities for Allegro to automate the management reporting process, whereby the report can be extracted directly through the system by all authorised users (such as the Regulatory Manager) | Closed - Per Internal Audit | Finance Risk & Forecasting Analyst | Systems/IT | | |
| Finding 4 | Quarterly Net System Load Profile (NSLP) is manual and presents risk of error Recommendation: Consider opportunities to automate and shift the NSLP data load process to Data Mart. If the NSLP data can be available in Data Mart | Closed - Per Internal | Trading Analyst & Manager | Systems/IT | | |
| | (through AEMO) on a weekly basis, a report can be generated for access to authorised users, such as the Trading Analyst, who can feed this directly onto the quarterly model for reporting Lack of readiness of contingency staff for acting duties in absence of Trading Analyst | Audit Closed - Per Internal | Wholesale Trading | | | |
| Finding 5 | Recommendation: Responsibilities should be assigned and formal training provided to a staff member other than the Trading Analyst to perform the regulated wholesale pricing model input process. The responsibilities should be actively monitored through assignment of position description KPI's No evidence fauldit trace or commentary) on variances for 3/10 of weekly volume samples tested | Audit | Analyst &Manager, Middle Office Forecasting | People | | |
| Finding 6 | Recommendation 1: Investigate the variances noted to ensure sufficient commentary and supporting documentation is available for validation No evidence (audit trace or commentary) on variances for 3/10 of weekly volume samples tested | Closed - Per Internal Audit | Manager & Principle Risk Analyst Forecasting | Gov & Oversig | nt | |
| Finding 6 | Recommendation 2: Consider preparing a detailed commentary guideline to provide some guidance to both Front Office and Middle Office as to what level or detail is required in the commentary that is entered into Allegro regarding each deal | f Closed - Per Internal Audit | Manager & Principle Risk Analyst | Gov & Oversig | nt | |
| Finding 6 | No evidence (audit trace or commentary) on variances for 3/10 of weekly volume samples tested Recommendation 3: Ensure a rapid transition from NEMPower to Allegro, with the aim of a future state when NEMPower is phased out and data is only inputted and extracted from Allegro | Closed - Per Internal Audit | Forecasting Manager & Principle Risk Analyst | Systems/IT | | |
| Finding 7 | Approval and formal roll-out of the Regulated Pricing Input procedures document & Process Overview document Recommendation: A standards document should be created which outlines objectives and responsibilities of the wholesale pricing process. This should incorporate overview of the process from the process overview document currently in place. Once completed, this should be attached to the Procedures | Closed - Per Internal Audit | Trading Analyst & Manager Wholesale | Process Improvemen | : | |
| | [instructions] document currently in place and approved by the Manager Front Office and Middle Office. Access control and File labelling deficiencies Recommendation: 1: Develop a User Access procedure document for Enterprise Connect which includes: | Closed - Per Internal | Trading Analyst & Manager | Process | | |
| Finding 8 | Defined user group profiles and responsibilities User access review frequency Access control and File abelling deficiencies | Audit | Wholesale Transactions Trading | Improvemen | : | |
| Finding 8 | Access control and the labelling deficiencies Recommendation 2: Ideally an independent function, such as Hydro Tasmania IT department should be responsible for access control on Enterprise connect. | Closed - Per Internal Audit | Analyst & Manager Wholesale | Systems/IT | | |
| Finding 8 | Access control and File labelling deficiencies Recommendation 3:Management to communicate expectations to Front Office and Middle Office staff on File labelling and records management | Closed - Per Internal | Transactions Trading Analyst & Manager | People | | |
| riiuligo | expectations. In addition to putting dates on the names of the different versions of a file, files should also be clearly labelled to reflect which version it is i.e. a dryrun version, final version, draft version etc. May 2014 - Wholesale Pricing by HT | Audit | Wholesale Transactions | Репри | | Captured in Voltron Project Plan |
| Finding 1 | Manual input update processing procedures Recommendation 1: Review weekly and quarterly input data processing and seek to automate data transformation where possible. | Closed - Per Internal Audit | Director Wholesale Energy Services | Systems/IT | | |
| Finding 1 | Manual input update processing procedures Recommendation 2: Review evidence maintained of processing undertaken to demonstrate the audit trail of data sourced for input to the pricing model. | Closed - Per Internal Audit | Trading Analyst | Gov & Oversig | nt | |
| Finding 1 | Manual input update processing procedures Recommendation 3: Review procedural documentation to ensure sufficient for alternative staff to complete required weekly and quarterly update to model inputs. | Closed - Per Internal Audit | Trading Analyst | Process Improvemen | : | |
| Finding 2 | Documentation of weekly offer process Recommendation 1: Review the documentation retained for each weekly offer process, in addition to the pricing models, such as evidence of source data, | Closed - Per Internal Audit | Manager Wholesale | Gov & Oversig | nt | |
| Finding 2 | pre-processing of input data, published weekly offer outputs, evidence of reviews performed and other data required to demonstrate compliance. Documentation of weekly offer process Recommendation 2: Consider the longer term requirements for appropriate storage and maintenance of documentation retained by utilising SharePoint or | Closed - Per Internal Audit | Transactions Manager Wholesale | Systems/IT | | |
| Finding 3 | other enterprise content management tools. Controls over the wholesale pricing models Recommendation 1: Utilise password controls to enforce sheet protection | Closed - Per Internal Audit | Transactions Trading Analyst | Risk Managemen | | |
| Finding 4 | Controls over the wholesale pricing models Recommendation 2: Lock Regulator y instrument parameters within the spreadsheet model Controls over the wholesale pricing models | Closed - Per Internal Audit Closed - Per Internal | Trading Analyst Trading Analyst | Risk Managemen Risk | | |
| Finding 4 | Recommendation 3: Restrict access to the pricing models via fileshare restrictions and / or spreadsheet passwords. Controls over the wholesale pricing models | Audit Closed - Per Internal | Trading Analyst Trading Analyst | Managemen Risk | | |
| | Recommendation & Review the levie of audit logging, backup and disaster recovery provided by the Wholesale Energy Services flieshare environment. Controls over the wholesale printing models Recommendation Sc consider the longer term requirements for version control over the printing models utilizing SharePoint or other enterprise content | Audit Closed - Per Internal | | Managemen | | |
| Finding 4 | management tools April 2014 - Energy Trading Risk Management by EY | Audit | Trading Analyst | Systems/IT | | Captured in Voltron Project Plan |
| Finding 1 | Segregation of duties and alignment of responsibilities with advanced industry practice Recommendation 1: Consider moving deal confirmation procedures from middle office back office. Segregation of duties and alignment of responsibilities with advanced industry practice | Closed - Per Internal Audit Closed - Per Internal | CFO CFO | People People | | |
| Finding 1 | Recommendation 2: Consider moving authorisation of settlements procedures to back office. Segregation of duties and alignment of responsibilities with advanced industry practice Recommendation 3: Consider moving load forecasting procedures to front office. | Audit Closed - Per Internal Audit | CFO/DWM | People People | | |
| Finding 1 | Segregation of duties and alignment of responsibilities with advanced industry practice Recommendation 4: Consider moving deal entry for non-standard deals to front office. Segregation of duties and alignment of responsibilities with advanced industry practice Recommendation 4: Consider moving deal entry for non-standard deals to front office. Segregation of duties and alignment of responsibilities with advanced industry practice | Closed - Per Internal Audit Closed - Per Internal | CFO/DWM | People | | |
| Finding 1 Finding 2 | Recommendation 5: Transfer of the responsibility of valuing options for purposes of trading performance reporting to middle office. System limitations and manual procedures - acknowledged that ETRM will address most of the system limitations and manual processes. | Audit Closed - Per Internal | CFO/DWM Manager Middle Office | People Systems/IT | | |
| Finding 2 | Recommendation 1: Implement independent review of position reports prior to release. System limitations and manual procedure - acknowledged that ETRM will address most of the system limitations and manual processes. Recommendation 2: Reconciliation of trading performance P&L to the financial statements. | Audit Closed - Per Internal Audit | Manager Middle Office | Systems/IT | | |
| Finding 2 | System limitations and manual procedures - acknowledged that ETRM will address most of the system limitations and manual processes. Recommendation 3: Formalise and standardise the control environment for any products / functions that may not be able to be captured within Allegro. | Closed - Per Internal Audit | Manager Middle Office | Systems/IT | | |
| Finding 3 | Insufficient capacity in middle office Recommendation 2: Increase support for middle office especially during the duration of the ETRM project, such as hiring temporary staff members to | Closed - Per Internal Audit | CFO/DWM | People | | |
| Finding 3 | perform routine procedures. Insufficient capacity in middle office Recommendation 1: Transfer of procedures that are not related to risk measurement and monitoring from middle office to front or back office. | Closed - Per Internal Audit | CFO/DWM | People | | |
| Finding 4 | Retail load data quality Recommendation 1: Consider using AEMO data or sales estimates alternatively for load forecasting purposes as part of the ETRM project. Retail load data quality | Closed - Per Internal Audit Closed - Evidenced in | CFO CFO | Process Improvement Process | | |
| Finding 4 Finding 5 | Recommendation 2: Consult with Momentum to improve accuracy, timeliness and completeness of retail load. Risk monitoring and reporting framework Recommendation: Review trading cost limits and consider establishing a new limit based on outcomes of stress scenarios. | Audit Closed - Evidenced in Audit | CFO Manager Middle Office | Improvemen Risk Managemen | | |
| Finding 5 | Recommendation 2: Review in identify cares which is an outprober establishing a few aims to see on outcomes or size scenario. Recommendation 2: Review risk reporting to determine if weather derivatives can be included. We acknowledge that this is part of the ETRM scope. Risk monitoring and reporting framework - ETRM will address \$11.2.2014 and the properties of the properties of the etra of the et | Closed - Evidenced in Audit | Manager Middle Office | Risk Managemen | | |
| Finding 5 | Recommendation 3: Update the credit limits in the Energy Risk Report to be consistent with the Credit Standard. Risk monitoring and reporting framework - ETRM will address 31.12.2014 | Closed - Evidenced in Audit Closed - Evidenced in | Manager Middle Office Manager Middle Office | Gov & Oversig Risk | nt | |
| Finding 5 | Recommendation 4: Include reporting on operational risk metrics. Policy and documentation improvements Recommendation: Ensure Trading Strategy is developed to comply with the Energy Trading Policy. | Audit Closed - Evidenced in Audit | CFO/DWM | Managemen Gov & Oversig | nt | |
| | | | | | | |

| Finding 6 | Policy and documentation improvements Recommendation 2: Update the Energy Trading Policy to include reporting requirements and frequency of provision of Energy Trading Mandate to | Closed - Evidenced in | CFO/DWM | Gov | & Oversight | |
|------------------------------|---|---|--|-------|---------------------------------|-----------------------------------|
| | Policy and documentation improvements - ETRM process will define 31.12.2014 | Audit Closed - Evidenced in | | | Process | |
| Finding 6 | Recommendation 3: Develop procedural requirements for the performance reporting process. Policy and documentation improvements | Audit Closed - Evidenced in | CFO/DWM | Imp | Process | |
| Finding 7 | Recommendation 4: Develop procedural requirements for load forecasting procedures. Incident and breach reporting compliance framework | Audit Closed - Evidenced in | Corporation | , | & Oversight | |
| Finding 7 | Recommendation 1: A review should be performed of the incidents recorded in the incident register to ensure all relevant incidents are captured. Incident and breach reporting compliance framework | Audit Closed - Evidenced in | Compliance Officer Corporation | | & Oversight | |
| Finding 7 | Recommendation 2: Review and update the incident register to address any incomplete entries. Incident and breach reporting compliance framework | Audit Closed - Evidenced in | Compliance Officer General | | & Oversight | |
| Finding 8 | Recommendation 3: Determine formal materiality thresholds and guidelines on escalation to the Board for significant incidents. Weather derivative process improvements Recommendation 1: Review the non-standard contract register to ensure all deal details are captured. | Closed - Evidenced in | Counsel Manager Middle Office | | Process provement | |
| Finding 8 | Weather derivative process improvements Recommedation 2: Implement independent review of weather derivatives entry by a second staff member. | Closed - Evidenced in Audit | Manager Middle Office | F | Process provement | |
| Finding 8 | Weather derivative process improvements Recommedation 3: Maintain evidence of signed weather derivative confirmations in a centralised location. | Closed - Evidenced in Audit | Manager Middle Office | | Process provement | |
| 2.4 (1) | April 2013 - Review of Trading Strategy 2012/13 and Retail Pricing Model by Crowe Horwath Optimising Revenue from Carbon legislation Recommendation 1 Increased monitoring of water levels, carbon prices and inflow expectations. | Closed - Evidenced in Audit | Manager Portfolio Strategy | Gov 8 | & Oversight | Captured in Voltron Project Plan |
| 2.4 (2) | To support the growth of MOM as a retailer Recommendation 1: Review in more detailed potential longer terms deals and seek out alternative deals | Closed - Per Internal Audit | Manager Portfolio Strategy | | Process provement | |
| 2.4 (2) | To support the growth of MOM as a retailer Recommendation 2: Assist in any NSW asset purchase including planning for managing the long position of being successful To support the growth of MOM as a retailer | Closed - Evidenced in Audit Closed - Per Internal | Manager Portfolio Strategy Manager Portfolio | Imp | Process provement Process | |
| 2.4 (2) | Recommendation 3: Engaging directly with MOM to evaluate their interaction with Hydro so as to seek improvements or efficiency savings. Data integrity - Review focused around the accuracy of data inputs in the process of both manual (user) and automatic (Macro based) exchanges | Audit | Strategy | | provement | |
| | Recommendation: Enhance authentication, cross checking, peer review, and validation mechanisms to ensure integrity of data exchange around following process: | | | | | |
| 3.5 (1) | Origin of MOM email; MOM's collection of customer load data Mom's collection of customer load data, custom price shape; | Closed - Per Internal Audit | Manager Wholesale Customer Pricing | | Risk nagement | |
| | Macro enable data exchange between database, forward market prices, and pricing tool; Activity log in Remedy (Incident Management System) for irregular database activity or access breach | | | | | |
| | Documentation and model assumptions Recommendation: High level of dependence on the experience and knowledge of traders and analysts, out-dated user manual and not all relevant documentation stored in Share-Point. | | | | | |
| 3.5 (2) | - Update user manual for the pricing tool and MATLAB script including guidelines around the interpretation of qualitative factors and a checklist ensuring a minimum coverage of common formulation of the final quote | Closed - Per Internal Audit | Manager Contract Trading | | Process provement | |
| | Increase level of peer review for 'Custom' price curves created by Senior Energy Trader Safely secure all relevant documents in the appropriate database. | | | | | |
| 3.5 (3) | Operation of the pricing tool Recommendation: Issues identified around no regular cross checking mechanism for accuracy of MATLAB modelling togic and policy and guidelines around the reason, methodology, and approval of a re-price or price overwrite. | Closed - Per Internal | Manager Contract | | Process | |
| 3.3 (3) | Implement regular checks of MATLAB script ensuring validity of modelling logic Create policy and guidelines for procedures of a re-price and over-write | Audit | Trading | Imp | provement | |
| | Change Control Procedures Recommendation: Issues identified regarding lack of formal change control procedures for the pricing tool and MATLAB script and information systems access policy and organisational changes. | Closed - Per Internal | Manager Contract | Ι Τ. | Process | |
| 3.5 (4) | A formal change control procedure for the pricing tool and MATLAB script ensuring all users are aware of any changes on an operational and technical (change of modelling logic) level | Audit | Trading | | process | |
| | Explore ISG access policy and enforce alignment by CTG February 2013 - Review of Environmental Energy Products by HT | | | | | Captured in Voltron Project Plan |
| 2.1 | Breach of If Security and If Network Standards Recommendation: A Graduate Analysis using the Senior Environmental Energy Trader (Commercial) network logon and password. This was arranged in order for the Graduate analyst to have access to Reuters and emails from counterparties. A breach report is required to be completed. Appropriate access | Closed - Evidenced in Audit | Manager Contract Trading | Gov 8 | & Oversight | |
| | should be arranged to systems required and logon details must not be shared. Completion of deal slips | Audit Closed - Evidenced in | Manager Contract | | Risk | |
| 2.2 | Recommendation: Two deal tickets were completed in pencil. As the EEPs system cannot produce electronic deal tickets, they are required to be completed manually. Deal tickets must be completed in ink to ensure that they are not altered. | Closed - Evidenced in Audit | Manager Contract Trading | | Risk nagement | |
| | Authorisation of trades Recommendation: When deals were undertaken by traders outside their authority, approval to undertake the trade was not always provided. The deal slip should be signed by the person authorising the trade or documentation approving the deal (email) should be attached. This is detailed in the Front Office EEP | Closed - Per Internal | Financial Risk & | | | |
| 2.3 | Procedures that the authorisation must be in writing. | Audit | Forecasting | Gav 8 | & Oversight | |
| | Middle Office should request written authorisation from the trader where deals are undertaken outside limits. Policy Framework | | | | | |
| 2.4 | Recommendation: The Policy Framework did not have current versions of procedures for EEP. There is an internal site which is used by Trading for documents relevant for the Front Office. The Policy Framework should contain the current authorised versions of the Standards and Procedures. The Energy Trading Policy Framework is reviewed to ensure all documents are the correct version. | Closed - Per Internal Audit | Manager Financial Risk & Forecasting | Gav 8 | & Oversight | |
| 2.5 | Settlement Procedures Recommendation: There is no current Settlement Procedures available to guide users what tasks are required to be undertaken in the settlement of EEPs. Ar | Closed - Per Internal Audit | Manager Financial Risk & Forecasting | Gov 8 | & Oversight | |
| | old version was provided but requires updating to current procedures. Settlement procedures be documented and placed on the Policy Framework. August 2012 - Earnings-at-Risk Internal Audit by EY | Addit | & Forecasting | | | Captured in Voltron Project Plan |
| Section 2 EaR Element (1) | Historical Spot Price Recommendation: We recommend Hydro Tasmania document this historical spot price parameterisation process to ensure a consistent approach is applied going forward. This documentation should also alleviate concerns regarding key person risk. | Closed - Evidenced in Audit | | | Process provement | |
| Section 2 | Recommedation: We recommend that Hydro Tasmania update documentation to clearly indicate how often calibration should be checked/re-performed. | Closed - Evidenced in | | | | |
| EaR Element (2) | We recommend that Hydro Tasmania over time perform analysis on correlation between demands of various regions to reach a conclusion on whether it | Audit | _ | Gov 8 | & Oversight | |
| Section 2 | should be factored into rA. Historical TAS Demand Recommendation: We recommend that Hydro Tasmania document the Tasmanian demand parameterisation process to ensure a consistent approach is | Closed - Evidenced in | | | Process | |
| EaR Element (3) | applied going forward. This should also help to alleviate key personnel risk. Other Contracts (SRA, Retail, etc) | Audit | | Imp | provement | |
| Section 2 EaR Element (4) | Recommedation: We recommend that Hydro Tasmania look into the feasibility of capturing and reporting the environmental products exposure from a risk perspective. We recommend that Hydro Tasmania assess the materiality of the main elements of the Basslink services agreement and the feasibility of capturing it within rA. | | | Mar | Risk nagement | |
| Section 2 EaR Element (5) | Generation (Hydro, TVPS, Wind) Recommedation: We recommend that Hydro Tasmania incorporate the impact of wind generation as part of the EaR framework for completeness. This | | | | Risk | |
| Eak Element (5) | reflects our observations of current market practice regarding risk reporting of semi-scheduled and non-scheduled generation. | | | Mai | nagement | |
| | Basslink Flow and Interregional Revenue Recommendation: We recommend Hydro Tasmania pursue the improvement of the current methodology used for modelling the Basslink component within | | | | | |
| | rA. The validity and accuracy of the Basslink component within rA is essential for obtaining comfort over rA's EaR output. The possible provements relate to: 1) Relationship between Basslink flows and Victoria-Tasmania price spreads; and | | | | | |
| | 2) Basslink outages. As noted, we are aware Hydro Tasmania is currently working with Lacima to develop additional functionality for modelling the Basslink component within rA. | | | | | |
| Section 2 EaR Element (6) | More specifically, incorporation of a Basslink outage model using the existing Lacima outage modelling capability is being investigated. This functionality would be useful to assess the impact of Basslink outages on the EaR results. We have discussed this issue with Hydro Tasmania staff who intend to pursue this | 1 | | | Risk nagement | |
| | avenue in order to determine whether including this risk is consistent with the purpose of the EaR model (discussed further in the EaR output section). If it is determined that the oursoes of the EaR framework is not to capture the exposure associated with Basslink outages, then we recommend as a minimum | | | | | |
| | In it is determined that the purpose of the Ear framework is not to capture the exposure associated with assistink outages, then we recommend as a minimum that a stress resting approach be implemented for specific Basslink events. Reporting stressed Ear should also be part of the Ear framework once it is established. | | | | | |
| | We recommend that Hydro Tasmania document the current process of modelling Basslink flows within rA to ensure a consistent approach is applied going | | | | | |
| | forward in order to alleviate key person risk. Forward Curves (including TAS) Recommendation: We recommend that Hydro Tasmania document the following: | | | | | |
| Section 2 EaR Element (7) | Process of removing the impact of caps from the forward curve prior to importing to rA. How caps are priced within rA. | Closed - Evidenced in Audit | | Ма | Risk nagement | |
| | This will ensure a consistent approach is applied going forward and will also alleviate key person risk. We recommend that Hydro Tasmania ensure documentation around the utilised EaR approach is kept up to date. | | | | | |
| Section 2 | Forecast Mainland Demand ("Retail Demand") Recommendation: We recommend that Hydro Tasmania update their documentation ("Process Mapping for rA calibration.doc") to clearly indicate: | Closed - Evidenced in | | | Process | |
| EaR Element (8) | How often calibration should be checked/re-performed. How new sales, changes in retail load retention and customer roll-offs are factored into the process. | Audit | | | process | |
| Section 2 | This will ensure a consistent approach is applied going forward and will also alleviate key person risk. Forecast TAS Demand Recommendation: We recommend that Hydro Tasmania document the TAS demand calibration process to ensure a consistent approach is applied going | Closed - Evidenced in | | | Process | |
| EaR Element (9) | forward and also to alleviate key person risk. EaR (Simulation outout includes Half Hourly Forward Curve & Soot Price, Demand, Generation and Basslink Flow) | Audit | | Imp | provement | |
| Section 2 | East Jamuston output includes Hair Hourly Poward Lutve 4 sport Price, Jeemand, Generation and bassains Howy in Recommendation: To a large extent the calibration process outlined to use by Hydro Tasmania staff should incorporate the likely impact of carbon in the EaR framework. Additionally, Hydro Tasmania have commissioned a carbon module to allow for both carbon inclusive and exclusive outcomes. | | | F | Process | |
| EaR Element (10) | We recommend Hydro Tasmania staff investigate the impact of correlation between price and demand for mainland states and Tasmania. Additionally, we | | | | provement | |
| | recommend that Hydro Taxmania staff address the issues we have already raised in this report with regards to the key inputs to the EaR approach to ensure that the reported EaR captures the key drivers appropriately. June 2012 - Energy Trading Financial Instruments by HT | | | | | Captured in Voltron Project Plan |
| | June 2012 - Energy Trading Financial Instruments by HT Review of deal captures entered in NEMPower revealed compliance with the Energy Trading Policy and Standard, based on the sample tested. Testing also varified deal supporting documentation was available. | Closed - Per Internal | | | | |
| | As there were no significant findings in this audit, no recommndations have been made. April 2012 - Review of the Daily Position Report by Protiviti | Audit | | | | Captured in Voltron Project Plan |
| | April 2012 - Review of the Daily Position Report by Protiviti System and Data Recommendation: From our discussion with the trading team it is apparent that a new ETRM is in progress. This is required to address the manual processing | Classed Day | | | | Captures in Food UII Fluges Fraii |
| Finding 1 | that is currently in place regarding the position aggregation, reporting and to capture all derivative contract types. Prior to this new system being implemented there are several ways in which errors can be detected more readily within the business. These are addressed within the finding on Processes, | Closed - Per Internal Audit | | Sy | stems/IT | |
| | People and Organisation. Business Policies and Methodologies (including Procedures and Assumptions) | | | | | |
| Finding 2 | Recommendation: The policy and procedural documentation for the position aggregation process is developed, for example, within the Front Office Procedures it would be appropriate to include details on broadly what the process is for position aggregation, i.e. what systems are used and for what | Closed - Per Internal Audit | | | Process provement | |
| | products, how different products are treated (SAAs, caps, weather derivatives), the process for reconciliation and who has responsibility over this function. The Delta Methodology document is updated and reflects current business practices and methodological approaches. Processes (Internal Verification) People and Organization | | | | | |
| | Recommendation: There are several ways which in an internal verification process can be internally implemented whilst the ETRM is in the early stages of implementation. These are: | | | | | |
| 1 | Implement the reconciliation tool currently being developed by Lou Galloway within IT and use it as part of an internal verification/reconciliation process that is completed regularly. Finance that all manual aggregated positions reported on a daily basis are double checked prior to release. | Closed - Per Internal Audit | Manager Middle Office | | Process provement | |
| Finding 3 | | | | I | | |
| Finding 3 | Assign these processes to an appropriate Middle Office staff member for which they have accountability and link it to their Key Performance Indicators. Documenting the new processes. | | | | | |
| | Assign these processes to an appropriate Middle Office staff member for which they have accountability and link it to their key Performance Indicators. Occumenting the new processes. Management should also consider the inclusion of an automatic derivative position reconciliation tool under the new ETRM once it is implemented. Management should also consider the inclusion of an automatic derivative position reconciliation tool under the new ETRM once it is implemented. | Cinsed - Per interest | | | Process | |
| Finding 3 Finding 4 | Assign these processes to an appropriate Middle Office staff member for which they have accountability and link it to their Key Performance Indicators. Documenting the new processes. Management should also consider the inclusion of an automatic derivative position reconciliation tool under the new ETRM once it is implemented. | Closed - Per Internal Audit | Manager Middle Office | | Process provement | Captured in Voltron Project Plan |

| | Paranagunannan araannan aragamamannan araa araan musan araana | | _ | | |
|----------|---|-------|---|------------------------|--|
| | Recommendation: Development of Business Requirements While it is accepted that no available system will provide a total level of automation without oversight, there does exist the potential to abundant some processors. This will five up unded offer text fit to pursue their designed states of strategic rank management and contribute to the overall performance of the energy and environmental trading function at Hydro Taximania. It will also aim to reduce the occurrence of operational errors associated with manual processing and the-chaig of detail. | | | | |
| 211 | The first step toward improving the current state of the deal-life cycle infrastructure at Hydro Tasmania is a comprehensive set of business requirements for the infrastructure systems to deliver against. This detailed set of requirements will enable Hydro Tasmania to: Increase its understanding of critical processes which it may seek to improve; *Pain for growth, particularly as it relates to retailing activate; | | | Systems/IT | |
| 2.1.1 | Provide an initial framework for updates to ETRM processes for upcoming years and budgets; Prepare itself for potential procurement of an ETRM should this be required. | | | Systems/II | |
| | The initial step will involve representatives from hybrid Taximania's trading operationand from the IT function in conjunction with middle office. Our consultations at hybrid Taximania suggest there is prioritisation process for IT projects that has improved one they ears. However there is the view that it can be improved upon further such that IT projects for front and middle office are delivered in a timely manner. This is certainly the case for the proposed improvements to the delf flow infrastructive which requires close involvement of IT from the pulses sharply express the. | | | | |
| | We recommend Hydro Tasmania commit an internal and/or independent external business analyst to map and document the deal flow processes into a set of businesses requirements for the future state infrastructure systems to deliver against. | | | | |
| | Recommendations Hydro Tarmania's risk management framework for environmental products is outlined in the FD Limit Setting Methodology document. At present the document addresses the specified trading limits for Removable Energy Certificies (RECL) and New South Wales Generalized Abartement Certificates (RECL) and New South Wales Generalized Abartement Certificates (RECL) hydro Tarmania is na unique position in that it has a natural producer of RECs. REC production is very sensitive to the assumptions surrounding hydrology enduding the impact of Hydro Dasselmen. | | | | |
| 2.1.2 | The natural long' REC position is offset to some extent by Momentum Energy's requirement to surrender RECs for compliance purposes. The risk management of the long REC position should integrate all exposures into a single risk measure. This should include both position and risk reporting of RECs. The current system does not have the capability to fully capture the position. | | | Risk Management | |
| | Finally, an East framework will aid Hydro Tasmania in vastly improving its risk measurement capabilities across middle office by enabling decision making within the trading function according to its incremental limpact on East. An incremental East framework: will seek to provide a consistent 'risk of return' benchmark from which trading activity on be fine-tuned. To support this framework requires a suitable and available ETRM system and separation of trading, hedge and retail books by region. | | | | |
| | We recommend Hydro Tasmania implement an appropriate at-risk measure to capture exposures. In the first instance this | | | | |
| 2.1.3 | Position and Risk Reporting of Environmental Products Recommendation: We recommend hydro Tamanain integrate the current EP Limit Setting Methodology into an integrated risk management framework arrows the portfolia. This consistent with the recommendations reparding the development of a risk measures outlined above. | | | Risk Management | |
| | Recommendation: Both the Internal Transfer Price (related processes and framework) and the Gross Margin are to a large extent determined by market factors and competition in the MM and C&I markets. | | | | |
| 2.1.4 | Newewer both methodologies are not clearly articulated and documented within the relevant policies and should be. This will ensure consistency between the principal of exposures and risk measurements in the heigh pools to enable a portfolio-wide performance metric to be reported. This would also rely on the implementation of separate hedge and trading books as outlined above. | | | | |
| | We recommend that Hydro Tasmania, in collaboration with Momentum Energy, determine an appropriate Internal Pricing and Gross Margin setting methodology for MM and C&I exposures. These methodologies should be consistently documented across the energy risk management policies of promenum transpy usua | | | | |
| 2.1.5 | Recommendation: Improvements to data management systems and reporting at Momentum Energy are being pursued at present. However there is the view at Hydro Tannian land more clarity and transpraemey is required around the criteria for extenting and transfrient grebeant customer data (i.e. estimated vs. actual usage data and its relationship with load forecasting) from the existing retail data systems at Momentum Energy (Drion, Sage and Carry). | | | Process | |
| A. A. d | We recommend hydro Tasmania, in collaboration with key Momentum Europy personnel, develop a concise and standardised and of relets for the actantion, management and reporting of colorome information. In suit flower he useful to define the specific set of data to be transferred to hydro Tasmania's front office from the back-to-back hedging of CRJ and MM sales activities; ensuring a move to a single source and single data ownership for reporting to Mydro Tasmania's hydro Tasmania's setting to the standard of the sales and the sales and the sales and the sales are single source and single data ownership for reporting to | | | Improvement | |
| 2.2.1 | Organisational Structure and Skilling Up of Risk Personnel Recommendations: There is also a consensus that staff would benefit from technical skilling up in terms of analytics and risk measurement (programming and risk measurement on operation). | | | People | |
| | We recommend Hydro Tasmania document the reporting and delegation lines, roles and responsibilities for middle office personnel across Momentum Energy and Hydro Tasmania. This will coordinate the skill bases across risk and forecasting in a concise manner as outlined in this section. | | | | |
| 2.2.2 | Separate Repórting de Neege Book Activities across Régions Recumemedations in the economient (New York Transmall Book I such festability of reporting hedging activity reportably across the regions. Consideration should be experience to the economient (New York Transmall Book I such festability of reporting hedging activity reportably across the regions. Consideration should be considered to the economiest of the economiest across the economiest of the economiest (New Abor Transmall's hedging activities. We also recommend reporting of exposures be understand as Door portions and regional level of granularity. | | | Process Improvement | |
| 2.2.3 | Refinement of Risk Reporting Dash board Recommendation: This refinement would need to be communicated to and documented for the specific risk committees and Board to be across what the key metrics in the revised and refined dishboard mean and their implications. | | | Risk Management | |
| | We recommend Hydro Tasmania look into refining the current risk reporting into a concise dash board, centred on the chosen risk metric (EaR), and expanded to include relevant physical limits. This should involve informing of the reasons and benefits underpinning the changes. | | | | |
| 2.2.4 | Credit Risk Policy Recommendation: Forward looking measures of credit risk could be implemented as an add-on to the at-risk recommendations outlined in section 2. There appears to be general consensus across the stakeholder consultations for such an enhancement. We have not audited or make comment on the approach to credit risk at Momentum Energy. | | | Risk Management | |
| | We recommend Hydro Tasmania extend the at-risk measures proposed above to include forward looking assessments of credit-risk that are generally accepted and used across the industry. | | | | |
| <u> </u> | | L | | | |

Incident report

| | | | Why/Root Cause | Outcome |
|-----------------------|-------------------------------------|---|--|---|
| Governance | Energy Trading Strategy | Misalignment between annual Board approved trading strategy and trading operations | lack of clarity and accountability for strategy executionand ongoing monitoring. | Stakeholders are able to adequately assess risk and performance from trading operations Alignment to trading strategy |
| | Energy Trading Policy & Standard | Non-compliance with trading policy observed for EaR reporting, with limited performance measurement or monitoring of compliance with trading strategy. | risk limit framework does not require ongoing oversight and analysis of the longer term risk positionsor clear link to risk appetite. | Trading operations alignment to the organisations current risk appetite |
| | Oversight from FMC and RMC | Inadequate information flow to FMC (Management committee) or RMC (Board committee) in relation to trading performance against the trading strategy or other meaningful measurement or insight on trading activity. | | Consistent, simple and insightful reporting on trading activity and current positions that inform the Board and Senior Management to enable responsibilities of oversight, including monitoring trading performance and a |
| Trading | Trading Tactics | Day to day trading activities and philosophiesfollowed are not visible, widely understood or validated outside of the immediate execution team | breakdown between trading activity and the trading strategy | clearly articulated and visible trading plans/tactics ensuring alignment to trading strategy, whilst also having effective oversight from management |
| | Trading oversight and communication | Lack of transparency and challenge on trading positions associated with weaknesses in monitoring controls, position report configuration and breakdowns in communication within the Front Office team. | weaknesses observed in relation to communication, oversight and monitoring of trading activities | improve process and openness, transparency and communication within the trading team enabling open dialogue and exchanging of experienced perspectives, with active debate and challenge. |
| Risk Management | Effectiveness of Risk Oversight | Lack of effective oversight and challenge from Middle Office (now Commercial Risk) | Is this being to caught up in the busy, not clear of accountabilities etc ??? I don't believe the why was addressed in the investigation | Middle Office oversight and challenge of trading activity and positions against the approved strategy. |
| | Risk Measurement and Reporting | Inadequate risk management and performance reporting | Risk management over trading activities and performance has not included monitoring of Earnings at Risk or any other comprehensive price or volume based exposure quantification for longer term trading positions since June 2018. There is no comprehensive reporting of the positions or mark to market across all regions and periods which contributed to not identifying the missilignment between actual trading activity and trading strategy. There is currently no defined measure for performance or the effectiveness of trading operations against the approved trading strategy. To the size of trading operations against the approved trading strategies. To minimize does not convey a clear and understandable message around gerformance or risk of the portfolio. | A comprehensive risk management limit framework, associated reporting and performance management to ensure effective risk management oversight of trading activities. |
| People and Culture | Communication and culture | Ineffective communication and unique cultural markers impacting effective trading risk management activities | misalignment between teams, ineffective communication and impacting ability to perform effective oversight and challenge activity. | |
| | Resourcing | Structural and resource challenges experienced | organisational structure, resourcing challenges and severalmovements in key positions across the organisation during the trading period under review (February 2019to December 2019). The number of changes in key positions and instability of the Front Office and Middle Office functions compound the weaknesse identified in monitoring, reporting and lack of defined medium to long term trading strategy. | |

| 1 | | Purpose of the Teams | 1 | | | | | | | |
|--|---|-----------------------|----------------|--|--|--|--|--|--|--|
| 2 | Team Functions | Team Functions | Team Functions | | | | | | | |
| 3 | | across teams and witl | | | | | | | | |
| 4 | Structure, capability, roles and appropriate resourcing (Undertake RACSI) | | | | | | | | | |
| Behaviours that support and enable success | | | | | | | | | | |

Status List

On Track

Action Required

Off Track

Sponsor Endorsement

Complete

Not Started

Status - Audit/Reviews

Open

Complete

No Longer Applicable

List

Υ

Ν

Themes

Gov & Oversight

Trading

Risk Management

People

Systems/IT

Process Improvement

Status

New

Closed - Evidence

Closed - No Evidence

Closed - Evidenced in Audit

Closed - Per Internal Audit Update

Partially Complete

Open

Status Dashboard

On Track

Overdue

Complete

Not Started

Accountable



Hydro-Electric Corporation Board paper

Meeting date: Wednesday, 23 September 2020

STRICTLY CONFIDENTIAL

Agenda item: 8.4

Subject: Project Voltron – Response to the Energy Trading Incident and

previous reviews/audits

Sponsor: Ian Brooksbank, Chief Financial Officer

Caroline Wykamp, Chief Commercial Officer

Category: For noting

Draft resolution: The Board <u>notes</u> the progress made.

EXECUTIVE SUMMARY

In response to the recent Energy Trading Incident and audit findings "Project Voltron" has been established, with two key objectives:

- 1. Immediate Action Plan coordinate, monitor and ensure effective implementation and delivery of the recent investigation and audit actions; and
- 2. Sustained Improvement delivering sustained improvement across the Front, Middle and Back Office functions.

In order to ensure the project is adequately governed, resourced and supported the follow activities have occurred since the last update to the Board in June:

- Project Manager has been assigned to coordinate, monitor and work with the Business Owners to ensure delivery of project objectives;
- Governance structure with regular project meetings for monitoring and resolving any issues has been established;
- Project plan developed to address all recent investigation and audit findings; and
- Status and dashboard reporting established to monitor delivery of the project against key milestones.

In supporting the second objective of the project and to ensure systemic issues are identified and resolved, the project team are in the process of consolidating all previous internal audits and reviews going back to 2012. In doing so the project is confirming:



- Action current status confirmation of the status of recommendations and actions with each being categorised as closed, in progress or open;
- Relevance to today whether any of the historical findings are still relevant today and should be considered in future project activities;
- Themed Activities of Work determining activities of work that need to be undertaken to effectively support sustained improvement across the three offices.

The five areas of work identified are:

- Theme 1 Governance and Oversight
- Theme 2 Risk Management
- Theme 3 People, Roles and Accountabilities
- o Theme 4 Process Improvement
- Theme 5 Systems and IT

In order to keep the Board informed of the project's progress a dashboard has been developed and will be provided as part of the monthly Finance Performance Report. An example of this dashboard is attached in **Appendix 1**.

BACKGROUND

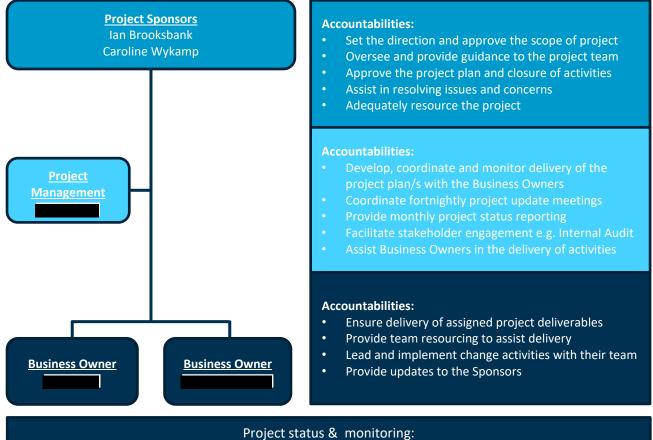
At the May 2020 Hydro Corporation Board Meeting the FY2021/22 hedge position was discussed, highlighting that the Corporation has entered into a bought position in excess of the contracted retail sales position and that the forward price curve had dropped resulting in a Mark to Market [MtM] loss. Preliminary analysis suggests that this trading incident is likely to impact earnings forecasts by approximately \$15m to \$20m across the four-year planning period. The bulk of the negative impact is forecast to occur in FY2021/22, based on assumptions made of when retail load sold for that year and the years either side should have been hedged in the market.

The Board has actively monitored the investigation by Internal Audit and PwC, and requested that Management take some immediate actions. These immediate actions were reported to the Board in papers dated 9 June 2020 and 24 June 2020. Since receiving the final audit report Management have been working on a more comprehensive program of improvements to address the findings. This paper outlines action that has been taken since the last update with the establishment of Project Voltron. Project Voltron has two key objectives, firstly, deal to the recent findings of the Energy Trading Incident Investigation and current audit findings. Secondly, to ensure sustained improvement is actioned across the Front, Middle and Back Office functions.



WORK COMPLETED TO DATE

Establishment of the Project Team and Governance Framework



Troject status & monitoring

Implementation of fortnightly project meetings and project dashboard established

Recent Investigation and Audit Finding – Project Plan

In order to ensure the current investigation and audits (internal and external) findings are adequately managed and actioned, a project plan has been developed outlining all activities to address findings, accountability for delivery and timeframe for closure. The project plan deliverables will be reviewed for progress at fortnightly Steering Committee meetings. As part of the Project Voltron governance process, all completed actions will require Sponsor signoff before the action can be closed.

Table 1 below is a project status update on the actions identified in the recent investigation and internal/external audits.

RESTRICTED DOCUMENT



| | | Recent Investigation and Audit – Action Status | | | | | | | | |
|-------------|-----------------------------------|--|--|---------------|--|---------------|--|--|--|--|
| | KPMG External Audit (August 2020) | Last Month | Energy Trading Strategy Incident (July 2020) | Last Month | Wholesale Credit Risk Management Review (June 2020) | Last Month | | | | |
| No. Actions | 8 | N/A | 17 | N/A | 15 | N/A | | | | |
| Open | 8 | N/A | 15 | N/A | 15 | N/A | | | | |
| Overdue | 0 | N/A | 0 | N/A | 0 | N/A | | | | |
| Closed | 0 | N/A | 2 | N/A | 0 | N/A | | | | |

Table 1. Recent Investigation and Audit – Action Status

Collation of Previous Audits and Reviews

In order to support the second objective of sustained improvement the team have commenced collation and review of all previous reviews and internal audits dating back to 2012.

To date the following has commenced with Table 2 showing current status:

- Collation of all internal audit and review recommendations;
- Current reviewed status of these recommendations e.g. could we find evidence of closure; and
- Relevance going forward, determining whether the finding/recommendation is still relevant today and whether it should be considered in future project activities.

| | Review of Pr | evious Audits | and Reviews - A | ction Status | | | | | | |
|-----------------------|---|------------------------|------------------------------|------------------------|------------------------------|--|--|--|--|--|
| No. Audits/Reviews | No. Actions | Closed Ref in Audit | Closed Per Internal Audit | Status to be confirmed | Status couldn't be confirmed | | | | | |
| 18 | 180 | 37 | 94 | 49 | TBD | | | | | |
| | | | 131 | 49 | 0 | | | | | |
| Note: Excludes | Note: Excludes recent investigation, KPMG and Wholesale Credit Review actions captured in Table 1 | | | | | | | | | |

Table 2. Review of Previous Audits and Reviews



As part of this review five key themes have been identified to inform the second objective of Project Voltron, ensure sustained improvement across the Front, Middle and Back Office functions. Each one of these themes will have their own project plan and are:

- Theme 1 Governance and Oversight
- Theme 2 Risk Management
- o Theme 3 People, Roles and Accountabilities
- Theme 4 Process Improvement
- Theme 5 Systems and IT

The following table summarises the progress on each theme since the last report:

| Theme 1 – Governance and Oversight | Commenced a refresh of the Energy Trading Strategy to ensure sufficient detail to guide trading tactics and decisions, and inclusion of key actions for tracking over the year. Expanded content of front office Financial Management Committee (FMC) report to include summarised trading activity for the month. |
|---|---|
| Theme 2 – Risk Management | The position report has been enhanced to show the variance since the last report. The MTM is now included with the position report in the appendix of the financial performance report. |
| Theme 3 – People, Roles and Accountabilities | Implementing a middle office review process for the energy trading strategy implementation. Have begun reviewing resource gaps in Commercial Risk. |
| Theme 4 – Process Improvement | Embedding monthly trading plan process which commenced in June 2020. Trading plans are prepared by front office to outline the tactics to execute on approved strategy and establish clear view of intended trading activity for the period. Instituted monthly Market View meeting with input from front and middle office, and portfolio analysis, to feed into trading plans and decisions, to create a key forum for discussion and debate. Changes implemented to front office position report (daily position management tool) to show granularity of load forecast between segments and differentiate expected volume vs fixed price exposure. |
| Theme 5 – Systems and IT | Have commenced upgrading the Lacima risk valuation system to perform MTM of the retail position. Progressing implementation of 'end state' Smiles balancing book tool to replace excel prototypes. |



Project Voltron - Project Status and Dashboard

In order to keep the Board informed of the projects progress a dashboard has also been developed and will be provided as part of the monthly Finance Performance Report. A sample of this dashboard is located in **Appendix 1.**

RECOMMENDATION

The Board notes the establishment of Project Voltron and activity that has occurred to date.

Submitted by: Ian Brooksbank – Chief Financial Officer

Caroline Wykamp - Chief Commercial Officer

Prepared by: — Head of Program Management Office (MIH)

Head of Commercial Risk

Head of Wholesale Portfolio



Appendix 1 – Draft Dashboard for Project Voltron

| | | Project | : Voltron - | Dashb | oard : | Septe | mber | Board | Upda | ate | | | | | | | |
|-------|---|---|--|--------------|-------------|---|------------|------------|-------------|------------------------|--|-----------|----------|--------|---------|----------|---------|
| | Project Title: | Project Voltron | | Proj | ect Spo | nsor/s | | | | | Caroline Wykamp and Ian Brooksbank | | | | | | |
| | C | irrent State | | | Interdep | endencie | 5 | | | | Target State | | | | | | |
| 1 | have been multiple audits, reviews a and concerns across Front, Middle a | and investigations that have highlighted a number of nd Back Office. | IT and Systems of automation who | | | nove man | ual activi | ties and | | - Address - develop | m of Project Voltron is twofold: ess current issues and concerns of recent audits, reviews and investigation lop and implement an holistic plan that rectifies any identified systemic issue | | | | | | |
| | | | Target Completion Date of Project <add date=""> and reso</add> | | | | | lve these | going for | ward | | | | | | | |
| No. | Overall Project Key Milestones and | Activities | Accountable | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Status | % Comp. |
| | Stage 1 of Project | | | | | | | | | | | | | | | | |
| 1 | Provide progress paper for Septeml | oer Board | | | 08.09.20 | | | | | | | | | | | Complete | 100% |
| 2 | Review investigation, past audits a | nd reports, collate actions and status | | | 30.09.20 | | | | | | | | | | | On Track | 70% |
| 3 | Review findings from recent KPMG | audit and feed into project activities | | 14.08.20 | | | | | | | | | | | | Complete | 100% |
| 4 | Develop short term action plan to c | lose open investigation and audit actions | | | 19.09.20 | | | | | | | | | | | On Track | 60% |
| 5 | Determine key systematic issues ar | nd themes identified as part of the review | | 30.08.20 | | | | | | | | | | | | Complete | 100% |
| | Stage 2 of Project | | | | | | | | | | | | | | | | |
| 6 | Close out short term actions as ide | ntified in the recent investigations and audit | | | | | | | | | | | | | | On Track | |
| 7 | Develop project plans for each ther | me with milestones and implementation timeline | | | | | | | | | | | | | | On Track | 5% |
| 8 | Sponsors to approve and sign off P | roject Plan/s | Caroline/Ian | | | | | | | | | | | | | On Track | |
| 9 | Theme 1: Governance and Oversig | tht | | | | Work ha | s commer | iced, time | eline for a | ll activities | currently | y under d | evelopme | ent | | On Track | |
| 10 | Theme 2: Risk Management | | | | | Work has commenced, timeline for all activities currently under development | | | | | | On Track | | | | | |
| 11 | Theme 3: People - team purpose, f | unctions, roles and accountabilities | | | | Work has | s commer | iced, time | eline for a | ll activities | currently | y under d | evelopme | ent | | On Track | |
| 12 | Theme 4: Process Development/In | nprovement | | | | Work ha | s commer | iced, time | eline for a | ll activities | currently | y under d | evelopme | ent | | On Track | |
| 13 | Theme 5: Systems and IT | | | | | Work ha | s commer | iced, time | eline for a | ll activities | currently | y under d | evelopme | ent | | On Track | |
| | Project Monitoring and Reporting | | | | | | | | | | | | | | | | |
| 14 | Implement regular project status a | nd review meetings | | 12.08.20 | | | | | | | | | | | | Complete | 100% |
| 15 | Develop monthly dashboard on pro | ject status and Board reporting | | 09.09.20 | | | | | | | | | | | | On Track | 90% |
| | Activities C | ompleted this month | | Ac | tivities Pl | anned for | Next Mo | nth | | | | | | Risks | /Issues | | |
| | ard Paper - Management response to | | • Finalise proje | ct plan to a | address c | urrent inv | estigation | and aud | it findings | 5 | • | | | | | | |
| • Co | lation and review of previous investi | • Finalise collation and status of previous audits | | | | | | | • | | | | | | | | |
| • Sys | temic issues and key themes identifie | d with project plans currently under development | Commence development of project plans for each of the themes | | | | | | • | | | | | | | | |
| • | | • | | | | | | | | • | | | | | | | |



| | | Recent Investigation and Audit Action Status | | | | | | | | | | | | |
|-------------|--------------------------------------|--|--|---------------|---|---------------|-------|--|--|--|--|--|--|--|
| | KPMG External Audit (August 2020) | Last Month | Trading Strategy Incident (July 2020) | Last Month | Wholesale Credit Risk Management Review (June 2020) | Last Month | Total | | | | | | | |
| No. Actions | 8 | N/A | 17 | N/A | 15 | N/A | 40 | | | | | | | |
| Open | 8 | N/A | 15 | N/A | 15 | N/A | 38 | | | | | | | |
| Overdue | 0 | N/A | 0 | N/A | 0 | N/A | 0 | | | | | | | |
| Closed | 0 | N/A | 2 | N/A | 0 | N/A | 2 | | | | | | | |

| | Review | of Previous Audits | and Reviews - Actior | n Status | | | | | |
|------------------|----------------------|--|------------------------------|---------------------------|-------------------------------|--|--|--|--|
| # Audits/Reviews | No. Actions | Closed Ref in Audit | Closed Per Internal Audit | Status to be confirmed | Status could not be confirmed | | | | |
| 18 | 180 | 37 | 94 | 49 | TBD | | | | |
| | | 1 | 31 | 49 | 0 | | | | |
| Note: exclu | udes recent investig | s recent investigation, KPMG and Wholesale Credit Review actions captured in table 1 | | | | | | | |
| Note: exclu | udes recent investig | recent investigation, KPMG and Wholesale Credit Review actions captured in table 1 | | | | | | | |

EXTRACT

FINANCE Performance Report

REPORTING PERIOD **September 2020**

PREPARED BY
IAN BROOKSBANK,
Chief Financial Officer



1

FINANCE September 2020

APPENDIX 2 - Project Voltron Update

For the month of September, the Project Voltron team have finalised the project plan, ensuring it addresses current investigations and audit findings, and have collated the statuses of previous audits and other information to inform themes.

Project Plans for each theme have now been developed. Systems and IT key focus areas have been identified and added to the project plans.

For the month of October, the team will be adding the Load Forecasting internal audit to the project plan, once this has been finalised and will engage with IS&S to add detailed milestones and timeframes to Theme 4.

A draft of the Trading Strategy will go to the October FMC meeting and the project sponsors will review and approve the finalised Project Plan for Voltron.

No risks or issues have been identified at this stage of the project.

Table 1

| | Recent Audit/Investigation Actions | | | | | | | | | | | |
|-------------|------------------------------------|-----------------|---------|-------------|----------|--|--|--|--|--|--|--|
| No. Actions | On Track | Not Yet Started | Overdue | Endorsement | Complete | | | | | | | |
| 40 | 22 | 14 | 0 | 3 | 1 | | | | | | | |
| | Last Meeting | | | | | | | | | | | |
| 40 | 23 | 16 | 0 | 1 | 0 | | | | | | | |

Table 2

| | Project | Activities - S | tatus | | |
|-------------------------------------|----------------|----------------|-----------------|---------|----------|
| Theme | No. Activities | On Track | Not Yet Started | Overdue | Complete |
| 1. Governance & Oversight | 16 | 5 | 10 | 0 | 1 |
| 2. People, Roles & Accountabilities | 17 | 5 | 10 | 0 | 2 |
| 3. Process Improvement | 25 | 11 | 4 | 0 | 10 |
| 4. Systems & IT | 5 | 4 | 1 | 0 | 0 |
| This Month | 63 | 25 | 25 | 0 | 13 |
| Last Meeting | 55 | 17 | 35 | 0 | 3 |

FINANCE September 2020

Image 1

| No. Overall Project Key Milestones and Ac Stage 1 of Project Provide progress paper for Septembe 2 Review investigation, past audits and 3 Review findings from recent KPMG at 4 Develop short term action plan to clo 5 Determine key systematic issues and Stage 2 of Project Close out short term actions as identify Develop project plans for each theme 8 Sponsors to approve and sign off Project 1 Close out short term actions as identify Develop project plans for each theme 8 Sponsors to approve and sign off Project 1 Close out short term actions as identify Develop Project plans for each theme 8 Sponsors to approve and sign off Project 1 Close out short term actions as identify Develop Project plans for each theme 8 Sponsors to approve and sign off Project 1 Close 3 Covernance and Oversigh 1 Theme 1: Governance and Oversigh 1 Theme 3: Process Development/Im | Current State and investigations that have highlighted a number of d Back Office. Activities ber Board and reports, collate actions and status | IT and Systems of where possible Target Completion Accountable | enhancemon | ents to ren | endencies nove man | ual activiti | ies and au | itomation | The aim o | of Project | Voltron is | twofold: | Target Sta | | | | | |
|--|--|---|--|--------------|-----------------------|--------------|------------|-----------|-----------|------------|-----------------------|----------|--|---------|----------|---------|--|--|
| No. Overall Project Key Milestones and Ac Stage 1 of Project Provide progress paper for Septembe 2 Review investigation, past audits and 3 Review findings from recent KPMG at 4 Develop short term action plan to clo 5 Determine key systematic issues and Stage 2 of Project Close out short term actions as identify Develop project plans for each theme 8 Sponsors to approve and sign off Project 1 Theme 1: Governance and Oversigh 1 Theme 2: People - team purpose, further actions as identify Develop project plans for each theme 8 Sponsors to approve and sign off Project 1 Theme 2: People - team purpose, further 2: People - team purpose, further 2: Process Development/Im | and investigations that have highlighted a number of d Back Office. Activities ber Board ad reports, collate actions and status | where possible | on Date of | ents to ren | nove man | ual activiti | ies and au | tomation | - Address | | | twofold: | | | | | | |
| No. Overall Project Key Milestones and Ac Stage 1 of Project | d Back Office. Activities ber Board ad reports, collate actions and status | where possible | on Date of | Project | | | ies and au | tomation | - Address | | | | | | | | | |
| Stage 1 of Project Provide progress paper for Septembe Review investigation, past audits and Review findings from recent KPMG at Develop short term action plan to clo Determine key systematic issues and Stage 2 of Project Close out short term actions as identify Develop project plans for each theme Sponsors to approve and sign off Project Theme 1: Governance and Oversigh Theme 2: People - team purpose, further terms of the project plans for each theme Plan | ber Board Id reports, collate actions and status | | | _ | | < | - devel | | | | | | ress current issues and concerns of recent audits, reviews and investigation elop and implement an holistic plan that rectifies any identified systemic issue and | | | | | |
| Stage 1 of Project Provide progress paper for Septembe Review investigation, past audits and Review findings from recent KPMG at Develop short term action plan to clo Determine key systematic issues and Stage 2 of Project Close out short term actions as identify Develop project plans for each theme Sponsors to approve and sign off Project Theme 1: Governance and Oversigh Theme 2: People - team purpose, further terms of the project plans for each theme Sponsors to approve and sign off Project Theme 1: Governance and Oversigh Theme 2: People - team purpose, further S: Process Development/Im | ber Board Id reports, collate actions and status | Accountable | Aug-20 | Sep-20 | | | add date | | | nese going | A LACTOR TO SECURE OF | | | | | | | |
| Provide progress paper for Septembe Review investigation, past audits and Review findings from recent KPMG at Develop short term action plan to clo Determine key systematic issues and Stage 2 of Project Close out short term actions as identi Develop project plans for each theme Sponsors to approve and sign off Proj Theme 1: Governance and Oversigh Theme 2: People - team purpose, fu Theme 3: Process Development/Im | nd reports, collate actions and status | | | | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Status | % Comp. | | |
| 2 Review investigation, past audits and 3 Review findings from recent KPMG at 4 Develop short term action plan to clo 5 Determine key systematic issues and Stage 2 of Project 6 Close out short term actions as identi 7 Develop project plans for each theme 8 Sponsors to approve and sign off Proj 9 Theme 1: Governance and Oversigh 11 Theme 2: People - team purpose, fu 12 Theme 3: Process Development/Im | nd reports, collate actions and status | | 0 | | | | | | | | | | | | | | | |
| 3 Review findings from recent KPMG at 4 Develop short term action plan to clo 5 Determine key systematic issues and Stage 2 of Project 6 Close out short term actions as identi 7 Develop project plans for each theme 8 Sponsors to approve and sign off Proj 9 Theme 1: Governance and Oversigh 11 Theme 2: People - team purpose, fu 12 Theme 3: Process Development/Im | The state of the s | | | 08.09.20 | | | | | | | | | | | Complete | 100% | | |
| 4 Develop short term action plan to clo 5 Determine key systematic issues and Stage 2 of Project 6 Close out short term actions as identi 7 Develop project plans for each theme 8 Sponsors to approve and sign off Proj 9 Theme 1: Governance and Oversigh 11 Theme 2: People - team purpose, fu 12 Theme 3: Process Development/Im | audit and feed into project activities | _ | 14.08.20 | 30.09.20 | | | | | | | | | | | Complete | 100% | | |
| 5 Determine key systematic issues and Stage 2 of Project 6 Close out short term actions as identi 7 Develop project plans for each theme 8 Sponsors to approve and sign off Proj 9 Theme 1: Governance and Oversigh 11 Theme 2: People - team purpose, fu 12 Theme 3: Process Development/Im | 8 | | | | | | | | | | | | | | Complete | 100% | | |
| Stage 2 of Project 6 Close out short term actions as identi 7 Develop project plans for each theme 8 Sponsors to approve and sign off Proj 9 Theme 1: Governance and Oversigh 11 Theme 2: People - team purpose, fu 12 Theme 3: Process Development/Im | | | 30.08.20 | 19.09.20 | | | | | | | | | | | Complete | 100% | | |
| 6 Close out short term actions as identi 7 Develop project plans for each theme 8 Sponsors to approve and sign off Proj 9 Theme 1: Governance and Oversigh 11 Theme 2: People - team purpose, fu 12 Theme 3: Process Development/Im | To commence of systems to assess and the mest social tree of sport of the review | | | | | | | | | | | | | | Complete | 100% | | |
| 7 Develop project plans for each theme 8 Sponsors to approve and sign off Proj 9 Theme 1: Governance and Oversigh 11 Theme 2: People - team purpose, fu 12 Theme 3: Process Development/Im | - WANTER CONTROL CONTR | | | | | | | | | | | | | | | | | |
| 8 Sponsors to approve and sign off Proj 9 Theme 1: Governance and Oversigh 11 Theme 2: People - team purpose, fu 12 Theme 3: Process Development/Im | ntified in the recent investigations and audit | | | | | | | | | | | | | | On Track | 10% | | |
| 9 Theme 1: Governance and Oversigh 11 Theme 2: People - team purpose, fu 12 Theme 3: Process Development/Im | ne with milestones and implementation timeline | | | | | | | | | | | | | | On Track | 95% | | |
| 11 Theme 2: People - team purpose, fu 12 Theme 3: Process Development/Imp | oject Plan/s | Caroline/Ian | | | | | | | | | | | | | On Track | 50% | | |
| 12 Theme 3: Process Development/Imp | ght | | | | | | | | | | | | | | On Track | 5% | | |
| | functions, roles and accountabilities | 4 | | | | | | | | | | | | | On Track | 10% | | |
| [1882] [1882] [1882] [1882] [1882] [1882] [1882] [1882] [1882] [1882] [1882] [1882] [1882] [1882] [1882] [1882] | mprovement | | | | | | | | | | | | | | On Track | 40% | | |
| 13 Theme 4: Systems and IT | | | | | | | | | | | | | | | On Track | 0% | | |
| Project Monitoring and Reporting | | | | | | | | | | | | | | | | M | | |
| 14 Implement regular project status and | nd review meetings | | 12.08.20 | | | | | | | i i | | | | | Complete | 100% | | |
| 15 Develop monthly dashboard on proje | ject status and Board reporting | | 09.09.20 | | | | | | | | | | | | Complete | 100% | | |
| Activities Co | Completed this month | | A | ctivities Pl | anned for | Next Mor | nth | , | " | | | | Risks | /Issues | | | | |
| · Finalise project plan to address current inv | ivestigations and audit findings | Add Load Fore | ecasting int | ernal audi | t to the pr | roject plan | once fina | alised | | • | | | | | | | | |
| Finalise collation and status of previous au | audits and information used to inform Themes | Engage with IS&S to add detailed milestones and timeframes to Theme 4 | | | | | | | • | | | | | | | | | |
| - [10] 14 전쟁 11 [4] (10] 12 전쟁 (25) 15 (25) 15 (25) 15 (25) 15 (25) 15 (25) 15 (25) 15 (25) 15 (25) 15 (25) 1 | pleted Project Plans for each of the key themes | | Draft of Trading Strategy to FMC October meeting | | | | | | | • | | | | | | | | |
| Systems and IT key focus areas identifed ar | *XT # X 20 X 20 X 20 X 3 X 4 X 4 X 4 X 4 X 4 X 4 X 4 X 4 X 4 | Sponsors to approve the finalised Project Plan | | | | | | | | | | | | | | | | |

EXTRACT



Hydro-Electric Corporation Risk Management Committee paper

Meeting date: Tuesday, 22 September 2020

STRICTLY CONFIDENTIAL

Agenda item: 6.7

Subject: QUARTERLY COMPLIANCE MANAGEMENT REPORT

Sponsor: Kate McKenzie, Chief Governance Officer

Category: For noting

Draft resolution: The Committee **notes** the quarterly compliance management report.

EXECUTIVE SUMMARY

This report provides a summary of the statistics and trends of incidents and breaches across the Hydro Tasmania Group (HTG) for the four month period ending on 31 August 2020.

During the reporting period, 68 new compliance incidents were logged in SAP of which 19 were classified as breaches. Ten of these have a potential risk rating of moderate or above.

A further 13 incidents were classified as breaches after the completion of investigations of incidents reported in previous periods. Five of these breaches have a potential risk rating of moderate or above. Tables 1 to 3 have details of these incidents and breaches.

Compliance incident reporting within Hydro Tasmania is at a 12 month rolling average just above 23 per month, down from 30 per month reported in the last report. See Figure 1 for details and trends of incidents and breaches reported in the last 12 months.

There are four open breaches which were previously reported to the Risk Management Committee. Appendix 1- Table 11 lists these breaches in detail along with the status of the corrective and preventative actions.

Performance against the balanced scorecard target for the current financial year is sitting at 58% YTD as at 2 September 2020. (Target is: >80% of incidents to be investigated with corrective and preventative actions assigned and recorded in SAP within 22 business days.) Section 3.1 has further detail.

BACKGROUND

This report has been compiled using data extracted from the Environment, Health and Safety (EHS), and the Governance, Risk and Compliance (GRC) SAP modules. Health, safety,

environmental and vehicle incidents are excluded from this report unless the incident has also been classified as a compliance breach. The compliance activities and statistics covered in this report are for the period 1 May 2020 to 31 August 2020.

1. Statistics

1.1. Incidents and breaches

Table 1 summarises all incidents logged during the reporting period by business area and incident type. Momentum (28% down from 52% last reporting period) and Operations (35%) have reported the majority of the compliance incidents. This is due to the operational focus and high level of regulation of these business areas. The highest percentage of incidents were classified as retail (29% down from 52% last reporting period).

Table 1: Incidents logged

| Insident Custo | | | | | Busine | ss Unit | | | | | Hydro |
|-----------------------------|-----|-----|------|--------|--------|---------|-----|-----|------|-------|-------|
| Incident Group | AMI | CGT | сомм | Entura | FIN | IS&S | МОМ | OPS | P&CS | STRAT | Total |
| Retail | | 2 | | | | | 18 | | | | 20 |
| Other Internal Procedures | 1 | 1 | 1 | | | 2 | | 5 | 1 | | 11 |
| Asset Event | | | | | | | | 5 | 1 | | 6 |
| Station Operations | | | | | | | | 6 | | | 6 |
| Business Finance | | | | | 5 | | | 1 | | | 6 |
| Information Security | | | 1 | 1 | | 2 | 1 | | | | 5 |
| Wholesale Trading | | 1 | 2 | | 2 | | | | | | 4 |
| Spot Market & Operations | | | 1 | | | | | 3 | | | 4 |
| Asset Compliance | 1 | | | | | | | 2 | | | 3 |
| Quality | 1 | | | | | | | 2 | | | 3 |
| % of total incidents logged | 4% | 4% | 7% | 1% | 10% | 6% | 28% | 35% | 3% | 0% | 100% |
| TOTAL | 3 | 3 | 5 | 1 | 7 | 4 | 19 | 24 | 2 | | 68 |

Table 2 shows all incidents classified as breaches during the reporting period by incident group and the month the initial incident was raised. Seven of these breaches are historical incidents where the breach was identified as part of the Compliance Team's annual review. Appendix 2 – Table 12 lists all new breaches in detail along with the status of corrective and preventative actions.

Table 2: New breaches reported by incident group

| In ald and municipal | Month incident was raised | | | | | | | | | | |
|---------------------------|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| Incident group | Nov 19 | Dec 19 | Jan 20 | Feb 20 | Mar 20 | Apr 20 | May 20 | Jun 20 | Jul 20 | Aug 20 | Total |
| Business Finance | | | | | | | 2 | 1 | | | 3 |
| Commercial & Ind. Retail | | | | | 2 | | | | | | 2 |
| Asset Compliance | | | | | | 1 | | | | | 1 |
| Wholesale Trading | | | | | | | 3 | | | | 3 |
| Other Internal Procedures | | | | | | 1 | | 1 | 1 | | 3 |
| Retail | 1 | 2 | 2 | 1 | 1 | 2 | 2 | 5 | 3 | 1 | 20 |
| TOTAL | 1 | 2 | 2 | 1 | 3 | 4 | 7 | 7 | 4 | 1 | 32 |

Table 3 shows that 13 breaches were classified as having a potential risk rating of moderate mainly due to the high likelihood of regulatory involvement. Consistent with previous reporting periods, the majority of breaches occurred at Momentum. The two breaches rated high (#9288 and #9315) together with the recent trading strategy breach (#9293)

revealed significant risks in the energy trading space. Those risks are being addressed by way of Project Voltron to be managed through jointly through Finance and Commercial to address audit findings and investigation recommendations in this space. See Appendix 2 - Table 12 for further details about these breaches. A Board paper has been submitted by Caroline Wykamp and Ian Brooksbank with further details about Project Voltron.

Table 3: Breaches reported by potential risk rating and business unit

| Determined winds weakings | | Business Unit | | | | | | | | | | |
|---------------------------|-----|---------------|------|--------|-----|------|-----|-----|------|-------|-------|--|
| Potential risk rating | AMI | CGT | сомм | Entura | FIN | IS&S | мом | OPS | P&CS | STRAT | Total | |
| Low | | 2 | 2 | | | | 12 | | | | 16 | |
| Moderate | | 1 | 1 | | 3 | 1 | 6 | 2 | 1 | | 14 | |
| High | | | | | 2 | | | | | | 2 | |
| Extreme | | | | | | | | | | | | |
| TOTAL | | 3 | 3 | | 5 | | 18 | 2 | 1 | | 32 | |



EXTRACT

APPENDIX 2 -Breaches identified during reporting period

All newly identified breaches are reported to the Hydro Tasmania Board each month. Table 11 lists all breaches identified within the reporting period.

Table 12: Summary of new breaches identified in this reporting period (32)

| Business Unit | Potential Risk Rating | Policy, Standard or Legislation Breached | Breach (Violation) | Corrective/Preventative Actions Assigned | Action Due Date | Tracking Indicator | Date Initially Recorded | Status at 1 September | mySAP No |
|------------------|--------------------------|--|---|---|--------------------|-----------------------|-------------------------------|--------------------------|-------------|
| FIN | н | Hydro Tasmania, <i>Credit</i> <i>Policy</i> , April 2018, s 4.5 | Hydro Tasmania omitted to actively monitor the credit worthiness of a counterparty and to effectively apply changes to counterparty limits. | This incident was identified by Internal Audit and that audit identified actions to improve wholesale credit risk management. Those actions are being progressed and managed by Internal Audit, rather than Compliance. | N/A | N/A | 12 May 20 | Closed | 9288 |
| FIN | Н | Hydro Tasmania, <i>Credit</i> Policy, April 2018, s 4.6 | Hydro Tasmania failed to set Portfolio Limits in accordance with the Earnings at Risk (EaR) methodologies and report against Portfolio Limits daily from July 2018 to March 2020. | This breach is related to the Energy Trading Strategy incident (mySAP no 9293.) There is a project underway to address the actions for both breaches. | N/A | N/A | 22 May 20 | Closed | 9315 |

FINANCE Performance Report

REPORTING PERIOD PREPARED BY

November 2020 TIM PETERS,

Deputy Chief Financial Officer

FINANCE November 2020

APPENDIX 2 – Project Voltron Update

For the month of November, six project and six audit activities were closed as per the project timeline.

The observations from the finalised Load Forecasting audit have been added to the project plan adding an additional 11 actions to the project plan, thus the increase in the overall No. Actions in table 1.

Table 1

| Recent Audit/Investigation Actions | | | | | | | | | | |
|------------------------------------|----------|-----------------|---------|-------------|----------|--|--|--|--|--|
| No. Actions | On Track | Not Yet Started | Overdue | Endorsement | Complete | | | | | |
| 54 | 36 | 6 | 0 | 0 | 12 | | | | | |
| | | Last Re | port | | | | | | | |
| 43 | 20 | 14 | 0 | 3 | 6 | | | | | |

Table 2

| Project Activities | | | | | | | | | | |
|-------------------------------------|----------------|----------|-----------------|---------|----------|--|--|--|--|--|
| Theme | No. Activities | On Track | Not Yet Started | Overdue | Complete | | | | | |
| 1. Governance & Oversight | 16 | 5 | 3 | | 8 | | | | | |
| 2. People, Roles & Accountabilities | 25 17 | 5 | 10 | | 2 | | | | | |
| 3. Process Improvement | 25 | 9 | 3 | | 13 | | | | | |
| 4. Systems & IT | 5 | 4 | 1 | | 0 | | | | | |
| Tot | al 63 | 23 | 17 | | 23 | | | | | |
| Last Meetir | g 63 | 28 | 25 | 0 | 17 | | | | | |

FINANCE OCTOBER 2020

Image 1

| Project Title: | Project Voltron | | | | | STATE OF THE OWNER, WHEN | destroched | Updat | | | | | | | | |
|--|--|---|---|---|---|---|--|--|--|---|--|--|--|--|---|---|
| | | Project Sponsor/s Caroline Wykamp and Ian Brooksbank | | | | | | | | | | | | | | |
| Current | State | | | Interdep | endencie | 5 | | | | | | - 0 | Target Sta | te | | |
| we been multiple audits, reviews and im and concerns across Front, Middle and B | vestigations that have highlighted a number ack Office. | IT and Systems automation wh | | | move ma | nual acti | vities and | | The aim of Project Voltron is twofold: - Address current issues and concerns of recent audits, reviews and im - develop and implement an holistic plan that rectifies any identified sy | | | | | | | |
| | | Target Complet | ion Date of | Project | | | add date> | | | ive these | | | ation most | NORTH DATE | March Joseph School | June 1900 Abe |
| io. Overall Project Key Milestones and Activities | | Accountable | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Status | % Comp. |
| tage 1 of Project | | | 111/2/2011/10 | | | | | itte-orex a | | | | TILL TO SCO | | | | |
| | | | | 08,09.20 | | | | | ģ. | | | | | | Complete | 100% |
| eview investigation, past audits and repo | orts, collate actions and status | | 1 | 30.09.20 | | | | | | | | | | | Complete | 100% |
| eview findings from recent KPMG audit | and feed into project activities | | 14.08.20 | | | | | | 1 | 1 | | | | | Complete | 100% |
| evelop short term action plan to close o | pen investigation and audit actions | | | 19.09.20 | | | | | | | | | | | Complete | 100% |
| etermine key systematic issues and then | nes identified as part of the review | | 30.08.20 | | | | | | ii . | | | | | | Complete | 100% |
| tage 2 of Project | | | | | | | | | | | | | | | | |
| lose out short term actions as identified | in the recent investigations and audit | | | | | | | | | | | | | | On Track | 22% |
| evelop project plans for each theme wit | h milestones and implementation timeline | | | | | | | | | | | | | | Complete | 100% |
| ponsors to approve and sign off Project I | Plan/s | Caroline/lan | | | | | | | | | | | | | Complete | 100% |
| Theme 1: Governance and Oversight | | | | | | | | | | | | | | | On Track | 50% |
| Theme 2: People - team purpose, function | ons, roles and accountabilities | | | | | | | | | | - 5 | | | | On Track | 11% |
| Theme 3: Process Development/Improv | ement | | | | | | | | | | | | | | On Track | 50% |
| Theme 4: Systems and IT | | | | | | | | | | | | | | | On Track | 0% |
| roject Monitoring and Reporting | | 17. | - | | | | | | | | | | | | | 22 - 2300 |
| nplement regular project status and revi | ew meetings | | 12.08.20 | | | | | | 12 | | | | | | Complete | 100% |
| evelop monthly dashboard on project st | atus and Board reporting | | 09.09.20 | | | | | | | | | | | | Complete | 100% |
| Activities Completed this month | | | Ac | tivities Pla | inned for | Next Mo | nth | | | | | | Risks, | Issues | | |
| ad Forecasting internal audit recommendations added 11 additional actions tial Engage with IS&S re timeframes to Theme 4 further work to be done dit Actions – 6 audit actions closed for the month pending sponsor endorsement project activities closed for the month | | The team have 19 audit actions to be closed by the end of December, these are all currently all on track for delivery • | | | | | | | | | | | | | | |
| | tage 1 of Project rovide progress paper for September 8o eview investigation, past audits and repreview findings from recent KPMG audit, evelop short term action plan to close of etermine key systematic issues and then tage 2 of Project. lose out short term actions as identified evelop project plans for each theme with ponsors to approve and sign off Project. Theme 1: Governance and Oversight. Theme 2: People - team purpose, function Theme 3: Process Development/Improvement Project Monitoring and Reporting in the project status and reviewed project monthly dashboard on project status and reviewed project stat | tage 1 of Project rovide progress paper for September Board eview investigation, past audits and reports, collate actions and status eview findings from recent KPMG audit and feed into project activities eview findings from recent KPMG audit and feed into project activities eview findings from recent KPMG audit and feed into project activities eview phort term action plan to close open investigation and audit actions etermine key systematic issues and themes identified as part of the review tage 2 of Project lose out short term actions as identified in the recent investigations and audit evelop project plans for each theme with milestones and implementation timeline ponsors to approve and sign off Project Plan/s Theme 1: Governance and Oversight Theme 2: People - team purpose, functions, roles and accountabilities Theme 3: Process Development/Improvement Theme 4: Systems and IT roject Monitoring and Reporting inplement regular project status and review meetings evelop monthly dashboard on project status and Board reporting Activities Completed this month orecasting internal audit recommendations added 11 additional actions Engage with IS&S re timeframes to Theme 4 further work to be done Actions — 6 audit actions closed for the month pending sponsor endorsement | tage 1 of Project rovide progress paper for September Board eview investigation, past audits and reports, collate actions and status eview findings from recent KPMG audit and feed into project activities evielop short term action plan to close open investigation and audit actions etermine key systematic issues and themes identified as part of the review tage 2 of Project lose out short term actions as identified in the recent investigations and audit evelop project plans for each theme with milestones and implementation timeline ponsors to approve and sign off Project Plan/s Theme 1: Governance and Oversight Theme 2: People - team purpose, functions, roles and accountabilities Theme 3: Process Development/Improvement Theme 4: Systems and IT roject Monitoring and Reporting inplement regular project status and review meetings evelop monthly dashboard on project status and Board reporting Activities Completed this month orecasting internal audit recommendations added 11 additional actions Engage with IS&S re timeframes to Theme 4 further work to be done actions = 6 audit actions closed for the month pending sponsor endorsement extractivities closed for the month | tage 1 of Project rovide progress paper for September Board eview investigation, past audits and reports, collate actions and status eview findings from recent KPMG audit and feed into project activities eview findings from recent KPMG audit and feed into project activities eview findings from recent KPMG audit and feed into project activities evielop short term action plan to close open investigation and audit actions etermine key systematic issues and themes identified as part of the review 30,08,20 tage 2 of Project lose out short term actions as identified in the recent investigations and audit evelop project plans for each theme with milestones and implementation timeline ponsors to approve and sign off Project Plan/s Theme 1: Governance and Oversight Theme 2: People - team purpose, functions, roles and accountabilities Theme 3: Process Development/Improvement Theme 4: Systems and IT roject Monitoring and Reporting evelop monthly dashboard on project status and Board reporting Activities Completed this month Activities Completed this month Activities Completed this month Activities Completed this month Activities Indicate a for the month pending sponsor endorsement extractivities closed for the month | tage 1 of Project rovide progress paper for September Board eview investigation, past audits and reports, collate actions and status eview findings from recent KPMG audit and feed into project activities evelop short term action plan to close open investigation and audit actions etermine key systematic issues and themes identified as part of the review tage 2 of Project lose out short term actions as identified in the recent investigations and audit evelop project plans for each theme with milestones and implementation timeline ponsors to approve and sign off Project Plan/s Theme 1: Governance and Oversight Theme 2: People - team purpose, functions, roles and accountabilities Theme 3: Process Development/Improvement Theme 4: Systems and IT roject Monitoring and Reporting mplement regular project status and review meetings evelop monthly dashboard on project status and Board reporting Activities Completed this month Activities Plane Activities Completed this month The team have 19 audit actions to be all currently all on track for delivery actions = 6 audit actions closed for the month pending sponsor endorsement ect activities closed for the month | tage 1 of Project rovide progress paper for September Board eview investigation, past audits and reports, collate actions and status eview findings from recent KPMG audit and feed into project activities evelop short term action plan to close open investigation and audit actions etermine key systematic issues and themes identified as part of the review tage 2 of Project lose out short term actions as identified in the recent investigations and audit evelop project plans for each theme with milestones and implementation timelline ponsors to approve and sign off Project Plan/s Theme 1: Governance and Oversight Theme 2: People - 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FINANCE Performance Report

REPORTING PERIOD PREPARED BY

December 2020 TIM PETERS,

Deputy Chief Financial Officer

FINANCE December 2020

APPENDIX 4 – Project Voltron Update

For the month of December, three project and fourteen audit activities were closed as per the project timeline. Some project activity timelines were adjusted to align with Horizon 2 and 3 timelines to prevent the need for any rework as the organisational design progresses.

Table 1

| | Recent Audit/Investigation Actions | | | | | | | | | |
|-------------|------------------------------------|-----------------|---------|-------------|----------|--|--|--|--|--|
| No. Actions | On Track | Not Yet Started | Overdue | Endorsement | Complete | | | | | |
| 54 | 25 | 3 | 0 | 0 | 26 | | | | | |
| | Last Report | | | | | | | | | |
| 54 | 36 | 6 | 0 | 0 | 12 | | | | | |

Table 2

| Project Activities | | | | | | | | | |
|-------------------------------------|--------------|----------------|----------|-----------------|---------|----------|--|--|--|
| Theme | 9 | No. Activities | On Track | Not Yet Started | Overdue | Complete | | | |
| 1. Governance & Ove | ersight | 16 | 4 | 3 | 0 | 9 | | | |
| 2. People, Roles & Accountabilities | | 17 | 5 | 10 | 0 | 3 | | | |
| 3. Process Improveme | ent | 25 | 8 | 3 | 0 | 14 | | | |
| 4. Systems & IT | | 5 | 4 | 1 | 0 | 0 | | | |
| | Total | 63 | 21 | 17 | 0 | 26 | | | |
| | Last Meeting | 63 | 23 | 17 | 0 | 23 | | | |

FINANCE December 2020

| | | Proj | ect Voltron | - Dashl | ooard | Decen | nber B | oard (| Update |) | | | | | | | |
|--------------|--|--|------------------------------------|----------------|--------------|------------|--------------|---|--------------|--|------------|-----------|--------|----------|---------|----------|---------|
| | Project Title: | Project Voltron | | Pro | ject Spo | nsor/s | | | | | Carolin | e Wykar | mp and | lan Broo | oksbank | | |
| | C | urrent State | | | Interde | pendencie | ıs | | | Target State | | | | | | | |
| 100000000 | re have been multiple audits, reviews and investigations that have highlighted a number of s and concerns across Front, Middle and Back Office. | | IT and Systems where possible | enhanceme | nts to ren | nove manu | ual activiti | es and aut | tomation | The aim of Project Voltron is twofold: - Address current issues and concerns of recent audits, reviews and investigation - develop and implement an holistic plan that rectifies any identified systemic issue and | | | | | | | |
| | | | Target Complet | ion Date of | Project | | | <add date<="" th=""><th>2></th><th>resolve t</th><th>hese going</th><th>g forward</th><th>5</th><th></th><th></th><th></th><th></th></add> | 2> | resolve t | hese going | g forward | 5 | | | | |
| No. | Overall Project Key Milestones and A | Activities | Accountable | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Status | % Comp. |
| | Stage 1 of Project | | | | | 100 | | | | | | | | | | _ | |
| 1 | Provide progress paper for Septembe | er Board | | | 08.09.20 | | | | | | | | | | | Complete | 100% |
| 2 | Review investigation, past audits and | reports, collate actions and status | | | 30.09.20 | | | | | | | | | | | Complete | 100% |
| 3 | Review findings from recent KPMG as | udit and feed into project activities | | 14.08.20 | | | | | | | | | | | | Complete | 100% |
| 4 | Develop short term action plan to clo | se open investigation and audit actions | | | 19.09.20 | 1 | | | | | | | | | | Complete | 100% |
| 5 | Determine key systematic issues and | themes identified as part of the review | | 30.08.20 | | | | | | | | | | | | Complete | 100% |
| | Stage 2 of Project | | | | | | _ | | | | | | | | | | |
| 6 | Close out short term actions as identi | ified in the recent investigations and audit | | | | | | | | | | | | | | On Track | 48% |
| 7 | Develop project plans for each theme | with milestones and implementation timeline | | | | | - | | | | | | | | | Complete | 100% |
| 8 | Sponsors to approve and sign off Pro | ject Plan/s | Caroline/lan | | | | - | | | | | | | | | Complete | 100% |
| 9 | Theme 1: Governance and Oversigh | | | | | | | | | | | | | | | On Track | 56% |
| 11 | Theme 2: People - team purpose, for | unctions, roles and accountabilities | | | | | | | | | | | | | | On Track | 18% |
| 12 | Theme 3: Process Development/Im | provement | | | | | | | | | | | | | | On Track | 56% |
| 13 | Theme 4: Systems and IT | | | | | | | | | | | | | | | On Track | 0% |
| | Project Monitoring and Reporting | | | 175 | | | | | | | | | | | | | |
| 14 | | | | 12.08.20 | | | | | | | | | | | | Complete | 100% |
| 15 | Develop monthly dashboard on proje | | and the same | 09.09.20 | | | | | | | | | | | | Complete | 100% |
| | Activities C | ompleted this month | | - 1 | Activities P | lanned fo | r Next Mo | nth | | | | | | Risks | /Issues | | |
| • God | Trading strategy approved by RMC and Board Good effort by the team to close out all actions due in Dec (14 closed) | | Roll out the a Capture all cri | tical docum | ent, repor | ting and b | usiness m | odels to a | issess any g | aps | : | | | | | | |
| • Loa • 🗈 | d Forecasting working group establishe | d | Meeting to es | tablish I (ar | na System | Enhancen | nent timeli | nes | | | : | | | | | | |

FINANCE Performance Report

REPORTING PERIOD

January 2021

PREPARED BY TIM PETERS, Deputy Chief Financial Officer

FINANCE January 2021

APPENDIX 4 – Project Voltron Update

For the month of January, two project and two audit activities were closed out as per the project timeline.

Table 1

| | Recent Audit/Investigation Actions | | | | | | | | | | |
|-------------|------------------------------------|-----------------|---------|-------------|----------|--|--|--|--|--|--|
| No. Actions | On Track | Not Yet Started | Overdue | Endorsement | Complete | | | | | | |
| 54 | 26 | 0 | 0 | 2 | 26 | | | | | | |
| | Last Report | | | | | | | | | | |
| 54 | 25 | 3 | 0 | 0 | 26 | | | | | | |

Table 2

| | Project Activities Project Activities | | | | | | | | | | |
|------------------|---------------------------------------|----------------|----------|-----------------|---------|----------|--|--|--|--|--|
| The | eme | No. Activities | On Track | Not Yet Started | Overdue | Complete | | | | | |
| 1. Governance 8 | Oversight | 16 | 3 | 3 | 0 | 10 | | | | | |
| 2. People, Roles | & Accountabilities | 17 | 5 | 10 | 0 | 2 | | | | | |
| 3. Process Impro | vement | 25 | 8 | 2 | 0 | 15 | | | | | |
| 4. Systems & IT | | 5 | 5 | 0 | 0 | 1 | | | | | |
| | Total | 63 | 21 | 15 | 0 | 28 | | | | | |
| | Last Month | 63 | 21 | 17 | 0 | 26 | | | | | |

FINANCE January 2020

| Project Voltron - Dashboard February Board Update | | | | | | | | | | | | | | | | |
|--|---|---|--|--|--|-----------------------------------|--|---|---|--|--|--|--|---|--|--|
| Project Title: | Project Voltron | Project Sponsor/s Caroline Wykamp and Ian Brooksbank | | | | | | | | | | | | | | |
| Ci | urrent State | Interdependencies | | | | | | | | Target State | | | | | | |
| | | automation where possible | | | | | - Addres | The aim of Project Voltron is twofold: - Address current issues and concerns of recent audits, reviews and investigation - develop and implement an holistic plan that rectifies any identified systemic issue | | | | | | - | | |
| | | Target Completi | ion Date o | f Project | | | <add dat<="" th=""><th>te></th><th>and reso</th><th>lve these</th><th>going for</th><th>rward</th><th></th><th></th><th></th><th></th></add> | te> | and reso | lve these | going for | rward | | | | |
| Overall Project Key Milestones and | Accountable | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Status | % Comp. | |
| Stage 1 of Project | | | | | | | | | | | | | | | | |
| Provide progress paper for Septem | ber Board | | | 08.09.20 | | | | | | | | | | | Complete | 100% |
| Review investigation, past audits ar | nd reports, collate actions and status | | | 30.09.20 | | | | | | | | | | | Complete | 100% |
| Review findings from recent KPMG | audit and feed into project activities | | 14.08.20 | | | | | | | | | | | | Complete | 100% |
| Develop short term action plan to | close open investigation and audit actions | | | 19.09.20 | | | | | | | | | | | Complete | 100% |
| Determine key systematic issues ar | nd themes identified as part of the review | | 30.08.20 | | | | | | | | | | | | Complete | 100% |
| Stage 2 of Project | | | | | | | | | | | | | | | | |
| Close out short term actions as ide | ntified in the recent investigations and audit | | | | | | | | | | | | | | On Track | 52% |
| Develop project plans for each the | me with milestones and implementation timeline | | | | | | | | | | | | | | Complete | 100% |
| Sponsors to approve and sign off P | roject Plan/s | Caroline/Ian | | | | | | | | | | | | | Complete | 100% |
| Theme 1: Governance and Oversi | ght | | | | | | | | | | | | | | On Track | 63% |
| 1 Theme 2: People - team purpose, | functions, roles and accountabilities | | | | | | | | | | | | | | On Track | 12% |
| Theme 3: Process Development/I | mprovement | | | | | | | | | | | | | | On Track | 56% |
| | | | | | | | | | | | | | | | On Track | 20% |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | Complete | 100% |
| | | | | | | | | | | | | | | | Complete | 100% |
| | | | | | | | | | | | | | Risks | /Issues | | |
| apture all critical document, reporting | | | | | _ | | | | | | | | | | | |
| | Core have been multiple audits, reviews aps and concerns across Front, Middle and Stage 1 of Project Provide progress paper for Septem Review investigation, past audits at Review findings from recent KPMG Develop short term action plan to Determine key systematic issues at Stage 2 of Project Close out short term actions as ide Develop project plans for each the Sponsors to approve and sign off Profest 1: Governance and Oversit Theme 1: Governance and Oversit Theme 3: Process Development/it Theme 4: Systems and IT Project Monitoring and Reporting Implement regular project status at Develop monthly dashboard on profest apture all critical document, reporting apture all critical document, reporting | Current State re have been multiple audits, reviews and investigations that have highlighted a number aps and concerns across Front, Middle and Back Office. 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Target Completion Date of Project Target Completion Date of Project Accountable Aug-20 Sep-20 Oct-20 Nov-20 Stage 1 of Project Provide progress paper for September Board Review investigation, past audits and reports, collate actions and status Review indings from recent KPMG audit and feed into project activities Develop short term action plan to close open investigation and audit actions Determine key systematic issues and themes identified as part of the review Stage 2 of Project Close out short term actions as identified in the recent investigations and audit Develop project plans for each theme with milestones and implementation timeline Sponsors to approve and sign off Project Plan/s Theme 1: Governance and Oversight Theme 2: People - team purpose, functions, roles and accountabilities Theme 3: Process Development/Improvement Theme 3: Process Development/Improvement Theme 4: Systems and IT Project Monitoring and Reporting Develop monitoring and Reporting Implement regular project status and review meetings Develop monitoring and Reporting Activities Completed this month Activities Planned for Next Measure all critical document, reporting and paper approach of another four audit actions and ecours and colours and coloure expected of another four audit actions and ecours and coloure expected of another four audit actions and ecours and coloure expected of another four audit actions and ecours and coloure expected of another four audit actions and ecours and coloure expected of another four audit actions and ecours and coloure expected of another four audit actions and ecours and ecours and coloure expected of another four audit actions and ecours and coloure expected of another four audit actions and ecours and coloure expected of another four audit actions and ecours and ecours and ecours a | Project Title: Project Voltron Current State The have been multiple audits, reviews and investigations that have highlighted a number aps and concerns across Front, Middle and Back Office. 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Target Completion Date of Project Accountable Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Stage 1 of Project Provide progress paper for September Board Review investigation, past audits and reports, collate actions and status Review indings from recent KPMG audit and feed into project activities Develop short term action plan to close open investigation and audit actions Determine key systematic issues and themes identified as part of the review Stage 2 of Project Close out short term action sa identified in the recent investigations and audit. Develop project plans for each theme with milestones and implementation timeline Sponsors to approve and sign off Project Plan/s Theme 1: Governance and Oversight Theme 3: Process Development/Improvement Theme 4: Systems and IT Project Monday Activities Planned for Next Month Coursile Project Sponsor's Month Project Months Coursile Caroline Plan of Next Month Project Months Coursile Caroline Plan of Next Month Activities Planned for Next Month Coursile Course and Course, reporting and business models of Closure expected of another four audit actions and three project activities Closure expected of another four audit actions and three project activities Closure expected of another four audit actions and three project activities | Project Title: Project Voltron Project Sponsor/s Caroline Current State Interdependencies The have been multiple audits, reviews and investigations that have highlighted a number appeared and concerns across Front, Middle and Back Office. The aim of Project automation where possible Target Completion Date of Project Accountable Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Mar-21 Stage 1 of Project Provide progress paper for September Board Review inventigation, past sudits and reports, collate actions and status. Review inventigation, past sudits and reports, collate actions and status. Review inventigation, past sudits and reports, collate actions and status. Review inventigation, past sudits and feed into project activities Stage 2 of Project Stage 2 of Project Close out short term action plan to close open investigations and audit actions Determine key systematic issues and themes identified as part of the review Stage 2 of Project Close out short term actions as identified in the recent investigations and audit. Develop project plans for each theme with milestones and implementation timeline Sponsors to approve and sign of Project Plan/s Theme 1: Governance and Oversight Theme 2: Prople team purpose, functions, roles and accountabilities Theme 4: Systems and IT Project Monitoring and Reporting Implement regular project status and review meetings Develop monthly dashboard on project status and Board reporting **Complete capture all critical document, reporting and business models (50% done) **Complete capture all critical document, reporting and business models **Closure expected of another four audit actions and three project activities | Project Title: Project Voltron Current State Interdependencies Int | Project Title: Project Voltron Current State Interdependencies If and Systems enhancements to remove manual activities and automation where possible automation where possible automation where possible and each Office. If and Systems enhancements to remove manual activities and automation where possible automation and evel p | Project Title: Project Voltron Current State Interdependencies Target State Interdependencies Target State Interdependencies The aim of Project Voltron is twofold: approach on Community of the aim of Project Voltron is twofold: Address current issues and concerns of rece-develop and implement an indistic plan that a unumation where possible Accountable Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Mar-21 Apr-21 May-21 Jun-21 Stage 1 of Project Provide progress paper for September Board Seview Investigation, past audits and reports, collate actions and status Seview Investigation, past audits and reports, collate actions and status Seview Investigation, past audits and reports, collate actions and status Seview Investigation and the close open investigation and audit actions Develop short term action plan to close open investigation and audit actions Develop project plans for each theme with milestones and implementation timeline Sponsors to approve and sign of Project Plan/s Theme 1: Governance and Oversight Theme 2: People, team purpose, functions, roles and accountabilities Theme 3: Prosess Development/Improvement Theme 4: Systems and IT Project Monitoring and Reporting Implement regular project status and review meetings Develop monitoring and Reporting 12.08.20 Activities Planned for Next Month Risks Out the approved Trading Strategy to all relevant personnel • Complete capture all critical document, reporting and business models • Closure expected of another four audit actions and three project activities • Closure expected of another four audit actions and three project activities • Closure expected of another four audit actions and three project activities • Closure expected of another four audit actions and three project activities • Closure expected of another four audit actions and three project activities • Closure expected of another four audit actions and three project activities | Project Title: Project Voltron Current State Interdspendencies Int | Project Title: Project Voltron Project Sponsor/s Caroline Wykamp and Ian Brooksbank Current State Interdependencies Target State The have been multiple audits, reviews and investigations that have highlighted a number of project voltron is twofold: aps and concerns across Front, Middle and Back Office. Target Completes and automation where possible automation where possible 4-Address current issues and concerns of recent audits, reviews and investigation, and audits and automation where possible 4-Address current issues and concerns of recent audits, reviews and investigation and audits and audits and resolve these going forward and resolve these going forwa |



Hydro-Electric Corporation Audit Committee paper

Meeting date: Tuesday, 23 February 2021

STRICTLY CONFIDENTIAL

Agenda item: 7.3

Subject: AUDIT ACTIONS STATUS REPORT

Sponsor: , Head of Internal Audit

Category: Internal Audit

Draft resolution: The Audit Committee <u>notes</u> the status of audit actions



Project Voltron audit action monitoring

The Project Voltron team has assessed all previous internal audits and reviews going back to 2012 to confirm the status of previous recommendations, incorporating relevant historic actions and current actions from recent internal audit reports into themed activities of work.



The following dashboard summarises the status of previous and recent audit actions being managed by Voltron:

| Recent Audit/Investigation Actions | | | | | | | | | | | |
|------------------------------------|-------------|-----------------|---------|-------------|----------|--|--|--|--|--|--|
| No. Actions | On Track | Not Yet Started | Overdue | Endorsement | Complete | | | | | | |
| 54 | 26 | 0 | 0 | 0 | 28 | | | | | | |
| | Last Report | | | | | | | | | | |
| 54 | 25 | 3 | 0 | 0 | 26 | | | | | | |

| | | | Project Activities | | | |
|--------------------|--------------------|----------------|--------------------|-----------------|---------|----------|
| The | eme | No. Activities | On Track | Not Yet Started | Overdue | Complete |
| 1. Governance & | Oversight | 16 | 3 | 3 | 0 | 10 |
| 2. People, Roles 8 | & Accountabilities | 17 | 5 | 10 | 0 | 2 |
| 3. Process Improv | vement | 25 | 8 | 2 | 0 | 15 |
| 4. Systems & IT | | 5 | 5 | 0 | 0 | 1 |
| | Total | 63 | 21 | 15 | 0 | 28 |
| | Last Month | 63 | 21 | 17 | 0 | 26 |

Internal Audit is engaged with Project Voltron to ensure that monitoring activities are not duplicated and that actions being addressed through the project are appropriately closed out once endorsed by the Steering Committee.

RECOMMENDATION

The status of audit actions is provided to the Audit Committee for **noting**.

FINANCE Performance Report

REPORTING PERIOD February 2021

PREPARED BY
TIM PETERS
Deputy Chief Financial Officer

FINANCE February 2021

APPENDIX 4 – Project Voltron Update

For the month of February five audit activities were closed out as per the project timeline.

Table 1

| | Recent Audit/Investigation Actions | | | | | | | | | |
|-------------|------------------------------------|-----------------|---------|-------------|----------|--|--|--|--|--|
| No. Actions | On Track | Not Yet Started | Overdue | Endorsement | Complete | | | | | |
| 54 | 21 | 0 | 0 | 5 | 28 | | | | | |
| | Last Report | | | | | | | | | |
| 54 | 26 | 0 | 0 | 0 | 28 | | | | | |

Table 2

| | | | Project Activities | | | |
|------------------|--------------------|----------------|--------------------|-----------------|---------|----------|
| The | eme | No. Activities | On Track | Not Yet Started | Overdue | Complete |
| 1. Governance 8 | Oversight | 16 | 3 | 3 | 0 | 10 |
| 2. People, Roles | & Accountabilities | 17 | 8 | 7 | 0 | 2 |
| 3. Process Impro | vement | 25 | 8 | 2 | 0 | 15 |
| 4. Systems & IT | | 5 | 5 | 0 | 0 | 1 |
| | Total | 63 | 24 | 12 | 0 | 28 |
| | Last Month | 63 | 21 | 15 | 0 | 28 |

FINANCE February 2020

| | | Proj | ect Voltror | ı - Das | hboar | d Mar | rch Bo | oard U | Jpdate | | | | | | | | |
|-------------|--|--|---|------------|--------------|-----------|----------|--|--------|----------|-----------|--------|--------|---------|---------|----------|---------|
| | Project Title: | Project Voltron | | Pro | ject Spo | nsor/s | | | | (| Caroline | Wykai | mp and | lan Bro | oksbank | : | |
| | Ci. | urrent State | Interdependencies Target State | | | | | | | | | | | | | | |
| | e have been multiple audits, reviews ps and concerns across Front, Middle | and investigations that have highlighted a number and Back Office. | number IT and Systems enhancements to remove manual activities and automation where possible The aim of Project Voltron is twofold: - Address current issues and concerns of recent audits, reviews and invested to develop and implement an holistic plan that rectifies any identified systems. | | | | | | - | | | | | | | | |
| l | | | Target Completi | ion Date o | f Project | | | <add dat<="" th=""><th>te></th><th>⊣</th><th>lve these</th><th></th><th></th><th></th><th></th><th>,</th><th></th></add> | te> | ⊣ | lve these | | | | | , | |
| No. | Overall Project Key Milestones and | Activities | Accountable | _ | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Status | % Comp. |
| | Stage 1 of Project | | | | | | | | | | | | | | | | |
| 1 | Provide progress paper for Septem | ber Board | | | 08.09.20 | | | | | | | | | | | Complete | 100% |
| 2 | | | - | | 30.09.20 | | | | | | | | | | | Complete | 100% |
| 3 | Review findings from recent KPMG | nd reports, collate actions and status audit and feed into project activities | - | 14.08.20 |) | | | | | | | | | | | Complete | 100% |
| 4 | Develop short term action plan to | close open investigation and audit actions | | | 19.09.20 | | | | | | | | | | | Complete | 100% |
| 5 | Determine key systematic issues ar | nd themes identified as part of the review | | 30.08.20 | | | | | | | | | | | | Complete | 100% |
| | Stage 2 of Project | | | | | | | | | | | | | | | | |
| 6 | Close out short term actions as ide | ntified in the recent investigations and audit | | | | | | | | | | | | | | On Track | 61% |
| 7 | Develop project plans for each the | me with milestones and implementation timeline | | | | | | | | | | | | | | Complete | 100% |
| 8 | Sponsors to approve and sign off P Theme 1: Governance and Oversi | roject Plan/s | Caroline/lan | | | | | | | | | | | | | Complete | 100% |
| 9 | Theme 1: Governance and Oversi | ght | | | | | | | | | | | | | | On Track | 63% |
| 11 | Theme 2: People - team purpose, | functions, roles and accountabilities | | | | | | | | | | | | | | On Track | 12% |
| 12 | Theme 3: Process Development/I | mprovement | | | | | | | | | | | | | | On Track | 60% |
| 13 | Theme 4: Systems and IT | | | | | | | | | | | | | | | On Track | 20% |
| | Project Monitoring and Reporting | | | | | | | | | | | | | | | | |
| 14 | Implement regular project status a | nd review meetings | | 12.08.20 |) | | | | | | | | | | | Complete | 100% |
| 15 | Develop monthly dashboard on pro | oject status and Board reporting | | 09.09.20 | | | | | | | | | | | | Complete | 100% |
| | Activities Co | ompleted this month | | A | ctivities Pl | lanned fo | r Next M | lonth | | | | | | Risks | /Issues | | |
| endo Som | rsement at the Steering Committee r | o align with Horizon 3 activities to prevent rework | Complete cap There are and | | | | _ | | | | | | | | | | |

FINANCE Performance Report

REPORTING PERIOD PREPARED BY

March 2021 TIM PETERS

Deputy Chief Financial Officer

FINANCE March 2021

APPENDIX 4 – Project Voltron Update

For the month of March, the 22 remaining audit activities were closed out.

Table 1

| Recent Audit/Investigation Actions | | | | | | | | | | | |
|---|-------------|---|---|---|----|--|--|--|--|--|--|
| No. Actions On Track Not Yet Started Overdue Endorsement Complete | | | | | | | | | | | |
| 54 | 0 | 0 | 0 | 0 | 54 | | | | | | |
| | Last Report | | | | | | | | | | |
| 54 21 0 0 5 28 | | | | | | | | | | | |

Table 2

| | | Project Activitie | es | | |
|-------------------------------------|----------------|-------------------|--------------------|---------|----------|
| Theme | No. Activities | On Track | Not Yet Started | Overdue | Complete |
| 1. Governance & Oversight | 16 | 0 | 0 | 0 | 16 |
| 2. People, Roles & Accountabilities | 17 | 8 | 7 | 0 | 2 |
| 3. Process Improvement | 25 | 8 | 2 | 0 | 15 |
| 4. Systems & IT | 5 | 3 | 0 | 0 | 2 |
| Total | 63 | 19 | 9 | 0 | 35 |
| Last Month | 63 | 24 | 12 | 0 | 28 |

FINANCE March 2021

| | | Proj | ect Voltror | ı - Das | hboard | d Mai | rch Bo | ard U | pdate | | | | | | | | |
|------|--|---|--|--------------|----------------------|------------|-----------|---|--------|-----------|----------|-----------|--------|---------|---------|----------------------|---------|
| | Project Title: | Project Voltron | | Proj | ect Spor | nsor/s | | | | С | aroline | Wykar | np and | lan Bro | oksbank | | |
| | C | urrent State | Interdependencies Target State | | | | | | | | | | | | | | |
| | have been multiple audits, reviews as and concerns across Front, Middle | and investigations that have highlighted a number e and Back Office. | number IT and Systems enhancements to remove manual activities and automation where possible The aim of Project Voltron is twofold: - Address current issues and concerns of recent audits, reviews and edvelop and implement an holistic plan that rectifies any identified | | | | | | ٠ . | | | | | | | | |
| | | | Target Completi | ion Date o | f Project | | | <add dat<="" th=""><th>e></th><th>and resol</th><th>ve these</th><th>going for</th><th>ward</th><th></th><th></th><th></th><th></th></add> | e> | and resol | ve these | going for | ward | | | | |
| No. | Overall Project Key Milestones and | Activities | Accountable | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Status | % Comp. |
| | Stage 1 of Project | | | | | | | | | | | | | | | | |
| 1 2 | Provide progress paper for Septem Review investigation, past audits a | nber Board nd reports, collate actions and status | - | | 08.09.20 30.09.20 | | | | | | | | | | | Complete Complete | 100% |
| 3 | Review findings from recent KPMG | nd reports, collate actions and status Gaudit and feed into project activities | The state of the s | 14.08.20 | | | | | | | | | | | | Complete | 100% |
| 4 | Develop short term action plan to | close open investigation and audit actions | | | 19.09.20 | | | | | | | | | | | Complete | 100% |
| 5 | Determine key systematic issues a | nd themes identified as part of the review | | 30.08.20 | | | | | | | | | | | | Complete | 100% |
| | Stage 2 of Project | | | | | | | | | | | | | | | | |
| 6 | Close out short term actions as ide | entified in the recent investigations and audit | | | | | | | | | | | | | | On Track | 61% |
| 7 | Develop project plans for each the | me with milestones and implementation timeline | | | | | | | | | | | | | | Complete | 100% |
| 8 | Sponsors to approve and sign off P | roject Plan/s | Caroline/Ian | | | | | | | | | | | | | Complete | 100% |
| 9 | Theme 1: Governance and Overs | ight . | | | | | | | | | | | | | | Complete | 100% |
| 11 | Theme 2: People - team purpose | , functions, roles and accountabilities | | | | | | | | | | | | | | On Track | 12% |
| 12 | Theme 3: Process Development/ | Improvement | | | | | | | | | | | | | | On Track | 60% |
| 13 | Theme 4: Systems and IT | | | | | | | | | | | | | | | On Track | 40% |
| | Project Monitoring and Reporting | | | | | | | | | | | | | | | | |
| 14 | Implement regular project status a | | | 12.08.20 | | | | | | | | | | | | Complete | 100% |
| 15 | Develop monthly dashboard on pr | | | 09.09.20 | | | | | | | | | | | | Complete | 100% |
| | Activities C | ompleted this month | | Α | ctivities Pl | anned fo | r Next M | onth | | | | | | Risks/ | /Issues | | |
| Some | remaining audit actions were closed project activities have been move to re expected to be closed out in the i | Complete cap | ture all cri | itical docui | ment, re | porting ar | nd busine | ess models | | | | | | | | | |

FINANCE Performance Report

REPORTING PERIOD PREPARED BY

March 2021 TIM PETERS

Deputy Chief Financial Officer



FINANCE March 2021

APPENDIX 4 – Project Voltron Update

For the month of March, the 22 remaining audit activities were closed out.

Table 1

| | Recent Audit/Investigation Actions | | | | | | | | | | |
|----------------|------------------------------------|-----------------|---------|-------------|----------|--|--|--|--|--|--|
| No. Actions | On Track | Not Yet Started | Overdue | Endorsement | Complete | | | | | | |
| 54 | 0 | 0 | 0 | 0 | 54 | | | | | | |
| | Last Report | | | | | | | | | | |
| 54 21 0 0 5 28 | | | | | | | | | | | |

Table 2

| | | Project Activitie | es | | |
|-------------------------------------|----------------|-------------------|--------------------|---------|----------|
| Theme | No. Activities | On Track | Not Yet Started | Overdue | Complete |
| 1. Governance & Oversight | 16 | 0 | 0 | 0 | 16 |
| 2. People, Roles & Accountabilities | 17 | 8 | 7 | 0 | 2 |
| 3. Process Improvement | 25 | 8 | 2 | 0 | 15 |
| 4. Systems & IT | 5 | 3 | 0 | 0 | 2 |
| Total | 63 | 19 | 9 | 0 | 35 |
| Last Month | 63 | 24 | 12 | 0 | 28 |

FINANCE March 2021

| | | Proje | ect Voltror | ı - Das | hboar | d Mai | rch Bo | oard U | pdate | | | | | | | | |
|------|---|--|-----------------|----------------------------|--------------|------------|-----------|---|------------------------|-----------------------|------------|-------------|--------|-----------------|---------|----------|---------|
| | Project Title: | Project Voltron | | Proj | ect Spo | nsor/s | | | | (| Caroline | Wykan | np and | lan Bro | oksbank | | |
| | C | urrent State | | | Interdep | endenci | es | | | | | | | Target Sta | te | | |
| | have been multiple audits, reviews os and concerns across Front, Middle | and investigations that have highlighted a number e and Back Office. | automation whe | omation where possible - A | | | | - Addres - develo | s current o and imp | issues an Iement a | n holistic | ns of recei | , | eviews and inve | 0 | | |
| | | | Target Completi | | | | | <add dat<="" th=""><th></th><th></th><th>lve these</th><th></th><th></th><th></th><th></th><th></th><th></th></add> | | | lve these | | | | | | |
| No. | Overall Project Key Milestones and | Activities | Accountable | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Status | % Comp. |
| | Stage 1 of Project | | - | | | | | | | | | | | | | | |
| 1 | Provide progress paper for Septem | | | | 08.09.20 | | | | | | | | | | | Complete | 100% |
| 2 | Review investigation, past audits a | nd reports, collate actions and status | | | 30.09.20 | | | | | | | | | | | Complete | 100% |
| 3 | Review findings from recent KPMG | audit and feed into project activities | | 14.08.20 | | | | | | | | | | | | Complete | 100% |
| 4 | Develop short term action plan to | close open investigation and audit actions | | | 19.09.20 | | | | | | | | | | | Complete | 100% |
| 5 | 5 Determine key systematic issues and themes identified as part of the review | | | 30.08.20 | | | | | | | | | | | | Complete | 100% |
| | Stage 2 of Project | | | | | | | | | | | | | | | | |
| 6 | Close out short term actions as ide | entified in the recent investigations and audit | | | | | | | | | | | | | | On Track | 61% |
| 7 | Develop project plans for each the | me with milestones and implementation timeline | | • | | | | | | | | | | | | Complete | 100% |
| 8 | Sponsors to approve and sign off P | roject Plan/s | Caroline/Ian | | | | | | | | | | | | | Complete | 100% |
| 9 | Theme 1: Governance and Overs | ight | | | | | | | | | | | | | | Complete | 100% |
| 11 | Theme 2: People - team purpose | , functions, roles and accountabilities | | | | | | | | | | | | | | On Track | 12% |
| 12 | Theme 3: Process Development/ | Improvement | | | | | | | | | | | | | | On Track | 60% |
| 13 | Theme 4: Systems and IT | | | | | | | | | | | | | | | On Track | 40% |
| | Project Monitoring and Reporting | | | | , , | | | | | | | | | | | | |
| 14 | Implement regular project status a | | | 12.08.20 | | | | | | | | | | | | Complete | 100% |
| 15 | Develop monthly dashboard on pr | · · · | | 09.09.20 | | | | | | | | | | | | Complete | 100% |
| | Activities C | ompleted this month | | Α | ctivities Pl | lanned fo | r Next M | onth | | | | | | Risks | /Issues | | |
| Some | remaining audit actions were closed project activities have been move t re expected to be closed out in the i | Complete cap | ture all cri | itical docu | ment, re | porting ar | nd busine | ss models | | | | | | | | | |



Hydro-Electric Corporation Audit Committee paper

Meeting date: Tuesday, 27 April 2021

STRICTLY CONFIDENTIAL

Agenda item: 7.3

Subject: AUDIT ACTIONS STATUS REPORT

Sponsor: Head of Internal Audit

Category: Internal Audit

Draft resolution: The Audit Committee <u>notes</u> the status of audit actions



Project Voltron audit action monitoring

The following dashboard summarises the status of previous and recent audit actions being managed by Voltron:

| Recent Audit/Investigation Actions | | | | | | | | | | | |
|------------------------------------|-------------|-----------------|---------|-------------|----------|--|--|--|--|--|--|
| No. Actions | On Track | Not Yet Started | Overdue | Endorsement | Complete | | | | | | |
| 54 | 0 | 0 | 0 | 0 | 54 | | | | | | |
| | Last Report | | | | | | | | | | |
| 54 | 21 | 0 | 0 | 5 | 28 | | | | | | |

| | | | Project Activities | | | |
|--------------------|--------------------|----------------|---------------------------|-----------------|---------|----------|
| The | eme | No. Activities | On Track | Not Yet Started | Overdue | Complete |
| 1. Governance & | Oversight | 16 | 0 | 0 | 0 | 16 |
| 2. People, Roles 8 | & Accountabilities | 17 | 8 | 7 | 0 | 2 |
| 3. Process Improv | /ement | 25 | 8 | 2 | 0 | 15 |
| 4. Systems & IT | | 5 | 3 | 0 | 0 | 2 |
| | Total | 63 | 19 | 9 | 0 | 35 |
| | Last Month | 63 | 24 | 12 | 0 | 28 |

The remaining audit actions being monitored by Project Voltron were finalised following completion of the Load Forecasting and Wholesale Credit audit actions.

RECOMMENDATION

The status of audit actions is provided to the Audit Committee for **noting**.

FINANCE Performance Report

REPORTING PERIOD

April 2021

PREPARED BY

Ian Brooksbank

EGM Finance & Strategy

FINANCE April 2021

APPENDIX 4 – Project Voltron Update

Some project activities have commenced for the month of April now that Horizon 3 is complet, e and are expected to be closed out in the next three months.

All audit actions were closed by the end of March. No risks or issues have been identified at this stage of the project.

Table 1

| | Recent Audit/Investigation Actions | | | | | | | | | | |
|-------------|------------------------------------|-----------------|---------|-------------|----------|--|--|--|--|--|--|
| No. Actions | On Track | Not Yet Started | Overdue | Endorsement | Complete | | | | | | |
| 54 | 0 | 0 | 0 | 0 | 54 | | | | | | |
| | Last Report | | | | | | | | | | |
| 54 | 0 | 0 | 0 | 0 | 54 | | | | | | |

Table 2

| | Project Activities | | | | | | | | | | | |
|-----------------|-------------------------------------|----------------|----------|-----------------|---------|----------|--|--|--|--|--|--|
| | Theme | No. Activities | On Track | Not Yet Started | Overdue | Complete | | | | | | |
| 1. Governance | & Oversight | 16 | 0 | 0 | 0 | 16 | | | | | | |
| 2. People, Role | 2. People, Roles & Accountabilities | | 6 | 7 | 0 | 4 | | | | | | |
| 3. Process Imp | rovement | 25 | 11 | 2 | 0 | 18 | | | | | | |
| 4. Systems & I | Т | 5 | 2 | 0 | 0 | 3 | | | | | | |
| | Total | 63 | 19 | 9 | 0 | 41 | | | | | | |
| | Last Month | 63 | 24 | 12 | 0 | 28 | | | | | | |

Last updated: 12/05/2021

FINANCE April 2021

| | | Project Voltron - Da | shboard | May B | oard | Upda | te | | | | | | | | | | | |
|-------------------|---|---|----------------|------------------------------------|------------|------------|--------|---------------------|--------|---|--------|------------------------------------|--------|--------|----------|---------|--|--|
| Project Title: | Project Voltron | | | Caroline Wykamp and Ian Brooksbank | | | | | | | | | | | | | | |
| | Current State | Interdependencies | | | | | | | | Target State | | | | | | | | |
| | re been multiple audits, reviews and investigations that have highlighted a number of concerns across Front, Middle and Back Office. | IT and Systems enhancements to remove manual activities and automation where possible | | | | | | | | The aim of Project Voltron is twofold: - Address current issues and concerns of recent audits, reviews and investigation - develop and implement an holistic plan that rectifies any identified systemic - issue and resolve these going forward | | | | | | | | |
| | | Target Completion Date of Project | | | | | | <add date=""></add> | | | | and resource treese Bould for Main | | | | | | |
| No. | Overall Project Key Milestones and Activities | Accountable | Aug-20 | Sep-20 | Oct- 20 | Nov- 20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Status | % Comp. | | |
| | Stage 1 of Project | | | | | | | | | | | | | | | | | |
| 1 | Provide progress paper for September Board | | | 08.09.20 | | | | | | | | | | | Complete | 100% | | |
| 2 | Review investigation, past audits and reports, collate actions and status | | | 30.09.20 | | | | | | | | | | | Complete | 100% | | |
| 3 | Review findings from recent KPMG audit and feed into project activities | | 14.08.20 | | | | | | | | | | | | Complete | 100% | | |
| 4 | Develop short term action plan to close open investigation and audit actions | | | 19.09.20 | | | | | | | | | | | Complete | 100% | | |
| 5 | Determine key systematic issues and themes identified as part of the review | | 30.08.20 | | | | | | | | | | | | Complete | 100% | | |
| | Stage 2 of Project | | | | | | | | | | | | | | | | | |
| 6 | Close out short term actions as identified in the recent investigations and audit | 1 | | | | | | | | | | | | | Complete | 100% | | |
| 7 | Develop project plans for each theme with milestones and implementation timeline | | | | | | | | | | | | | | Complete | 100% | | |
| 8 | Sponsors to approve and sign off Project Plan/s | Caroline/lan | | | | | | | | | | | | | Complete | 100% | | |
| 9 | Theme 1: Governance and Oversight | | | | | | | | | | | | | | Complete | 100% | | |
| 11 | Theme 2: People - team purpose, functions, roles and accountabilities | | | | | | | | | | | | | | On Track | 24% | | |
| 12 | Theme 3: Process Development/Improvement | | | | | | | | | | | | | | On Track | 72% | | |
| 13 | Theme 4: Systems and IT | | | | | | | | | | | | | | On Track | 60% | | |
| | Project Monitoring and Reporting | | | | | | | | | | | | | | | | | |
| 14 | Implement regular project status and review meetings | | 12.08.20 | | | | | | | | | | | | Complete | 100% | | |
| 15 | Develop monthly dashboard on project status and Board reporting | | 09.09.20 | | | | | | | | | | | | Complete | 100% | | |
| | Activities Completed this month | Activities Planned for Next Month | | | | | | | | Risks/Issues | | | | | | | | |
| Some proj | ections were closed by the end of March. ject activities have commenced now Horizon 3 is complete and are expected to be t in the next two months. | Complete capture all critical docur | ment, reportin | g and busir | ness mod | lels | | | | | | | | | | | | |



Hydro-Electric Corporation Audit Committee paper

Meeting date: Tuesday, 22 June 2021

STRICTLY CONFIDENTIAL

Agenda item: 7.3

SUBJECT: AUDIT ACTIONS STATUS REPORT

SPONSOR: Head of Internal Audit

CATEGORY: Internal Audit

DRAFT The Audit Committee <u>notes</u> the status of audit actions.

RESOLUTION:

Project Voltron audit action monitoring

Following the completion of all the audit/investigation actions being coordinated under Project Voltron, reporting under this project has been discontinued.

RECOMMENDATION

The status of audit actions is provided to the Audit Committee for **noting**.