

## Compliance plan for Smart Net Ltd Distributor – 2018

Requirement to provide complete and accurate information		
Non-compliance	Description	
<p>Audit Ref: 2.1</p> <p>With: 11.2</p> <p>From: 01-Aug-17</p> <p>To: 31-Aug-18</p>	<p>Registry information not complete and accurate in all instances.</p> <p>Potential impact: None</p> <p>Actual impact: Low</p> <p>Audit history: None</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>	
Audit risk rating	Rationale for audit risk rating	
<b>Low</b>	<p>The controls are rated as moderate as controls will mitigate risk most of the time but there is room for errors to occur.</p> <p>The audit risk rating is low as the missing information has no direct impact on settlement.</p>	
Actions taken to resolve the issue		Completion date
This was an unexpected noncompliance resulting from human error, which was unfortunately only discovered as part of this year's audit process, not having been previously checked. The loss factors were corrected immediately upon discovery.		23/09/2018
Preventative actions taken to ensure no further issues will occur		Completion date
Based on this noncompliance, we have increased the frequency of the download and review of LIS from the registry to weekly and loss category code allocation is checked in the model comparing applicable loss factors to NSP and distributor details which will throw an error if something doesn't match. Under current checking frequency such an error (if it occurs at all) will be caught within 5 working days at mode. At the same time other validations are also conducted.		1/10/18
		Identified

Requirement to correct errors			
Non-compliance	Description		
Audit Ref: 2.2 With: Clauses 11.2(2) and 10.6(2)  From: 01-Aug-17 To: 31-Aug-18	Errors not corrected as soon as practicable. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	Controls are rated as moderate as they will mitigate risk most of the time but there is room for errors to occur.  The risk rating is low as the corrections not actioned have no direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
This was an unexpected noncompliance which was unfortunately only discovered as part of this year's audit process, not having been previously checked. The loss factors were corrected immediately upon discovery.		23/09/2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As per 2.1 above, the new/additional process has wider checks which will aid in the fast discovery and corrections of any errors.		1/10/18	

Timeliness of initial electrical connection date			
Non-compliance	Description		
Audit Ref: 3.5 With: 7(2A) of Schedule 11.1  From: 01-Aug-17 To: 31-Aug-18	14 ICPs Initial electrical connection dates updated late. Potential impact: None Actual impact: None Audit history: Multiple Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	The controls are rated as moderate as Smartnet is actively seeking this information but when other participants are slow to provide the information this causes Smartnet to be non-compliant.  This has no direct impact on submission hence the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
In the last 12 months we have instigated tighter controls on livening agents requiring them to provide details in a timely manner or face losing the ability to liven on SMRT networks. This has had some success, but we also continue to cross reference with other participant's dates using registry reports daily, (and do find some discrepancies). We will continue to refine the process with an aim of 100% compliance.		ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
See above.		ongoing	

Changes to registry information			
Non-compliance	Description		
<p>Audit Ref: 4.1</p> <p>With: 8 Schedule 11.1</p> <p>From: 01-Dec-17</p> <p>To: 08-Jan-18</p>	<p>16 late network updates to the registry.</p> <p>Potential impact: None</p> <p>Actual impact: None</p> <p>Audit history: Once</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	<p>The controls are rated as moderate as the process is largely manual hence errors can occur, but controls are in place to mitigate risk most of the time.</p> <p>The audit risk rating is low the late changes are small in volume.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
This noncompliance relates to the backdated notification of TCQ0011 which is addressed above (an unusual situation wherein the client/developer required earlier connection despite earlier discussions, and which shouldn't be repeated. This was the subject of a self-breach). The updates were done as soon as possible given the situation.		23/09/2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Greater dialogue with our clients to prevent date changes such as what happened with TCQ0011, which is the root cause of the late updates to the registry.		on-going	

Distributors to Provide ICP Information to the Registry manager		
Non-compliance	Description	
<p>Audit Ref: 4.6</p> <p>With: 7(1) Schedule 11.1</p> <p>From: 01-Aug-17</p> <p>To: 31-Aug-18</p>	<p>Incorrect initial electrical connection date not populated for one ICP.</p> <p>Sixteen ICPs with an incorrect loss category code assigned.</p> <p>Potential impact: None</p> <p>Actual impact: None</p> <p>Audit history: Multiple</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>	
Audit risk rating	Rationale for audit risk rating	
<b>Low</b>	<p>The controls are rated as moderate as the process is largely manual hence errors can occur, but controls are in place to mitigate risk most of the time.</p> <p>The audit risk rating is low as the volume of ICPs affected is small.</p>	
Actions taken to resolve the issue		Completion date
These dates were corrected when we became aware of this issue.		16/10/18
Preventative actions taken to ensure no further issues will occur		Completion date
Based on this noncompliance, we have increased the frequency of the download and review of LIS from the registry to weekly and loss category code allocation is checked in the model comparing applicable loss factors to NSP and distributor details which will throw an error if something doesn't match (or is missing). Under current checking frequency such an error (if it occurs at all) will be caught within 5 working days at mode. At the same time other validations are also conducted.		same as above date
		Identified

Provision of NSP information			
Non-compliance	Description		
Audit Ref: 6.2 With: 26(1) and (2) Schedule 11.1  From: 20-Jul-17 To: 24-Jul-17	Requests for TCQ0011 was not made within required timeframe. Potential impact: Low Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	The controls are rated as strong as all of the NSP notifications were provided within in the required timeframe.  The audit risk rating is low the late notifications relate to a small number of ICPs.		
Actions taken to resolve the issue		Completion date	Remedial action status
Non-compliance for TCQ0011 was an unusual situation which shouldn't be repeated based on a client requiring an earlier living despite previous conversations. This was the subject of a self-breach.		31/10/18	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Greater dialogue with our clients to prevent date changes such as what happened with TCQ0011		ongoing	

Notification of transfer of ICPs		
Non-compliance	Description	
<p>Audit Ref: 6.7</p> <p>With: 4 of Schedule 11.2</p> <p>From: 01-Dec-17</p> <p>To: 04-Dec-17</p>	<p>Notification of transfer of ICPs for HPL0011 was not made within required timeframe.</p> <p>Potential impact: Low</p> <p>Actual impact: None</p> <p>Audit history: None</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>	
Audit risk rating	Rationale for audit risk rating	
<b>Low</b>	<p>The controls are rated as strong as the process is well mapped and the non-compliance was caused by miscommunication resulting in a delay.</p> <p>The audit risk rating is low the late volume of ICPs affected are small.</p>	
Actions taken to resolve the issue		Completion date
We worked quickly to get the notification out as soon as possible but missed the required time frame. The delay was caused by some uncertainty between us and Unison around whether specific ICPs were to be transferred, which took around 2 months and was only resolved at the last minute.		4/12/17
Preventative actions taken to ensure no further issues will occur		Completion date
We need to keep clients aware of possible delays like this to give us greater latitude to push out dates where necessary.		ongoing
		Identified