

Memo

To Reconciliation Participants
Distributors
Metering Equipment Providers
Approved Test Houses

Copies Approved auditors

From Grant Benvenuti

Date 16 April 2020

Subject Participant audits - helping support industry confidence through COVID 19 pandemic

For your information

The COVID 19 pandemic is putting pressure on some participants and their ability to comply with the Code

We are operating in a difficult and challenging environment. The COVID-19 pandemic is an extraordinary event and like other sectors, the electricity industry is having to adapt and respond. More than ever there is increased pressure on businesses and this pressure can make it difficult for some participants to meet their obligations under the Code.

Compliance with the Code is critical to ensure the market operates smoothly and the Authority expects that participants will continue to endeavour to meet their obligations.

Participant audits are one way we monitor participant behaviour to support positive consumer outcomes

The participant audit regime provides a window into participant behaviour. Audits tell us where participants are meeting their obligations and where improvement is needed.

This information helps us determine what steps need to be taken, which can include monitoring or compliance action.

Participant audits can be carried out under COVID 19 travel restrictions

Recently we have received some queries from audited participants asking if audits under Part 16A of the Code (audits) are appropriate given the current COVID 19 travel restrictions.

We have considered the impact of delaying audits and believe it is in the interests of consumers, market participants and the industry to retain the existing audit deadlines.

This means that you can be confident the industry transparency and accountability provided by audits will continue during this lockdown period.

Audits can be conducted remotely

The participant audit regime does not require auditors to be physically present. Remote audits conducted using teleconferencing and screen sharing tools can provide a similar experience to physical audits.

Auditors are equipped to carry out audits remotely

We have contacted all approved auditors and can confirm all auditors are equipped to conduct audits remotely. Auditors are familiar with multiple teleconferencing and screen sharing tools and can meet the telecommuting needs of your organisation.

Remote audits provide new opportunities for flexible working

While we acknowledge the benefits of onsite audits such as building relationships and interacting with and educating staff, remote audits provide opportunities to work in different ways.

This includes the opportunity for participants to schedule auditor interviews across a larger number of days. This means audits can be less disruptive to your business and can work around staff availability and critical business processes.

Authority is supporting auditors and participants to audit remotely while subject to COVID 19 travel restrictions

The Authority is supporting auditors and participants audit remotely under COVID 19 travel restrictions. This includes providing advice to auditors and supporting participants that may be struggling with these new ways of working.

Alternative options for auditing where physical inspection is normally necessary

In conjunction with auditors, we have identified two audit requirements that normally require the auditor to be present. For each we have a proposed an alternative approach that will enable the auditor to assess compliance with the Code.

Audit Type	Area	Standard audit approach	Alternative audit approach
DUML	Accuracy of DUML database	Statistical sample of load in field compared to load in database	Rely on previous statistical sample and review records of corrections and updates made since that sample was collected.
ATH	Calibration of working standards and reference standards	Physical inspection of calibration stickers	Rely on calibration records to verify calibration is up to date.

Support is available for participants that are unable to meet their audit obligations during COVID 19 travel restrictions

While compliance with the Code is expected we appreciate these are challenging times. Please contact us if you are concerned about your ability to meet your audit deadline.

If you have any questions, please e-mail marketoperations@ea.govt.nz

Kind regards

Grant Benvenuti