



Report 8: 2023-24 | 8 November 2023

FINANCIAL AUDIT

Electricity Generation and Retail Corporation (Synergy)



Office of the Auditor General Western Australia

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The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.

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WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Electricity Generation and Retail Corporation (Synergy)

Report 8: 2023-24
8 November 2023

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**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

ELECTRICITY GENERATION AND RETAIL CORPORATION (SYNERGY)

This report has been prepared for submission to Parliament under the provisions of Regulation 31 of the Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013 (the Regulations).

This report contains two opinions from my Office for audits conducted under Part 4 of the Regulations. The results of the two audits were satisfactory.

The first audit involved assessing compliance with segmentation of Synergy's operations relating to the division of Synergy's operations into segments (Part 2, Division 1 of the Regulations); and financial administration relating to quarterly statements of financial performance, transactions, supply arrangements, records of transactions, foundation transfer price mechanism, revision of foundation transfer price mechanism and publishing foundation transfer price mechanism on Synergy's website (Part 2 Division 2 of the Regulations) and the Segregation and Transfer Pricing Guidelines 2020 (Guidelines), throughout the period ended 30 June 2023.

The second audit involved assessing compliance with wholesaling obligations relating to the wholesale supply to retail business unit, Synergy not to discriminate between retail business unit and competitors when offering wholesale supply, policy for determining terms and conditions for wholesale supply of electricity, requests for wholesale supply of electricity and records (Part 3, Division 1 of the Regulations) and the Electricity (Standard Products) Wholesale Arrangements 2014 (Wholesale Arrangements) throughout the period ended 30 June 2023.

This is the second time a report has been tabled in Parliament by the Auditor General on audits conducted under the recently amended Regulations. Previously, the Minister for Energy tabled the audit reports.

CAROLINE SPENCER
AUDITOR GENERAL
8 November 2023



Auditor General

INDEPENDENT AUDITOR'S ASSURANCE REPORT 2023

Electricity Generation and Retail Corporation

To the Minister for Energy

ELECTRICITY GENERATION AND RETAIL CORPORATION – COMPLIANCE WITH ELECTRICITY CORPORATIONS (ELECTRICITY GENERATION AND RETAIL CORPORATION) REGULATIONS 2013 AND THE SEGREGATION AND TRANSFER PRICING GUIDELINES 2020

Opinion

I have undertaken a reasonable assurance engagement on the Electricity Generation and Retail Corporation's (the Corporation) compliance, in all material respects, with the Electricity Generation and Retail Corporation Regulatory Scheme (EGRC Regulatory Scheme), as evaluated against the requirements in Part 2 Divisions 1 and 2 of the *Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013* (Regulations) and the Segregation and Transfer Pricing Guidelines 2020 (Guidelines), throughout the year ended 30 June 2023.

In my opinion, the Corporation has complied, in all material respects with the EGRC Regulatory Scheme as evaluated against the requirements in Part 2 Divisions 1 and 2 of the Regulations and the Guidelines, throughout the year ended 30 June 2023.

Basis for opinion

I conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 Compliance Engagements (ASAE 3100) issued by the Auditing and Assurance Standards Board.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board

The Board is responsible for:

- the compliance activity undertaken to meet the EGRC Regulatory Scheme and Guidelines requirements.
- identification of risks that threaten the EGRC Regulatory Scheme and Guidelines requirements identified above being met and controls which will mitigate those risks and monitor ongoing compliance.

My independence and quality management

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor General's responsibilities

My responsibility is to express an opinion on the Corporation's compliance, in all material respects, with the EGRC Regulatory Scheme, as evaluated against the requirements in Part 2 Divisions 1 and 2 of the Regulations and the Guidelines, throughout the year ended 30 June 2023. ASAE 3100 requires that I plan and perform my procedures to obtain reasonable assurance about whether the Corporation has complied, in all material respects, with the EGRC Regulatory Scheme, as evaluated against the requirements in Part 2 Divisions 1 and 2 of the Regulations and the Guidelines, throughout the year ended 30 June 2023.

An assurance engagement to report on the Corporation's compliance with the EGRC Regulatory Scheme involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the EGRC Regulatory Scheme requirements. The procedures selected depend on my judgement, including the identification and assessment of risks of material non-compliance with the EGRC Regulatory Scheme, as evaluated against the requirements in Part 2 Divisions 1 and 2 of the Regulations and the Guidelines.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error, or non-compliance with the EGRC Regulatory Scheme requirements may occur and not be detected. The risk of not detecting a material non-compliance resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A reasonable assurance engagement throughout the year ended 30 June 2023 does not provide assurance on whether compliance with the EGRC Regulatory Scheme requirements will continue in the future.

Restricted use

This report has been prepared for use by the intended users as specified in the Regulations for the purpose of expressing an opinion on the Corporation's compliance, in all material respects, with the EGRC Regulatory Scheme, as evaluated against the requirements in Part 2 Divisions 1 and 2 of the Regulations and the Guidelines, throughout the year ended 30 June 2023.

I disclaim any assumption of responsibility for any reliance on this report to any person other than the intended users as specified in the Regulations, or for any other purpose other than that for which it was prepared.

Mark Ambrose

Mark Ambrose
Senior Director
Delegate of the Auditor General for Western Australia
Perth, Western Australia
31 October 2023



Auditor General

INDEPENDENT AUDITOR'S ASSURANCE REPORT 2023

Electricity Generation and Retail Corporation

To the Minister for Energy

ELECTRICITY GENERATION AND RETAIL CORPORATION – COMPLIANCE WITH ELECTRICITY CORPORATIONS (ELECTRICITY GENERATION AND RETAIL CORPORATION) REGULATIONS 2013 AND THE ELECTRICITY (STANDARD PRODUCTS) WHOLESALE ARRANGEMENTS 2014

Opinion

I have undertaken a reasonable assurance engagement on the Electricity Generation and Retail Corporation's (the Corporation) compliance, in all material respects, with the Electricity Generation and Retail Corporation Regulatory Scheme (EGRC Regulatory Scheme), as evaluated against the requirements in Part 3 Division 1 of the *Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013* (Regulations) and the Electricity (Standard Products) Wholesale Arrangements 2014 (Wholesale Arrangements), throughout the year ended 30 June 2023.

In my opinion, the Corporation has complied, in all material respects with the EGRC Regulatory Scheme as evaluated against the requirements in Part 3 Division 1 of the Regulations and the Wholesale Arrangements, throughout the year ended 30 June 2023.

Basis for opinion

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3100 Compliance Engagements (ASAE 3100) issued by the Auditing and Assurance Standards Board.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board

The Board is responsible for:

- the compliance activity undertaken to meet the EGRC Regulatory Scheme and Wholesale Arrangements requirements.
- identification of risks that threaten the EGRC Regulatory Scheme and Wholesale Arrangements requirements identified above being met and controls which will mitigate those risks and monitor ongoing compliance.

My independence and quality management

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

My responsibility is to express an opinion on the Corporation's compliance, in all material respects, with the EGRC Regulatory Scheme, as evaluated against the requirements in Part 3 Division 1 of the Regulations and the Wholesale Arrangements, throughout the year ended 30 June 2023. ASAE 3100 requires that I plan and perform my procedures to obtain reasonable assurance about whether the Corporation has complied, in all material respects, with the EGRC Regulatory Scheme, as evaluated against the requirements in Part 3 Division 1 of the Regulations and the Wholesale Arrangements, throughout the year ended 30 June 2023.

An assurance engagement to report on the Corporation's compliance with the EGRC Regulatory Scheme involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the EGRC Regulatory Scheme requirements. The procedures selected depend on my judgement, including the identification and assessment of risks of material non-compliance with the EGRC Regulatory Scheme, as evaluated against the requirements in Part 3 Division 1 of the Regulations and the Wholesale Arrangements.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error, or non-compliance with the EGRC Regulatory Scheme requirements may occur and not be detected. The risk of not detecting material non-compliance resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A reasonable assurance engagement throughout the year ended 30 June 2023 does not provide assurance on whether compliance with the EGRC Regulatory Scheme requirements will continue in the future.

Restricted use

This report has been prepared for use by the intended users as specified in the Regulations for the purpose of expressing an opinion on the Corporation's compliance, in all material respects, with the EGRC Regulatory Scheme, as evaluated against the requirements in Part 3 Division 1 of the Regulations and the Wholesale Arrangements, throughout the year ended 30 June 2023.

I disclaim any assumption of responsibility for any reliance on this report to any person other than the intended users as specified in the Regulations, or for any other purpose other than that for which it was prepared.

Mark Ambrose

Mark Ambrose
Senior Director
Delegate of the Auditor General for Western Australia
Perth, Western Australia
31 October 2023

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Auditor General's 2023-24 reports

Number	Title	Date tabled
8	Electricity Generation and Retail Corporation (Synergy)	8 November 2023
7	Management of the Road Trauma Trust Account	17 October 2023
6	2023 Transparency Report: Major Projects	2 October 2023
5	Triple Zero	22 September 2023
4	Staff Exit Controls for Government Trading Enterprises	13 September 2023
3	Financial Audit Results – Local Government 2021-22	23 August 2023
2	Electricity Generation and Retail Corporation (Synergy)	9 August 2023
1	Requisitioning of COVID-19 Hotels	9 August 2023

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for Western Australia**

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