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|------------------------|--------------------|--|---|
| Division | REED | Project Title | Household Insulation Program |
| Branch /Section | Home Energy Branch | The main objectives of the Program are: | 1. to provide ceiling insulation to owner-occupied and rental households which, alongside other elements of the Energy Efficient Homes Package, will result in almost all Australian homes operating at a minimum of 2 stars over 2 2. to support households to reduce energy use to help the transition to a low carbon future and alleviate energy cost increases arising from the introduction of the CPRS. 3. to support and stimulate jobs in the insulation industry through the installation of ceiling insulation in homes. |
| Date | 30/09/2009 | | |

PART A.1 - Analysing Compliance and Audit Risks

| Risk Ref/ID | The Risk (What Can Happen?) | Source (How can this Happen?) | Consequence (What will happen if the risk occurs?) | Likelihood | Consequence | Inherent risk level before any treatment | Completed Risk Treatments and Further Risk treatments required | By Who | Planned Completion Date | Likelihood | Consequence | Risk after Treatment completed |
|-------------|---|---|--|------------|-------------|--|--|---|--|------------|-------------|--------------------------------|
| 1.1 | The HIP and LEAPR programs are inappropriately accessed for financial gain (Fraud against the Commonwealth) | <p>Installers registering when they are not eligible</p> <p>Installers not installing the product stated</p> <p>Installer claiming for work not conducted</p> <p>Householders and installers colluding</p> <p>Householders not meeting eligibility criteria</p> <p>Commonwealth staff involved in registering and processing create fictitious payments</p> <p>Costs inflated to match rebate available</p> <p>Conflict of Interest - using inside information to find loopholes in system for family or friends</p> <p>Corrective action too slow to identify inappropriate behaviour</p> <p>There will be increased demand on audit and site inspections in a compressed timeframe</p> <p>Inadequate resources - not enough staff with the right level of knowledge and experience</p> <p>No enforcement - not enough deterrent</p> | <p>Government funds paid inappropriately</p> <p>Adverse media</p> <p>Poor installation - non achievement of program outcomes</p> <p>reputation damage to the Department</p> <p>Higher cost for less overall product coverage</p> <p>Householders out of pocket/disadvantaged/requiring reimbursement</p> <p>Costly code of conduct investigations</p> <p>Unable to recover funds / funds no longer able to be used for the program</p> <p>Hard cap on funds means if funds are lost to fraud public at a greater disadvantage</p> <p>Fraud not identified or escalated correctly</p> | Likely | Major | Extreme | <p>Addressing strategic management issues around compliance to improve ability to respond to issues arising eg lack of CMS, lack of signed off fraud plan.</p> <p>Activation of the CAAT (improved data analytics)</p> <p>Installer case management system operational</p> <p>Phase 2 roof inspection program in place</p> <p>Enhance compliance education activity including proactive communication to educate installers on compliance requirements</p> <p>Manage the finalisation of an appropriate Fraud Plan.</p> <p>Implement the fraud plan following endorsement by PCG</p> <p>Post installation audit strategy - technical site inspections</p> <p>Post installation audit strategy - administrative reviews</p> <p>Option to remove installers from register (suspension)</p> <p>APS code of conduct - refresh internal staff</p> <p>Put in place assurance mechanism re installer insurance</p> <p>Post registration checking of installers as part of the audit program</p> <p>Hold payments from installers acting inappropriately (interim solution)</p> <p>Hold payments from installers acting inappropriately (final solution)</p> <p>Effective comms on program requirements</p> <p>Engage State fair trading and piggyback state legislation</p> <p>Communications promotion to deter opportunists</p> <p>Investigate results from Victoria Rebate Program</p> <p>Match claims data with other data sources (eg. size of company)</p> <p>Implement complaint management system</p> <p>Engage an ongoing provider to implement the audit plan through the conduct of the audit/compliance program</p> <p>PVVC audit program rolled out and monitored</p> <p>Develop & deliver relevant induction training for compliance & audit staff</p> <p>Reduce operational load on Compliance Committee to enable emphasis on compliance policy and to allow compliance section to handle routine operational claims issues</p> <p>Closer examination of complaints issues at source to identify priorities for faster follow up</p> <p>Working with geocoding people elsewhere in DEWHA to reduce time taken to check geographical viability of claims</p> <p>Complaints and Whistleblowing strategies in place and monitored for trends</p> <p>MOU in place with ATO re GST</p> | <p>Protiviu</p> <p>Public Affairs Compliance Team</p> | <p>Mar-10</p> <p>30/09/2009</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>30/11/2009</p> <p>Ongoing</p> <p>16/08/2009</p> <p>Completed</p> <p>Ongoing</p> <p>Completed</p> <p>Ongoing</p> <p>Completed</p> <p>30/09/2009</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Completed</p> <p>Ongoing</p> <p>Completed</p> <p>30/10/2009</p> <p>Completed</p> <p>Ongoing</p> <p>Completed</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> | Possible | Major | High |
| 1.5 | Installation and quality by installers is poor | <p>Poor communication of policy requirements</p> <p>Audit and Compliance focussed on fraud and does not cover other eligibility and standards</p> <p>Inadequate access to training</p> <p>Cost cutting by installers</p> <p>Product used does not meet Australian and Policy standards</p> | <p>Customer complaints</p> <p>Unsafe or incorrectly installed product leads to fire/damage, injury or death</p> <p>Program does not meet objectives</p> <p>Increased cost for post installation reviews</p> <p>Fire/Safety issues - litigation</p> | Possible | Critical | Extreme | <p>Additional compliance audit activity</p> <p>Enhance compliance education activity including proactive communication to educate installers on compliance requirements</p> <p>DEWHA communication tools (guidelines, website, installer packs, call centre) clearly explain policy requirements. Communication through public relations is consistent and includes info about the quality of materials.</p> <p>Mandatory training competency checking in desktop audits</p> <p>Liase closely with DEEWR on management of installer skills</p> <p>Put in place assurance mechanism re installer insurance</p> <p>All companies to be responsible for ensuring supervision of staff in their employ (Liaison)</p> <p>Process developed on how to handle fires linked to poor installation work</p> | <p>Compliance Committee</p> | <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Completed</p> <p>Ongoing</p> <p>01/10/2009</p> | Possible | Major | High |