

**BOARD STAFF INTERROGATORY #4**

**Issue 1.1** Is the Operating Budget of \$10,588 thousand allocated to Goal 1 reasonable?

**INTERROGATORY**

Issues 1/Board Staff/4

Reference: Pre-Filed Evidence of OPA, Exhibit B, Tab 1, Schedule 1, page 22.

Preamble: OPA states:

“In 2013, independent quality control and quality assurance assessments of LDCs were undertaken. More than 30 LDCs were assessed for compliance in their delivery of programs, and 21 LDCs were also assessed to ensure proper program administrative spending as outlined in the Master Agreement.”

Questions:

- a) What were the general findings of the compliance audits? Were any issues raised?
- b) What were the general findings of the assessments of the 21 LDCs on proper program administrative spending as outlined in the Master Agreement? Were any issues raised?
- c) How has the OPA responded or intend to respond to the results of the audits and assessments?

**UPDATED RESPONSE**

On July 24, 2014 the Board issued its Decision on Motion for Production of Documents and other information. This was in response to the July 15, 2014 motion filed by CME, AMPCO, VECC, BOMA, and Energy Probe for an Order that the OPA produce certain documents and other information pursuant to four interrogatories: Board Staff 4 and 5, CME 4 and SEC 7.

The Board determined that:

“the OPA must provide much more specific answers to the interrogatories which are the subject matter of this Motion however, the OPA is not required to produce the Audit Reports. In answering the interrogatories the OPA is expected to expand on the answers given and to provide details of the subject matter of the Audit Reports, the recommendations, the action(s) that the OPA has taken as a result of each recommendation, and the status of the implementation of that action. The information set out should be clear and comprehensive and should enable the intervenors and the Board to understand the nature of the investigations and the outcome.”

Accordingly, the OPA is providing the following updated information:

- a) As of June 2014, 70 LDC compliance audits have been initiated; 40 of which have been fully completed. All LDC compliance audits will be complete by year-end 2014.

The first step in the compliance audit process involved development of a comprehensive Quality Assurance Inspection ("QAI") Framework to guide each LDC QAI undertaken. This 250 page QAI Framework identifies the aspects of LDC CDM operations included in each QAI, as well as the procedures the auditor is required to follow in order to effectively and consistently review these operational areas. The QAI framework identifies the following for review:

- LDC compliance with selected articles of the Master CDM Agreement; specifically:
  1. Article 5 – Ownership and License
  2. Article 6 – Environmental Attributes
  3. Article 8 – Reporting Requirements
  4. Article 12 – Confidentiality and Privacy
- LDC compliance with specific obligations relating to the delivery of CDM programs, including:
  1. Ensuring project, measure, and customer eligibility as prescribed within the various program schedules is being correctly determined;
  2. Ensuring project incentives are being accurately determined and distributed;
  3. Ensuring all steps in the application process are being followed, and within the allotted timelines;
  4. Ensuring documentation such as application forms and participant agreements are fully completed and countersigned before processing of the application begins; and
  5. Ensuring the content of the application forms and participant agreements utilized by LDCs are reflective of initiative requirements.

In general, the auditor responsible for conducting the compliance audits (Bronson Consulting) has found minimal compliance related issues within the CDM operations of the LDCs reviewed. The following quote, taken from Bronson's May 2014 report to the Audit Committee of the OPA Board of Directors, demonstrates their overall impressions of LDC compliance with CDM contractual obligations:

*"LDC representatives have generally been cooperative in complying with QAI requirements, and have made considerable efforts to comply with the program delivery requirements as outlined in the CDM Agreement. Further,*

1 *most of the sample CDM initiative records reviewed to date have been found*  
2 *to be compliant with no associated issues or discrepancies.”*

3 The majority of the issues identified by Bronson occurred early on in the 2011-2014  
4 CDM programs period and have been determined by the auditor to be the result of  
5 LDC inexperience and unfamiliarity with program delivery requirements.

6 These findings included:

- 7 1) Contracting Irregularities
- 8 2) Equipment Disposal Certificates Not Provided for completed projects
- 9 3) Duplicative Requests for Project Incentive Payments
- 10 4) Missing supporting documentation or inadequate review of documentation
- 11 prior to application approval/release of incentive payment
- 12 5) Missing documentation of pre-project QA inspection
- 13 6) Missing participant signature on project evaluation and incentive reports
- 14 7) Participant Records not archived or generated

15 All issues identified by the auditor have been resolved with the LDC through the  
16 OPA managed Management Response process. The following provides an overview  
17 of the cooperative steps taken by the OPA and the LDCs to address the issues  
18 identified during the audit process:

- 19 • Contracting irregularities have been remedied so that LDCs are working with
- 20 active contracts complete with the necessary confidentiality agreements.
- 21 • LDCs retrieved copies of disposal certificates for projects where they were not
- 22 previously provided.
- 23 • LDCs were informed of the issue of duplicative requests for project incentive
- 24 payments and were obligated to repay any duplicative incentive payments made
- 25 to them by the OPA. The OPA also implemented a new QA/QC process for
- 26 relevant project submissions to ensure incentive requests are non-duplicative.
- 27 • LDCs were required to provide evidence to support claims that they influenced
- 28 the project when documentation was missing.
- 29 • LDCs were required to provide evidence to demonstrate that they had fully vetted
- 30 a project prior to providing approval or release of incentive when documentation
- 31 was missing.
- 32 • LDCs were required to provide evidence that the participant agreed with the
- 33 project evaluation and incentive reports when participant signatures were
- 34 missing.
- 35 • LDCs have been required to retain all participant records and agreements

- 36 b) As of June 2014, 33 LDC program administration budget (“PAB”) audits have been  
37 initiated; 25 of which have been fully completed. All LDC PAB audits will be  
38 completed by year-end 2014.

1 The following three separate parties have been responsible for the 25 completed  
2 PAB audits:

- 3 • Deloitte (4 completed);
- 4 • OPA (17 completed); and,
- 5 • Bronson Consulting (4 completed).

6 Bronson Consulting will be responsible for completing the balance of the LDC CDM  
7 PAB audits.

8 The first step in the LDC Program Administrative Budget (PAB) review process  
9 involved development of a comprehensive PAB Expense Review Framework to  
10 guide each LDC audit undertaken.

11 Overall, the results of all PAB audits undertaken to-date demonstrate that LDCs  
12 continue to spend their PAB budgets in compliance with contractual obligations. No  
13 material findings have been made during the completion of LDC PAB audits, and so  
14 an OPA/LDC response has not been required.

15 c) Following the completion of an LDC compliance audit, the OPA initiates a  
16 Management Response process with each LDC. This process is used to:

- 17 • Inform the LDC of the results of their compliance assessment (by providing a  
18 copy of the final compliance audit report generated by Bronson Consulting); and,
- 19 • Ensure any observed deficiency within the LDC's CDM operations is  
20 appropriately addressed and cured.

21 At a high-level, the following provides an overview of the steps included within this  
22 Management Response process:

- 23 1. OPA provision of the final QA/QC report to the LDC.
- 24 2. OPA provision of a response document to the LDC for purposes of providing a  
25 Management Response to all observed deficiencies.
  - 26 • For all deficiencies, LDCs are required to discuss how the situation will be  
27 remedied as well as associated timelines for remedy implementation.
  - 28 • LDCs are given between two (2) and three (3) weeks to provide Management  
29 Responses. Time given for management responses is based on the  
30 significance and/or number of deficiencies observed.
- 31 3. OPA meeting with LDC to discuss Management Responses.
  - 32 • Should the OPA be unsatisfied with any remedial actions planned by the  
33 LDC, this meeting is used to develop jointly agreeable solutions to the  
34 observed deficiency.

1 4. Thirty (30) days following the submission of the approved Management  
2 Response document, the OPA follows-up with the LDC to ensure remedial  
3 actions have been implemented and the desired outcome(s) of the action has  
4 been obtained.

5 As of June 2014, the OPA has fully completed the Management Response Process  
6 with over 30 LDCs. To be considered complete, an LDC must:

- 7 • Acknowledge the observed deficiency as being valid;
- 8 • Propose or agree to a viable and appropriate solution to the deficiency;
- 9 • Implement the solution within approved timelines; and,
- 10 • Demonstrate resolution implementation to the OPA within agreed to timelines.

11 All audit reports, recommendations and follow-ups are also reviewed with  
12 management and “in camera” on an ongoing basis by the OPA Board of Directors’  
13 Audit Committee.

14 Following PAB audits, a follow-up process has not been required given LDCs have  
15 been determined to be compliant. Should, during a future PAB audit, an LDC be  
16 found to be non-compliant with contractual obligations, a similar Management  
17 Response process to that described for the compliance audit process will be used.



**BOARD STAFF INTERROGATORY #5**

**Issue 1.1** Is the Operating Budget of \$10,588 thousand allocated to Goal 1 reasonable?

**Issue 2.1** Is the Operating Budget of \$5,749 thousand allocated to Goal 2 reasonable?

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

**Issue 4.1** Is the Operating Budget of \$24,577 thousand allocated to Goal 4 reasonable?

**Issue 5.1** Is the Operating Budget of \$4,389 thousand allocated to Goal 5 reasonable?

**INTERROGATORY**

Issue 1-5/Board Staff/5

Reference: Pre-Filed Evidence of OPA, Exhibit B, Tab 4, Schedule 1, page 12.

Preamble: OPA states:

“Internal Audit Program

“During this period, the OPA managed and coordinated 35 internal audit projects to confirm the effectiveness and efficiency of its business processes and systems. The status of actions taken to implement ongoing improvements in operations provided in the audit recommendations confirmed that the OPA has addressed all outstanding recommendations. In addition, the OPA achieved further assurance through internal audits conducted at the program counter-party level (i.e. at the LDC level). These related to the review of the legitimacy and accuracy of amounts paid or received pertaining to OPA funded conservation and FIT programs.”

Question:

Please describe the recommendations and what actions the OPA has taken to address the recommendations arising from the internal audits.

**UPDATED RESPONSE**

On July 24, 2014 the Board issued its Decision on Motion for Production of Documents and other information. This was in response to the July 15, 2014 motion filed by CME, AMPCO, VECC, BOMA, and Energy Probe for an Order that the OPA produce certain documents and other information pursuant to four interrogatories: Board Staff 4 and 5, CME 4 and SEC 7.

The Board determined that:

“the OPA must provide much more specific answers to the interrogatories which are the subject matter of this Motion however, the OPA is not required to produce

the Audit Reports. In answering the interrogatories the OPA is expected to expand on the answers given and to provide details of the subject matter of the Audit Reports, the recommendations, the action(s) that the OPA has taken as a result of each recommendation, and the status of the implementation of that action. The information set out should be clear and comprehensive and should enable the intervenors and the Board to understand the nature of the investigations and the outcome.”

Accordingly, the OPA has updated this response to file the following information:

In the execution of the OPA’s Internal Audit Plan, the Internal Audit function will undertake primarily five types of audits or reviews:

- A. Process control
- B. Contract compliance
- C. Value for money
- D. Information technology (IT)
- E. Policy compliance

The following provides an overview of the objectives of these reviews, a listing of the internal audits completed for each of these reviews, a summary of recommendations identified from these reviews and management responses, and the current status of management’s remediation activities. Internal Audit reports presented to the Board of Directors in 2013 and 2014 (indicated with \*) will be included in audit follow-up procedures to be completed in 2014, and therefore are not considered in the summary of management’s remediation activities.

#### **A. Process control**

The objectives of a process control review are to confirm that the OPA’s process controls are designed appropriately for the task, as well as to verify that these controls are operating as designed. These reviews may confirm that the organizational or program processes are aligned with leading industry practices.

Since 2009, Internal Audit has completed the following process reviews:

- Generation Procurement and Contract Management
- Performance Review of the 2007 Great Refrigerator Roundup Program
- Governance
- Payroll
- Project Management Office Framework
- Consultant Procurement Practices
- Design of the Enterprise Risk Management program



- Disbursements from the Conservation Fund and Technology Development Fund
- Records Retention and Records Destruction Practices
- Human Resources Practices
- Internal Control and Process Review of the OPA's Conservation Division
- Conservation and Demand Management Program – Residential
- Conservation and Demand Management Program – Industrial
- Conservation and Demand Management - Monitoring and reporting of initiative targets\*
- Conservation and Demand Management - Quality Assurance and Quality Control procedures\*
- Advertising and Marketing Procurement and Payments\*
- Review of Financial Planning & Reporting Processes\*
- Conservation Division Team Building Session\*

The following is a summary of recommendations documented by Internal Audit to address identified control gaps or opportunities for improvement:

- a. Retain documentation to support control activities
- b. Correct non-compliance with documented policies and procedures
- c. Remedy insufficient monitoring of management oversight of action plans
- d. Ensure sufficient back-up of key process owners
- e. Implement new controls to address identified control gaps
- f. Centralize control activity to a single department
- g. Automate process controls to improve process efficiency and control environment
- h. Improve IT system functionality to improve the design of process controls
- i. Obtain appropriate approvals for deviations from organizational policies and procedures
- j. Update or include policies and procedures to reflect current organizational practices or to better reflect mandatory requirements
- k. Modify existing forms to better meet the needs of management
- l. Incorporate Board feedback to improve management reports
- m. Clearly define roles and responsibilities in relation to expected control activities or processes
- n. Increase organizational training or awareness of expected control activity or process
- o. Improve communications with industry partners in program execution
- p. Complete a skills assessment to ensure department has required skills and competencies
- q. Redesign process to improve efficiency

Management agreed to all recommendations presented by Internal Audit and has documented action plans to address all control gaps or opportunities for improvement. Specifically, for each recommendation listed above management has:

- a. Asked process owners to retain all documentation to support control activities (e.g. retain evidence of reconciliations performed)
- b. Reconfirmed with the process owners the requirement and expectation to comply with organizational policies and procedures
- c. Increased management oversight of action plans
- d. Determined sufficient back-up for key or critical roles
- e. Designed and implemented new controls to address identified control gaps
- f. Centralized control activity to a single department
- g. Where feasible and economical, implemented automated controls instead of manual controls
- h. Where feasible and economical, worked with the IT department to improve system functionality
- i. Ensured that appropriate approvals are obtained and documented for any deviations from organizational policies and procedures
- j. Updated organizational policies and procedures to address identified gaps
- k. Updated forms to better meet needs of user
- l. Incorporated Board feedback to update management reports
- m. Updated documented roles and responsibilities to better reflect management's expectations
- n. Provided training to process owners to improve awareness of expected control activities and processes
- o. Implemented processes to improve communication with industry partners in program execution
- p. Completed a skills assessment of department and then retained resources or provided training to help ensure that the department has required skills and competencies
- q. Redesigned process to improve efficiency

As of the follow-up procedures performed in February 2013, Management has implemented 94% of the recommendations and is still in the process of implementing the following remediation activities:

- Updates to organizational policies and procedures
- Full implementation of an Enterprise Risk Management program
- Updates to process checklists

## **B. Contract compliance**

In order for the OPA to fulfill its mandate, the organization enters into business relationships with third-parties. Internal audit completes reviews of these relationships to confirm that the third-party is in compliance with contract terms and conditions.

Since 2009 Internal Audit completed the following policy compliance reviews:

- Review of costs for Enbridge Gas Works – Portland Energy Centre
- Contract Review of Rebate Fulfillment Service Agreement
- FIT Audit - Key Contract Parameter Compliance [Phase 1 - Domestic content, Phase 2 - Site visits]
- Regulated Price Plan Program Audit
- Review of Conservation External Service Provider Contract - Willis Contract
- 2011-14 LDC Conservation and Demand Management (CDM) Quality Assurance\*
- Conservation and Demand Management: Review of 2011 PAB expenses\*
- Review of Conservation Service Provider Contract\*
- 2013 FIT Audit\*

The following is a summary of recommendations documented by Internal Audit to address identified control gaps or opportunities for improvement:

- a. Update contract terms and conditions to reduce unnecessary exposure to the OPA
- b. Obtain sufficient evidence to support accepted variances from the contract terms and conditions
- c. Request third party to provide sufficient supporting documentation to confirm that activities performed meet contract requirements
- d. Request third party to improve the review and analysis they perform of the reports they provide to the OPA
- e. Continue to perform random FIT audits to ensure ongoing compliance to contract terms and conditions
- f. Standardize instructions provided to third-parties
- g. Address identified FIT participants not in compliance with elements of program rules
- h. Address identified LDCs not in compliance with elements of CDM contracted terms and conditions
- i. Address identified discrepancies between the CDM source documentation provided by the LDC and the CDM figures reported to the OPA

- 1 j. Ensure that monitoring controls are performed and evidenced on a consistent  
2 basis

3 Management agreed to all recommendations presented by Internal Audit and has  
4 documented action plans to address all control gaps or opportunities for improvement.  
5 Specifically, for each recommendation listed above management has:

- 6 a. Updated terms and conditions to address identified gaps  
7 b. Requested third parties to provide documentation to support accepted variances  
8 from the contract terms and conditions  
9 c. Requested third parties to provide sufficient supporting documentation to confirm  
10 that activities performed meet contract requirements  
11 d. Requested a third party to improve the review and analysis they perform of the  
12 reports they provide to the OPA  
13 e. Continued to perform random FIT audits to ensure ongoing compliance to  
14 contract terms and conditions  
15 f. Standardized instructions provided to third-parties  
16 g. Addressed any areas of program rule non-compliance with the identified FIT  
17 participants  
18 h. Addressed any areas of non-compliance to terms in conditions with CDM  
19 contract terms and conditions with applicable LDCs  
20 i. Worked with the identified LDC to correct any non-reconciling figure reported to  
21 OPA as part of CDM reporting  
22 j. Ensured that monitoring controls are performed and evidenced on a consistent  
23 basis

24 As of the follow-up procedures performed in February 2013, Management has  
25 implemented 100% of the recommendations and is still in the process of implementing  
26 the following remediation activities:

- 27 • Updates to contract checklists  
28 • Complete procurement for vendor to complete vendor audits  
29 • Complete renegotiations with Willis and update contract to meet control  
30 requirements of OPA

### 31 **C. Value for money (“VFM”)**

32 The purpose of VFM reviews is to provide an objective assessment of activities to  
33 provide the audit committee with information, observations and recommendations to  
34 encourage accountability and best practices.

35 Since 2009 Internal Audit completed a VFM review of Portland’s Energy Centre.

The following is a summary of recommendations documented by Internal Audit to address identified control gaps or opportunities for improvement:

- a. Improve post-project review activities (e.g. incorporate a formal lessons learned session)
- b. Ensure process is in place to communicate significant project changes with internal stakeholders
- c. Update or include policies and procedures to reflect current organizational practices

Management agreed to all recommendations presented by Internal Audit and has documented action plans to address all control gaps or opportunities for improvement. Specifically, for each recommendation listed above management has:

- a. Updated the post-project review for future projects to address the identified opportunity for improvement
- b. Put a process in place to communicate significant project changes with internal stakeholders
- c. Updated organizational policies and procedures to address identified gaps

Management has implemented all recommendations.

#### **D. Information Technology ("IT")**

The objective of an IT review is to confirm that OPA's IT system control and processes are designed appropriately for the purpose, as well as to verify that these controls are operating as intended. These reviews often confirm that the controls and practices are aligned with leading industry practices.

Since 2009 Internal Audit completed the following IT reviews:

- Review of General IT Controls
- Conservation Program Management System (iCon)

The following is a summary of recommendations documented by Internal Audit to address identified control gaps or opportunities for improvement:

- a. Increase program specific user training
- b. Implement a process to update process and control documentation for system upgrades
- c. Develop documentation to assist program users
- d. Investigate and remediate key technical errors in a timely manner
- e. Track costs and benefits of program or system implementations

- f. Update or include policies and procedures to reflect current organizational practices or to better reflect mandatory requirements
- g. Update the post-project review for future projects to address the identified opportunity for improvement
- h. Update IT governance controls to address control gaps

Management agreed to all recommendations presented by Internal Audit and has documented action plans to address all control gaps or opportunities for improvement. Specifically, for each recommendation listed above management has:

- a. Provided program specific training to users
- b. Designed and implemented a process to update process and control documentation for system upgrades
- c. Developed program manuals as reference for users
- d. Ensured that key technical errors are addressed in a timely manner
- e. Implemented cost tracking and benefits of program for system implementations
- f. Updated organizational policies and procedures to address identified gaps
- g. Improved post-project implementation activities (e.g. incorporating a formal lessons learned session)
- h. Improved IT governance controls

Management has implemented all recommendations.

## **E. Policy compliance**

The objective of policy compliance reviews is to confirm that the organization is in compliance with documented and approved corporate or government policies. A secondary objective of these reviews is to identify any existing gaps in the policy and procedure (e.g. a new government administrative directive, such as the Travel, Meal, Hospitality and Expenses Directive) that should be updated by the OPA.

Internal Audit has not completed a specific policy compliance review since 2009. It should be noted that policy compliance is sometimes incorporated in the process control audits listed above.

**CME INTERROGATORY #4**

**Issue 1.1** Is the Operating Budget of \$10,588 thousand allocated to Goal 1 reasonable?

**INTERROGATORY**

Ref: Exhibit B, Tab 1, Schedule 1

Issue 1.1

CME 4

At page 8 of 36 of Exhibit B, Tab 1, Schedule 1, the OPA confirms that it manages contracts with 76 LDCs for the delivery of LDC delivered programs. CME understands that the OPA's management activities include audits of the LDC expenditure of program administration budget provided as part of the contract, quality assurance audits for program delivery and audits of third party service providers serving LDCs. OPA states in the evidence that those audits to date have demonstrated compliance. CME wishes to better understand this audit process. Please provide the following information:

(a) How many of the 76 LDCs have been subject to:

(i) Audits of the LDC expenditure of the program administrative budget provided as part of the contract?

(ii) Quality assurance audits for program delivery and project applications? and

(iii) Audits of third party service providers serving LDCs?

(b) Have any of the audits conducted identified shortcomings in the LDC expenditure of the program administrative budget, of quality assurance, or of the services of third party providers serving LDCs? If so, please provide the details of the shortcomings as well as a summary of the recommendations arising out of the audit and steps that have been taken to implement those recommendations.

(c) Are the audits conducted internally by OPA or by external auditors? If they are conducted by external auditors, please identify the identity of those auditors.

(d) Please provide copies of all of the written audits.

**UPDATED RESPONSE**

On July 24, 2014 the Board issued its Decision on Motion for Production of Documents and other information. This was in response to the July 15, 2014 motion filed by CME, AMPCO, VECC, BOMA, and Energy Probe for an Order that the OPA produce certain documents

1 and other information pursuant to four interrogatories: Board Staff 4 and 5, CME 4 and  
2 SEC 7.

3 The Board determined that:

4 “the OPA must provide much more specific answers to the interrogatories which are the  
5 subject matter of this Motion however, the OPA is not required to produce the Audit  
6 Reports. In answering the interrogatories the OPA is expected to expand on the  
7 answers given and to provide details of the subject matter of the Audit Reports, the  
8 recommendations, the action(s) that the OPA has taken as a result of each  
9 recommendation, and the status of the implementation of that action. The information  
10 set out should be clear and comprehensive and should enable the intervenors and the  
11 Board to understand the nature of the investigations and the outcome.”

12 Accordingly, the OPA is providing the following updated information:

13 (a) (i) As of June 2014, 33 LDC program administration budget (“PAB”) audits have been  
14 initiated; 25 of which have been fully completed. All LDC PAB audits will be  
15 completed by year-end 2014.

16 (ii) As of June 2014, 70 LDC compliance audits have been initiated; 40 of which have  
17 been fully completed. All LDC compliance audits will be complete by year-end  
18 2014.

19 (iii) As described below, the four listed projects currently underway, or to be initiated,  
20 target, in whole or in part, third party service providers. Through these four  
21 projects, the OPA normally audits all of the LDCs’ third party service providers.

- 22 1. Quality Assurance Inspections: to ensure all LDCs currently under contract with  
23 the OPA to deliver CDM continue to administer their CDM portfolio of programs  
24 in accordance with the CDM Master Agreement. This project is also used to  
25 assess CDM project activity carried out by third parties on behalf of LDCs.  
26 Specifically, this project assesses, amongst other functional responsibilities, that  
27 third parties have correctly determined participant eligibility, calculated the  
28 correct level of participant incentive, have not submitted duplicative incentive  
29 claims for the same project, etc.
- 30 2. Home Assistance Program Review: to ensure third-party delivery agents are  
31 delivering the initiative in compliance with contractual requirements and to  
32 assess the level of participant satisfaction with provided services.
- 33 3. Small Business Lighting (SBL) - Third-Party Service Provider Audit: to ensure  
34 the service provider, contracted to oversee the processing of SBL incentive  
35 claims, continues to maintain an appropriate process.
- 36 4. Heating and Cooling Incentive (HCI) - Third-Party Service Provider Audit: to  
37 ensure the service provider, contracted to oversee the processing of HCI  
38 incentive claims, continues to maintain an appropriate process.



In addition to the above, the OPA intends to implement one additional audit in 2014. This project is a Decommissioning Process Assessment, which will assess participants in various CDM retrofit initiatives to determine their level of compliance with required equipment decommissioning processes.

- b) Please see the response to Board Staff Interrogatory 4, at Exhibit I, Tab 1, Schedule 1.04 for a discussion of findings related to Quality Assurance Inspections. Audits of the SBL and HCI have not yet been undertaken. A high-level description of the Home Assistance Program ("HAP") audits, as well as the steps being undertaken to ensure the operational integrity of HAP are provided below:

Two forms of Quality Assurance/Quality Control ("QA/QC") are undertaken during these audits to ensure HAP is operating in-field as intended. The first is on-site visits at participants' homes in order to assess the work performed by third-party contractors. The second is telephone surveys with participants, which are used as a tool to assess contractor performance and participant satisfaction.

HAP Audit Findings to date:

- Audit demonstrates that the program, and participating contractors, are performing strongly;
- Audit demonstrates high levels of participant satisfaction with the program;
- Audit demonstrates high levels of reconciliation between the measures reported as installed and those confirmed installed by participants;
- Audit demonstrates high levels of participant satisfaction with the installing contractors; and
- Audit identified that a small number of LDCs made multiple incentive requests for the same project.

Overall, the results of the HAP audits undertaken to date, demonstrate that HAP is operating in-field as intended. The single recommendation of the auditor related to duplicative incentive requests has been addressed (Please see Board Staff Interrogatory 4 for further detail on how this recommendation was addressed).

- (c) The table below demonstrates the competitively procured party responsible for the audits and services.

<b>Audit Project</b>	<b>Service Provider</b>
Quality Assurance Inspection	Bronson Consulting Inc.
Home Assistance Program Review	Bronson Consulting Inc.
Small Business Lighting: Third-Party Service Provider Audit	Contract with selected Vendor to be executed the week of July 28, 2014. Note Bronson is not the auditor.
Heating and Cooling Incentive: Third-party Service Provider Audit	Contract with selected Vendor to be executed the week of July 28, 2014. Note Bronson is not the auditor.
Decommissioning Process Assessment	RFP approved for posting (posting to take place week of August 4, 2014).

- 1 (d) On July 24, 2014 the Board issued its Decision on Motion for Production of Documents
- 2 and other information. In its decision, the Board determined that "...the OPA is not
- 3 required to produce the Audit Reports." As such, the OPA's audit reports will not be
- 4 provided.

**SEC INTERROGATORY #7**

**Issue 4.1** Is the Operating Budget for \$24,577 thousand allocated to Goal 4 reasonable?

**INTERROGATORY**

**4.1-SEC-7**

[B-4-1/p.4, 12] Please provide copies of all i) internal audits reports , and ii) value for money audit reports, conducted since 2011.

**UPDATED RESPONSE**

The OPA's internal audit reports are confidential in nature and are not disclosed as their purpose is to generate frank and open communication regarding OPA programs, practices and processes. Their function would be compromised if subject to public dissemination.

All internal audit reports, recommendations and follow-ups are reviewed "in camera" on an ongoing basis by the OPA Board of Directors and its Audit Committee. For further information on the OPA internal audit program please refer to Board Staff Interrogatory 5, at Exhibit I, Tab 1, Schedule 1.05.

On July 24, 2014 the Board issued its Decision on Motion for Production of Documents and other information. This was in response to the July 15, 2014 motion filed by CME, AMPCO, VECC, BOMA, and Energy Probe for an Order that the OPA produce certain documents and other information pursuant to four interrogatories: Board Staff 4 and 5, CME 4 and SEC 7.

The Board determined that:

"the OPA must provide much more specific answers to the interrogatories which are the subject matter of this Motion however, the OPA is not required to produce the Audit Reports. In answering the interrogatories the OPA is expected to expand on the answers given and to provide details of the subject matter of the Audit Reports, the recommendations, the action(s) that the OPA has taken as a result of each recommendation, and the status of the implementation of that action. The information set out should be clear and comprehensive and should enable the intervenors and the Board to understand the nature of the investigations and the outcome."

Accordingly, the OPA is not providing copies of audit reports. The OPA is, however, filing the information required in the Board's decision, which can be found in the response to Board Staff Interrogatory 5, at Exhibit I, Tab 1, Schedule 1.05.