



Independent Pricing and Regulatory Tribunal  
New South Wales

## Audit Services Panel

### Application Guide

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# 1 About this document

The Energy Savings Scheme (ESS) reduces energy consumption in New South Wales (NSW) by creating financial incentives for organisations to invest in energy savings projects. Electricity retailers and other mandatory participants (**Scheme Participants**) are obliged to meet energy savings targets. Energy savings are achieved by installing, improving or replacing energy saving equipment.

Companies that become Accredited Certificate Providers (**ACPs**) can create energy savings certificates (**ESCs**) from these activities and then sell those ESCs to Scheme Participants. The Independent Pricing and Regulatory Tribunal of NSW (**IPART**) is both the Scheme Administrator and Scheme Regulator of the ESS.<sup>1</sup>

IPART has established an Audit Panel (**Panel**) under the *Electricity Supply (General) Regulation 2014 (Regulation)*. IPART requires audits are undertaken to determine the validity of ESCs created by ACPs and to ensure the compliance of Scheme Participants with their individual energy savings targets each year. ESS audits may only be performed by Panel Members.

This document details the application requirements and process for appointment to the Panel. It aligns with *Application Forms for Audit Services Panel Part A* and *Part B* and explains the eligibility criteria and what is required for a successful application to the Panel.

This document should be used by applicants seeking to apply to the Panel, to assist them in completing their application.

Successful applicants are required to sign an *Audit Services Panel Agreement (Panel Agreement)* developed by IPART that establishes the rules and requirements for the Panel. A copy of the Panel Agreement template is posted on the [ESS website](#)<sup>2</sup>. This is a standard agreement and amendments are not typically permitted.

## 1.1 Legislative requirements

This document is a guide only and is not legal advice. Applicants are encouraged to seek independent advice in relation to the relevant ESS legislation and obligations required for members of the Panel. The legal requirements for audits in the ESS are set out in:

- ▼ Part 9 of the *Electricity Supply Act 1995 (Act)*
- ▼ Part 6 of the Regulation, and
- ▼ the *Energy Savings Scheme Rule of 2009 (ESS Rule)*.

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<sup>1</sup> Under sections 153(2) and 151(2) of the Act, respectively.

<sup>2</sup> Refer: [www.ess.nsw.gov.au/Auditors-Professionals/Audit-Panel/Join-the-audit-panel](http://www.ess.nsw.gov.au/Auditors-Professionals/Audit-Panel/Join-the-audit-panel)

## 1.2 Audit services for ACPs, Scheme Participants and IPART

Appointment to the Panel does not guarantee that a Panel Member will be engaged to undertake any services.

### 1.2.1 Audits of ACPs

Audits required by the Scheme Administrator, under clause 56 of the Regulation, may be commissioned by either the Scheme Administrator or an ACP depending on the circumstances. Regardless of who engages them, the auditor and the Detailed Scope of Works (DSW) must be approved by the Scheme Administrator.

Audits of ACPs are required to verify record keeping arrangements and/or ESC creation, eligibility for accreditation or compliance with accreditation conditions for a specific Recognised Energy Saving Activity (RESA). Audit conclusions are relied upon by the Scheme Administrator to provide assurance that accreditation conditions and legislative requirements are met. Audit findings could also be used in legal proceedings for compliance with the relevant legislation.

The frequency and type of audit are prescribed in the ACP's accreditation conditions as set out by IPART.

### 1.2.2 Audits of Scheme Participants

Audits required by the Scheme Regulator, under clause 55 of the Regulation, will generally be commissioned by Scheme Participants and will focus on verification of the *Annual Energy Savings Statements* (AESS Statements) that Scheme Participants must submit to the Scheme Regulator.

Audit conclusions are primarily used by the Scheme Regulator to provide it with assurance that AESS Statements are complete and accurate, based on valid information and free from material misstatement.

IPART will set the scope and timing of the audit required for AESS Statements. Scheme Participants will select, engage and pay for the audit of their AESS Statements; however the auditor and the DSW must be approved by the Scheme Regulator.

### 1.2.3 Other services provided by the Audit Panel

IPART may draw from the Audit Panel for any of these additional services:

- ▼ technical assistance for application reviews
- ▼ technical support and/or audit services for accreditation
- ▼ compliance audits for all calculation methods under the ESS Rule, and
- ▼ any other assistance required by IPART to carry out its functions.

Engagement by IPART is under the terms of the Panel Agreement, on the basis of a fixed quote as detailed in the DSW. The fixed quote must include an itemised listing of personnel that includes their proposed hours and cost. Refer to the *Audit Guideline* for further detail.

## 2 The application process

Applications to apply for appointment to the Panel or to appoint additional lead auditors are accepted at any time. Before applying, applicants should read the relevant sections on the ESS website and the guidance outlined in Section 3.1. Applicants are also encouraged to participate in the optional free [online workshops](#). Online workshops are designed to give applicants and auditors a practical understanding of how the ESS works and what is involved when applying and participating in the scheme.<sup>3</sup>

The application process has five steps, as outlined in the following sections. In general, appointments to the Panel take 90 days for completion, but this depends on the quality of information submitted in the application and the timeliness of any required responses.

### 2.1 Complete application forms and gather supporting documentation

There are two application forms that must be completed by all applicants:

- ▼ *Audit Services Panel – Application form A (for organisations)*
- ▼ *Audit Services Panel – Application form B (for lead auditors)*

To become a Project Impact Assessment with Measurement and Verification (**PIAM&V**) auditor, applicants must also complete the separate *Application Form for approved PIAM&V Auditors*.<sup>4</sup> There are additional requirements and eligibility criteria to become qualified to conduct audits of the ACPs with special accreditation conditions associated with their PIAM&V energy savings activity.

To ensure IPART has sufficient information to assess the application, **complete all sections of the application forms with relevant information**. The application forms set out the supporting information to attach with your application. Applicants are welcome to attach any other relevant information, comments or letters of recommendation in support of the application.

This guide provides information to assist applicants in preparing and completing the application forms and supporting documentation. Key information is also included in the application forms.

### 2.2 Submit the application to IPART

The application package must be submitted electronically as follows:

- ▼ by email to [ess@ipart.nsw.gov.au](mailto:ess@ipart.nsw.gov.au), or
- ▼ compiled on USB or CD and posted to: Energy Savings Scheme, IPART, PO Box K35, Haymarket Post Shop NSW 1240, with an email notification to [ess@ipart.nsw.gov.au](mailto:ess@ipart.nsw.gov.au) advising that it has been posted.

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<sup>3</sup> Refer: [www.ess.nsw.gov.au/Events/Online\\_workshops](http://www.ess.nsw.gov.au/Events/Online_workshops)

<sup>4</sup> Refer: [www.ess.nsw.gov.au/Auditors-Professionals/Audit-Panel/Join-the-audit-panel](http://www.ess.nsw.gov.au/Auditors-Professionals/Audit-Panel/Join-the-audit-panel)

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For questions on the application process contact us at [ess@ipart.nsw.gov.au](mailto:ess@ipart.nsw.gov.au).

IPART does not accept applications via Google documents, Dropbox or similar online applications. Please ensure all documents are easily accessible and not password protected. All documents should be provided in commonly used file formats, such as Word, Excel, Adobe, JPEG, etc.

### **2.3 IPART assesses the application for completeness**

When the application has been received, IPART will review it to ensure that it is complete and that all necessary information has been provided. If the application is incomplete, IPART will contact the applicant, requesting the missing information.

### **2.4 IPART assesses the application against ESS requirements**

IPART assesses the information provided in the application against the requirements of the Act, the Regulation, the ESS Rule and relevant guidance documents (refer to Section 3.1 of this document). The suitability of organisations to join the Panel is also assessed against both the suitability of any lead auditors nominated in the application and the capacity of those organisations to support lead auditors to carry out audits.

It is the responsibility of the applicant to provide sufficient information to satisfy IPART that they meet all of the requirements to be eligible for appointment to the Panel. IPART is not able to provide assistance with, or feedback on, the application, but may require further information from the applicant or clarification of the information provided. In this case the applicant will be sent a formal request for further information (**RFI**). This will include details of the information that is required and a deadline for a response. If the applicant is unable to meet the deadline for provision of the information they can seek an extension by emailing IPART at [ess@ipart.nsw.gov.au](mailto:ess@ipart.nsw.gov.au).

A second RFI may be issued where the response to the first RFI is insufficient or not does satisfy the requirements. RFIs may also be issued if requirements change, for example, where amendments have been made to the ESS Rule or guidance documentation after the initial application was made.

The decision whether to appoint an applicant to the Panel will be based on all of the information provided throughout the application process. The application process is much quicker for quality applications where only short RFIs, or even no RFIs, are required.

### **2.5 IPART informs the applicant of the outcome**

IPART's decision for each application has one of two outcomes:

1. The applicant is appointed to the Panel. The Panel Agreement must be signed prior to a recommendation for appointment being made.
2. The applicant is not appointed to the Panel because the applicant did not sufficiently demonstrate they met the requirements.



## 3 Additional information

### 3.1 Essential reading for all applicants

Before deciding to apply for appointment to the Panel, applicants must read the following guidance documentation in order to understand the ESS requirements. These documents provide essential information for applicants and outline the requirements and obligations of auditors.

- ▼ The *Application Guide for the ESS Audit Services Panel* (this document)
- ▼ The *Audit Service Panel Agreement* which establishes the rules and requirements for the Panel.
- ▼ The *Audit Guideline* is intended to help auditors take a consistent approach to auditing, reporting and providing audit conclusions.
- ▼ Generic audit scopes detail the nature and scope of the audit services to be provided by the nominated auditor in relation to the *Annual Energy Savings Statement* for Scheme Participants and *ESC creation for ACPs*.
- ▼ A *deed poll* must be signed for each individual audit engagement that sets rights and responsibilities for audits.
- ▼ The *ACP Compliance Guide* explains how an audit regime is determined and how ongoing compliance is monitored.
- ▼ *ESS notices and updates* which IPART publishes when requirements are changed, or we have important information to provide.

Figure 3.1 shows the relationship between the guidance documents and the audit application process. All materials are updated from time to time and are available on the [ESS website](#).<sup>5</sup> Ensure you use the most current information and check the website regularly.

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<sup>5</sup> Refer: [www.ess.nsw.gov.au](http://www.ess.nsw.gov.au)

**Figure 3.1 Application – guidance materials**



### 3.2 Confidential information

IPART will safeguard any financial details and confidential information submitted or obtained during the application process. IPART will not disclose such information without the express written permission of the applicant. The only information disclosed publicly is names, primary contact details<sup>6</sup> (upon successful appointment to the Panel), a brief description of the organisation, and relevant audits conducted (to referees during the application process). Referees provided are checked to confirm the authenticity of applicant information submitted.

IPART may request further information from applicants and may undertake searches as necessary to verify that the applicant is a bona fide registered company or business, and to assess financial viability.

### 3.3 Summary of eligibility criteria for organisations (application form A)

All ESS audits must be conducted by an appointed Panel Member. Organisations must meet all of the following key eligibility criteria to qualify for approval as a Panel Member, as listed below:

- ▼ Minimum professional indemnity, public liability and workers compensation insurances required. Updated certificates must be submitted.
- ▼ Adequate resourcing and technical capacity of key personnel, demonstrated through:
  - a Business Organisational Chart (that includes all employees and contractors relevant to audit activities), and
  - a list of key personnel with relevant skills and experience to support ESS audit services.

<sup>6</sup> If appointed to the Audit Panel, the organisation's primary contact details will be publically listed in the Auditor section of the ESS website: [www.ess.nsw.gov.au/Auditors-Professionals/Audit-Panel](http://www.ess.nsw.gov.au/Auditors-Professionals/Audit-Panel)

- ▼ Adequate experience with audit standards and/or legislative and regulatory frameworks relevant to the ESS. This is demonstrated through:
  - completed audits and experience with relevant professional audit standards, programs, certifications and/or accreditations
  - a description of your typical audit team, how it is assembled, the engagement process, any contractual relationships in place, and
  - appropriate training procedures for audit activities and/or related services.
- ▼ Sufficient audit procedures, audit capabilities and/or policies to support the ESS audit framework. This is demonstrated through:
  - a written description of audit framework
  - relevant management systems and quality assurance procedures
  - conflict of interest policies and the assessment process, and
  - adequate record keeping systems.

Membership of the Audit Panel does not extend to associated or subsidiary entities owned or controlled by the organisation, or joint ventures. Any such organisation must apply for appointment on its own.

All entity types are eligible to apply for the Audit Panel (eg, sole traders or audit firms with just one owner/operator). If the Panel Member wishes to use another corporate entity within its structure, a second Panel Agreement, or a deed to amend the original Panel Agreement, will need to be executed.

Further information on organisation selection criteria is provided in section 4, and Application Form A.

### 3.4 Summary of eligibility criteria for lead auditors (application form B)

An organisation must nominate at least one lead auditor with suitable qualifications and relevant experience to lead ESS audits. Lead auditor applicants must be employed or directly contracted to a Panel Member. They **must** meet the following key eligibility criteria to qualify for approval as a Panel Member, as listed below.

- ▼ A combination of appropriate education, auditor qualifications, and/or training is required. This is demonstrated through:
  - tertiary academic qualifications from an appropriate university, or equivalent institution of higher learning (mandatory)
  - relevant professional audit certifications or audit standards accredited (mandatory), and
  - training or programs attended relevant to the ESS (recommended).
- ▼ A combination of adequate skills and experience with relevant audits is required. This is demonstrated through:
  - at least five years of full time experience in the environment and/or energy industries (mandatory),

- sufficient sector competency, experience and/or audit qualifications related to specific ESS calculation methods (mandatory). This is demonstrated in the Audit Log, trainings, certifications, or Curriculum Vitae (CV), and
  - experience, including at least 4-5 previous audits led in industries relevant to ESS (mandatory). Applicant skills and experience will be assessed, and referees supplied in the Audit Log will be checked.
- ▼ Lead auditor applicants with adequate knowledge of the relevant Act, Regulations and ESS Rule as they apply to the ESS, as demonstrated through a written statement in the application (mandatory).

Further detailed information on the lead auditor eligibility criteria is provided in section 5, and Application Form B.

## 4 Audit Services Panel – Application Form A (for organisations)

Information about how to complete *Application Form Part A* is outlined in this section. It is based on the structure and questions of the form.

### 4.1 Business details (question 1 in form A)

Applicants are required to provide the name and relevant business details of the organisation applying for the Panel. Ensure the legal name and registered business address match information in the Current Company Extract.

Attach a Current Company Extract that is less than four weeks old. Current Company Extracts may be purchased from the Australian Securities and Investments Commission (ASIC) or an ASIC approved information broker and must be dated within four weeks of the application being submitted to IPART.

If the company operates under a business or trading name, the applicant will need to attach evidence of the registered business name. This must be dated within four weeks of the application being submitted to IPART.

### 4.2 Organisational background (question 2 in form A)

Applicants must provide an overview of their organisation, the types of activities engaged in, and the services provided. IPART will use a simplified version of this description in our newsletter, if the applicant is appointed to the Panel. It is important to note that this section of the application only contains information that will be made publically available. This section of the application should not contain any confidential or commercially sensitive information.

Applicants are also asked to attach a business organisational chart that outlines the key roles and responsibilities of all the key personnel proposed for ESS audit activities. This should include any contractors proposed to perform ESS audit work.

### **4.3 Current insurance details (question 3 in form A)**

Applicants are required to effect and maintain adequate insurances (at the applicant's own expense) that enable the applicant to provide audit services under the ESS.

Minimum insurance requirements are intended to help cover any issues that could arise in relation to ESS audit services. Regardless of any insurances held, applicants should evaluate all the financial risks associated with ESS audits and ensure they have adequate arrangements sufficient to cover any additional liabilities that could arise.

Applicants must provide details and evidence of the following:

- ▼ professional indemnity insurance cover; in amounts sufficient to cover any liability (which is currently \$5 million for audit services)
- ▼ public liability insurance cover for an amount of at least \$5 million for any one or more claims arising out of the same set of circumstances, and
- ▼ workers compensation insurance cover that complies with the relevant workers compensation legislation in NSW. Noting that:
  - the insurance must cover the Panel Member's lead auditors, personnel, officers, employees, agents and any contractors conducting audit services for the Panel Member, or which are at the Panel Member's premises, and
  - workers compensation insurance is not a requirement for Panel Members that only have one employee, or are sole traders.

Panel Members are required to hold these insurances with a reputable insurer. Up to date copies of current insurance certificates for all three types of required insurances must be submitted as an attachment to Application Form A.

### **4.4 Institutional audit capabilities (question 4 in form A)**

Applicant organisations must have appropriate institutional experience and infrastructure to support regulatory compliance and verification audits in the energy efficiency and/or sustainability industry.

Applicants must list the relevant professional audit standards, certifications and/or frameworks that they are accredited under, trained in or utilise (if any) for the conduct audits.

### **4.5 Audit Standards (question 5 in form A)**

Organisation certifications to audit standards are not a requirement, but the use of one of the recommended audit standards is required in the submission of any DSW. The applicant must

list the audit standard the organisation intends to use to conduct ESS audits in Application Form A.

ESS audits can be conducted to any of the following standards:

- ▼ *ISO 14064-3:2006 Greenhouse Gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions, or*
- ▼ *ISAE 3000 - International Standard on Assurance Engagements, or*
- ▼ *Australian Auditing Standards – as published by the Auditing and Assurance Standards Board (AuASB) such as ASAE 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information.*

If the applicant wishes to conduct an audit to a standard outside of these, they should discuss this with IPART prior to application and DSW submission.

#### **4.6 Technical and resourcing capacity (question 6 of form A)**

The application requires a brief description of the organisation's experience with any equivalent regulatory audit activities, ideally within similar sectors in the energy or environmental industries. List the relevant audit programs, standards and/or frameworks that the applicant has used for past audits.

Applicants can give examples of audit methodologies, clients and approaches used for other engagements. List how long you have operated under those programs (eg, conducted NGERS audits using Australian Auditing Standards ASAE 3000 for two years). Exact dates and audit types conducted are listed in the Audit Log submitted by the Lead auditor in *Application Form Part B*.

#### **4.7 Typical engagement staff mix (question 7 of form A)**

Applicants should be able to demonstrate their technical and resourcing capacity to undertake the audit activity. Applicants must describe their typical audit team, how it is assembled, what the client engagement process consists of, and what contractual relationships are in place (ie, any sub-contracting arrangements, technical capabilities for different sectors).

#### **4.8 Key personnel (question 8 in form A)**

Panel Members must have adequate resources, staff or contracting arrangements in place to make up an appropriately qualified audit team. Key personnel of the audit team are:

- ▼ The lead auditor - directs and supervises the audits. Lead auditors must be approved by IPART, refer to section 5 of this document.
- ▼ Members of the audit team – support the lead auditor and help conduct audits. This includes auditors, technical experts and professional staff.
- ▼ The peer reviewer - required for all ESS audits and must be conducted by an auditor with relevant skills and experience for the proposed audit type.

IPART requires applicants to list all key personnel, staff or subcontractors that they propose to participate in ESS audit services. Please provide names, email addresses, their role relative to any proposed ESS audit services and a high level summary of skills and experience. Attach CVs and Audit Logs for each key personnel. Refer to Table 4.1 for a worked example. Email addresses provided will automatically be included in IPART’s auditor email distribution list, unless requested otherwise.

**Table 4.1 List of key personnel (example)**

First name	Last name	Position	Email address	Skills and Experience
Jill	Smith	Lead auditor/Director	jill.smith@audits.com.au	NGERs Auditor/ Certified Accountant
John	Smith	Contractor	john.smith@audits.com.au	Technical Expert (Lighting)
Jane	Smith	Auditor	jane.smith@audits.com.au	Trainee

#### Technical experts

Each team must have technical experts with appropriate qualifications and experience for the sector relevant to the proposed services. It must be clear in the application which individual has the required technical expertise, appropriate auditor qualifications and/or training, or alternatively how the applicant intends to subcontract that technical expertise.

#### 4.9 Nominated lead auditor(s) summary (question 9 in form A)

Applicants must nominate at least one lead auditor and their hourly rate (excluding GST). Lead auditors and rates are listed in the Panel Agreement. Lead auditors will also be required to complete *Application Form Part B*.

#### 4.10 Peer review and quality assurance (question 10 of form A)

Quality control and quality assurance procedures are a very important part of the ESS audit process. There must be an adequate peer review conducted on all audit documentation to detect and avoid errors. Information needs to be checked to confirm its completeness, accuracy and consistency before submission to IPART.

Typically, lead auditors are responsible for the quality of all documentation submitted. It is expected that the peer review is done by a qualified auditor with knowledge of the audit process.

Applicants are required to:

- ▼ describe their peer review and/or quality assurance process and systems
- ▼ outline who is responsible to perform these actions, and
- ▼ outline the audit report sign-off protocol.

#### **4.11 Audit training procedures (question 11 of form A)**

Applicants are required to briefly outline their internal audit training procedures, and describe how they qualify or assess new audit team members. Please describe what, if any, competencies or qualifications are required. You should also outline any continuing or recurrent training necessary. Note that IPART may request copies of relevant internal training to support the application.

Training on the ESS is recommended for all new auditors. IPART runs free [online workshops](#) to give applicants and auditors a practical understanding of how the ESS works and what is involved when applying and participating in the scheme. IPART may require lead auditors to attend additional information sessions or workshops to ensure they understand the operation of the ESS. Auditors and Audit Panel Members are not entitled to charge IPART for attendance at an information session or workshop.

#### **4.12 Internal Audit Management Process (question 12 of form A)**

Applicants must describe their common organisational policies and/or processes used in the conduct of audits. Provide a written description of the audit framework and include an overview of relevant management systems in place and how they operate.

To demonstrate that the organisation has an adequate audit framework to support ESS requirements, applicants must also describe relevant policies and procedures they have in place to ensure fundamental principles of integrity, objectivity, professional competence, due care, and confidentiality are followed during audit engagements.

If this is in line with any audit standard, please clarify how these requirements are met within the organisation. Attach supporting information as needed. It is highly recommended that ethics policies are made publicly available.

#### **4.13 Conflict of Interest policy (question 13 of form A)**

A conflict of interest is any financial, business or other interest that might affect objectivity or impartiality. Audit Panel Members are subject to strict conflict of interest requirements, such that any real or perceived conflict of interest must be declared for consideration by IPART and may render an organisation unsuitable for certain engagements.

A Panel Member must warrant that neither it, nor any of its related parties has any conflict of interest that has not been notified to IPART and must agree to notify IPART should any potential conflict of interest arise during the auditor's appointment under the Panel Agreement. A declaration on conflict of interest must be included in every DSW, prior to audit commencement.

To minimise the potential for conflict of interest to arise, Panel Members, their related parties, lead auditors and any personnel assisting with the audit are not permitted:

- ▼ to own, hold or trade ESCs
- ▼ to be an ACP



- ▼ to be a Scheme Participant, or
- ▼ to be the Measurement and Verification (M&V) Professional for the project being audited.

This means a Panel Member can never audit a project that it helped to develop. Conflicts of interests are covered in the Panel Agreement and declarations are made in the DSW at the time of submission for an audit proposal. Refer to the [Audit Guideline](#) for more information.

Direct engagement by ACPs and Scheme Participants of Panel Members for any services other than those in the Panel Agreement is outside the scope of the Audit Panel. However, any other services Panel Members are engaged for by ACPs or Scheme Participants must be notified to IPART (regardless of whether it is considered conflict of interest or not). Auditors can provide disclosures to IPART electronically to [ess\\_compliance@ipart.nsw.gov.au](mailto:ess_compliance@ipart.nsw.gov.au).

#### **4.14 Conflict of interest assessments (question 14 of form A)**

Applicants are required to describe their process to manage and identify potential conflict of interest issues. Applicants should identify their management controls, processes and practices to identify potential conflict of interest issues, and how and where these records are maintained and kept up to date.

Applicants must also provide details of any real or perceived conflict of interest that might relate to future ESS audits. Conflict of interest declaration requirements should be reflected in the organisation's procedures.

#### **4.15 Record keeping systems (question 15 of form A)**

Panel Members must have adequate record keeping systems in place to support their ESS audit services. All supporting records for ESS audits are required to be retained for at least six years after they have been created. IPART also requires that full and free access is provided to us should we request any records, documents, spreadsheets or other information maintained in connection to ESS audits.

Applicants must describe their internal record keeping arrangements. This includes:

- ▼ the system used to manage or store records (software, databases, spreadsheets, etc.)
- ▼ any protocols in place to identify records and include how they are created, approved and updated, and
- ▼ details of responsible personnel.

Attach the documented record keeping policy or procedure, if available.

Please refer to the [Record Keeping Guide](#) available on our website for further details.

#### 4.16 Fit and proper test (questions 16-22 of form A)

When considering the application to become a Panel Member, IPART needs to be satisfied that the applicant meets the 'fit and proper' test, similar to the requirement for ACPs to be "suitable persons" under clauses 5.6, 5.7 and 5.8 of the ESS Rule.

To demonstrate the organisation and its office holders are fit and proper, applicants need to address the following matters:

- ▼ character and reputation
- ▼ suspension, cancellation and refusal from similar schemes
- ▼ disqualification of officers or senior management
- ▼ criminal convictions or dishonest conduct
- ▼ other proceedings of which the organisation or its officeholders have been the subject
- ▼ issues with financial status (eg, insolvency)
- ▼ civil matters, and
- ▼ proceedings for unsafe work practices or work health and safety matters.

The information required is similar to the suitability requirements of 'fit and proper person' tests used by other regulators, including the Clean Energy Regulator, Australian Energy Regulator and the ASIC.

#### 4.17 Contact persons (questions 23 and 24 in form A)

Applicants must provide the contact details of their primary contact. This will be the key person for all communications in relation to the application and potential Panel membership. This person's name and contact details will be published on the [ESS website](#), and will also be the primary ESS Portal user. The primary contact needs to have signatory authority for all ESS related matters. Applicants may nominate a secondary contact, but this is not a mandatory requirement.

A signatory authority letter must be provided whenever the primary contact is not an officer of the company. The letter must be issued from an authorised person for the company (eg, Director or Company Secretary as listed on an ASIC extract). Where contacts are not from the organisation and you intend to use external contractors, IPART requires a letter from the organisation that gives authority for someone outside the company to act on their behalf.

#### 4.18 ESS Audit Services Panel Agreement (question 25 in form A)

The [Panel Agreement](#) is the contract between IPART and the Panel Member. The Panel Agreement describes a range of obligations that the Panel Member has to IPART, as well as a range of powers that IPART has discretion to exercise. In the form applicants must agree to enter into the standard Panel Agreement with IPART.

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The Panel Member specified in the Panel Agreement is the entity with all the legal obligations imposed by the Panel Agreement, including the obligation to provide any audit services.

### Submission and execution of the Panel Agreement

A copy of the Panel Agreement will be sent to the applicant prior to appointment. Two signed copies of the Panel Agreement must be returned to IPART for final signature and execution.

The Panel Agreement should be signed by two officers of the company that are duly authorised signatories (this is usually a Director and Secretary, or two Directors). No other changes to the standard Agreement are typically made.

Submit the signed Panel Agreement to IPART with:

- ▼ two copies of the Panel Agreement signed in hard copy, and
- ▼ an ASIC company extract that confirms the names of the company officers who sign the Agreement (no less than four weeks old).

Upon receipt of the Panel Agreement and execution by IPART, one co-signed copy will be dated and returned to the newly appointed Panel Member, along with an appointment letter. From the date of the Panel Agreement being executed, the appointee is entitled to conduct audits under the ESS. Panel Members are listed on the [ESS website](#). New Panel Members are highlighted in the IPART newsletter.

### Compliance with the Panel Agreement

Appointment to the Audit Panel is continuing, and subject to review as required from time to time. IPART, or a person appointed by IPART, is entitled to conduct a performance review of the Panel Member at any time and may require the Panel Member to take certain actions as a result of such a review.

A performance review may highlight compliance issues with any aspect of a Panel Member's Agreement. Compliance history of Panel Members is maintained and monitored by the Audit Panel Manager and supported by the ESS Compliance Team.

When compliance issues arise, IPART may write to the Panel Member and recommend corrective actions are taken to address any problems. Corrective actions could include additional training for key personnel, improvements to audit procedures, submission of additional performance reports or data, or audit oversight done by IPART staff. If performance issues persist with a Panel Member, then we may choose to terminate the Panel Agreement at any time, or terminate due to non-compliance with the Panel Agreement.

Notwithstanding the above, the Panel Agreement may be terminated by either IPART or the Panel Member at any time and with the provision of 30 days written notice, for any reason.

Hourly panel rates for services, for each lead auditor, must be provided in the application and be included in the Panel Agreement.

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Panel Members must notify IPART of any proposed changes to their business practices that might impact ESS audit services. IPART may accept or reject any proposed changes at our sole discretion.

### Competency requirements

In line with their Panel Agreement, Panel Members are obligated to ensure their audit team is made up of suitably qualified personnel. Audit personnel must be competent in any area or sector they propose to provide audit services.

Panel Members can provide audit services in any audit sector, provided they have suitably qualified auditors and the resources to do so (with the exception of PIAM&V, which requires a further application). Applications should be made on the basis that the organisation has technical and resourcing capacity as well as qualified key personnel for a certain sector.

### 4.19 Application checklist (question 26 in form A)

We have included an application checklist that outlines all the required supporting documentation for the convenience of the applicant. Please ensure all the required attachments are included prior to submission.

### 4.20 Declaration (question 27 in form A)

The declaration must be signed by a person with appropriate signatory authority to ensure that all the information provided in the application is true and correct. This means a person that is legally authorised to sign on behalf of the applicant organisation. This is typically an Officeholder as listed in the ASIC company extract, or their delegate. If a delegate signs the declaration, then a letter of authority signed by an Officeholder must be provided.

The declaration requires that the applicant has read and understood the information and requirements set out in this guide and in the *Audit Guideline*. If applicants need help understanding any ESS audit requirements, they are encouraged to contact the ESS Compliance Team prior to application submission. Please note that section 158 of the Act imposes a maximum penalty of \$11,000 and/or six months imprisonment for knowingly providing false or misleading information to the Scheme Administrator.

## 5 Audit Services Panel – Application Form B (for lead auditors)

Organisations that apply for appointment to the Audit Panel must nominate individual lead auditors within their organisation to carry out the audits. A detailed response to Part B of the application form must be submitted separately for each lead auditor. Lead auditors are listed on the Panel Agreement.

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Once appointed, Panel Members may submit applications for additional lead auditors to be considered for appointment at any time (or for removals).

Lead auditors are individuals with the skills and appropriate levels of experience to undertake reasonable assurance audits independently. Lead auditors are required to manage an audit team, comply with quality assurance and peer review requirements for ESS audits (outlined in the *Audit Guideline*), and must be authorised to sign written reports submitted to IPART on behalf of their organisations.

Lead auditors are responsible for the selection of an appropriate audit team and ensure it has the right mix of technical and auditing experience. IPART recommends the nomination of at least two lead auditors to ensure the organisation can meet the competency and resourcing requirements of the Panel Agreement.

### **5.1 Applicant details (question 1 in form B)**

Applicants must provide the name, organisation and contact details of the lead auditor.

### **5.2 Employment (question 2 in form B)**

A lead auditor's membership of the Audit Panel is attached to their employment with the Panel Member. Membership cannot be transferred from one person to another, nor to a different Panel Member if an employee changes organisations.

Applicants may nominate their employees for appointment as lead auditors as appropriate to their skills, knowledge and experience (or certification).

Applicants are asked to provide an overview of their current and/or previous employment, as it is relevant to ESS. This is summarised in the application and further evidenced with the submission of a brief CV (no more than five pages long). The CV must contain employment dates and details of the relevant work conducted. IPART requires a minimum of five years full-time experience in the environment and/or energy industries to be eligible for appointment as a lead auditor.

### **5.3 Academic qualifications (question 3 in form B)**

The applicant must provide details of academic qualifications and training relevant to their role as a lead auditor, including details of tertiary academic qualifications from an appropriate university, or equivalent institution of higher learning

### **5.4 Auditor certification (question 4 in the form)**

Lead auditors must have a professional audit certification or an audit standard that they are accredited to. Several different certifications or accreditation types could qualify, if it relevant to the energy and environmental industries. The applicant must provide details of:

- ▼ Professional auditor certification or audit standards (eg, NGERs, CMVP, RABQSA or EMS, CPA, ICAA, JAS-ANZ, ISO), and
- ▼ List of other qualifications or training received, relevant to the conduct of assurance audits.

## **5.5 Auditor skills and experience (question 5 in form B)**

Lead auditors must summarise their previous skills and experience relevant to leading regulatory compliance audits. Typical examples include work done within the energy, sustainability or climate change industries.

Evidence of previous skills and experience in those industries may include the following:

- ▼ Five years full-time experience in the environment and/or energy industries.
- ▼ Previous experience leading regulatory compliance audits of statutory requirements of relevant energy programs (eg, ESS, Greenhouse Gas Reduction Scheme (GGAS), National Greenhouse and Energy Reporting (NGERs), Victorian Energy Efficiency Target (VEET) scheme or other relevant programs).
- ▼ Prior experience and/or understanding of records management systems and compliance audits.

This requirement must be evidenced with an audit log that includes a minimum of at least five previous audits conducted, in industries relevant to ESS. The audit log must outline the audit type, role performed (eg, auditor, lead auditor), project referees' contact details (client/business name), a brief audit summary, the time period of the engagement (eg date or period it was conducted) and time spent conducting the audit. A sample audit log template is provided in appendix A of *Application Form Part B*, however, a different format or spreadsheet can be submitted, as long as it includes all of the required information.

## **5.6 ESS experience (questions 6 and 7 in form B)**

Applicants must list any trainings or program attended that are relevant to the ESS. This includes attendance at relevant training, workshops, conferences or involvement in consultative working groups, business forums or industry associations as it relates to ESS calculation method sectors (eg, lighting, ESS workshops, M&V training, etc).

## **5.7 Knowledge of ESS legislative and technical framework (question 8 in form B)**

The lead auditor must be able to demonstrate knowledge of the relevant Act, Regulations and ESS Rule as they apply to the ESS.

Applicants are asked to provide a brief summary of their understanding of the relevant legislation as it applies to the conduct of reasonable assurance audits. The summary should demonstrate an understanding of the ESS legislative framework and detail how this knowledge was acquired. This should not be copied over from ESS guidance materials.

The lead auditor may be required to submit calculation spreadsheets to demonstrate their understanding of the ESS Rule.

## 5.8 Declaration (question 10 in form B)

The declaration must be signed by the applicant to ensure that all the information provided in the application is true and correct. If the applicant is not the Panel Member's primary contact and signatory for ESS matters, the signatory is also required to sign the form on behalf of their organisation and to represent their Panel Agreement with IPART.

The declaration requires that the applicant has read and understood the information and requirements set out in this guide and in the *Audit Guideline*. If applicants need help understanding any ESS audit requirements, they are encouraged to contact the ESS Compliance Team prior to application submission. Please note that section 158 of the Act imposes a maximum penalty of \$11,000 and/or six months imprisonment for knowingly providing false or misleading information to the Scheme Administrator.

## 6 Glossary

Acronym or Term	Definition
Accreditation Conditions	Conditions imposed by the Scheme Administrator on the accreditation of an ACP under section 138(1)(b) of the Act and specified in their Accreditation Notice.
Accreditation Notice	A written notice issued by the Scheme Administrator under clause 48(1) of the Regulation specifying any Accreditation Conditions.
Accredited Certificate Provider ( <b>ACP</b> )	ACPs are voluntary participants in the ESS. They are parties that are accredited to create ESCs from carrying out RESAs that increase the efficiency of electricity consumption.
Act	<i>Electricity Supply Act 1995 (NSW)</i>
Audit	An independent assessment of whether the auditee has complied, in all material respects, with the requirements of the ESS legislation.
Audit Conclusion	A conclusion of the lead auditor about the outcome of the audit. There are four types of conclusion: reasonable assurance, qualified reasonable assurance, adverse or the conclusion that the auditor cannot form an opinion.
Audit Services Panel ( <b>Audit Panel</b> )	A panel managed by IPART that includes suitably qualified and experienced audit organisations. Only Audit Services Panel Members are allowed to undertake ESS audits.
Audit Services Panel Agreement ( <b>Panel Agreement</b> )	An agreement between IPART and the Audit Services Panel Member. All Audit Services Panel Members must have executed an Audit Services Panel Agreement with IPART.
Audit Services Panel Member ( <b>Panel Member</b> )	Those who have been assessed by IPART to have sufficient skills and experience to be a member of the Audit Services Panel.
AESS	<i>Annual Energy Savings Statement</i>
Conflict of Interest ( <b>COI</b> )	A COI is an actual or perceived conflict that relates to any financial, business or other interest that might affect objectivity or impartiality.

Acronym or Term	Definition
ACP Compliance Guide	The ACP Compliance Guide explains how IPART determines an audit regime and monitors ongoing compliance with the Energy Savings Scheme.
Deed Poll	A Deed Poll clarifies IPART's rights and responsibilities in relation to the audit. It is a tripartite agreement that sets IPART as the client for the audit no matter who is engaging the auditor. Executed Deed Polls need to be submitted to IPART along with the Detailed Scope of Works.
Detailed Scope of Works ( <b>DSW</b> )	The DSW is prepared by an auditor based on audit scopes templates developed by IPART.
Energy Savings Certificates ( <b>ESCs</b> )	A transferable certificate under Part 9 of the Act that is created in accordance with the ESS Rule, and that represents the energy savings associated with the abatement of one notional megawatt hour (MWh) of saved energy.
Energy Savings Scheme ( <b>ESS</b> )	The ESS reduces electricity consumption in NSW by creating financial incentives for organisations to invest in energy savings projects. Energy savings are achieved by installing, improving or replacing energy savings equipment.
The ESS Rule	<i>Energy Savings Scheme Rule of 2009 (NSW)</i>
IPART	Independent Pricing and Regulatory Tribunal
Lead auditor	The team leader who is responsible for the direction and supervision of an ESS audit. A lead auditor must be suitably qualified and appointed on the Panel Agreement.
PIAM&V Method	The Project Impact Assessment with Measurement and Verification Method, as defined in clause 7A of the ESS Rule.
Recognised Energy Saving Activity ( <b>RESA</b> )	Activities that are eligible under the ESS Rule. ACPs are accredited to carry out these activities at a single site, or at multiple sites as a program of energy saving activities.
Regulation	<i>Electricity Supply (General) Regulation 2014 (NSW)</i>
Scheme Administrator	A function of IPART to ensure that ACPs create ESCs in accordance with the Act, the Regulation, and the ESS Rule and their Accreditation Conditions.
Scheme Regulator	A function of IPART to ensure that Scheme Participants meet their individual energy savings targets.