

WHAT

Scheme participants accredited under the NSW Energy Savings Scheme (**ESS**) engage auditors from the Audit Services Panel (**Auditors**) to audit their Annual Energy Savings Statement (**AESS**).

A Detailed Scope of Works (**DSW**) must be provided to and approved by IPART before an audit of an AESS can commence.

We propose a standard approach for the submission of DSWs through the introduction of the *DSW Submission Form – AESS*.

This will be complemented by a new *Audit Guide* specific to scheme participants.

WHY

The *DSW Submission Form – AESS* will standardise the planning of AESS audits and can help to:

- ▼ improve effectiveness and efficiency
- ▼ improve consistency
- ▼ clarify requirements specific to the AESS audit process.

This approach also aligns with current process for audits of Accredited Certificate Providers (**ACPs**).

WHO

We invite submissions from stakeholders, including scheme participants, auditors on our audit services panel and potential auditors wanting to join the audit services panel.

HOW

Stakeholders should email submissions to ess@ipart.nsw.gov.au along with the completed [IPART Submission Cover Sheet](#).

WHEN

We invite submissions by 9 December 2020.

WHERE

The proposed *DSW Submission Form – AESS* and *Audit Guide – Scheme Participants* can be found on our website at:

<https://www.ess.nsw.gov.au/Home/About-ESS/Events-and-consultations/Current-consultations>.

WHAT NEXT

We will consider the submissions we receive in finalising the proposed standard approach.

We expect to finalise the *DSW Submission Form – AESS* and *Audit Guide – Scheme Participants* by December 2020, in time for the 2020 compliance year and will notify stakeholders from when they will take effect.

1 Standardising DSWs for scheme participants

We propose introducing a DSW Submission Form for auditors to use and submit for approval by IPART before an audit of an AESS can commence. We consider this will make doing business with us easier as it should simplify the approval process for DSWs.

The key features of the proposed DSW include:

- ▼ a consistent format and structure with easy to follow instructions and sections
- ▼ standardised scope items included in the form by default, thereby eliminating the need for auditors to transfer scope items across from our guidance documents
- ▼ a standard declaration for lead auditors to sign, including a statement of conflict of interest.

Please note that we are not proposing changes to the any of the following:

- ▼ evidence requirements for scheme participants
- ▼ audit scope items¹
- ▼ the audit process itself; or
- ▼ level of assurance we require from auditors.

Requirements for audits, including their timing and criteria for exemptions, are also not proposed to change. These compliance matters are still outlined in our *Compliance Guide – Scheme Participants*, which is not part of this business improvement initiative.

2 Complementary changes to our audit guidance

The proposed form is accompanied by the new *Audit Guide - Scheme Participants*.

This new guide consolidates information specific to AESS audits currently found across a number of existing sources. In particular, the new *Audit Guide - Scheme Participants* will:

- ▼ replace the existing *Audit Scope - Annual Energy Saving Statements*
- ▼ remove the need for scheme participant auditors to refer to the *Audit Guideline*.

The current *Audit Guideline* will be redrafted to focus only on matters relating to audits of ACPs.

Figure 2.1 overleaf explains these changes.

We are not consulting on these complementary changes to our guidance, as they are largely presentational and form part of our commitment to stakeholders to keep improving the usability of our guidance. However, we are happy to receive feedback on the clarity of the draft version of the *Audit Guide - Scheme Participants*.

¹ With the exception of more detail on the specific audit tasks included for each scope item, for example those required to confirm the inputs of the AESS *Inputs-Nonmarket acquisitions* tab

Figure 2.1

