# Cover image for the Exemption certificates audit templates—Production calculation method Renewable Energy Target exemption certificates audit report template

December 2019

# Renewable Energy Target audit report background

## Renewable Energy Target audit report template

This template shows how the Clean Energy Regulator expects an assurance engagement report for an exemption certificate audit to be structured. Following this template is recommended and it is the responsibility of auditors to ensure their audit reports meet legislative requirements.

Where text is included within brackets, for example *[audited body]*, information **must** be provided in line with the suggested text.

Some parts of the template are optional and the auditor should exercise their own discretion as to whether to use them. These parts are marked in brackets as **[Optional]**.

The audit must be conducted in accordance with the relevant requirements for assurance engagements under:

* ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*
* the National Greenhouse and Energy Reporting (Audit) Determination 2009 (NGER Audit Determination), and
* ASAE 3000 *Assurance Engagements Other than Audits of Reviews of Historical Financial Information*, ASAE 3100 *Compliance Engagements*, and any other relevant standards issued by the Australian Auditing and Assurance Standards Board (AUASB). Note: if a registered company auditor or authorised audit company auditor is not a registered greenhouse and energy auditor, and does not wish to use the requirements in the NGER Audit Determination they must use these standards.

We recommend auditors disclose both audit and non-audit fees, as well as the hours spent on the audit by the audit team on the coversheet of the audit report. Please refer to 5.7.1 of this handbook for more information on fee disclosure.

# Exemption certificate audit report

All audit reports must contain a coversheet, the report, and any findings relevant to the activities conducted.

## Audit report coversheet

### Audited body (the applicant)

|  |  |
| --- | --- |
| Name of audited body |  |
| ABN |  |
| Contact person for audited body |  |
| Contact person phone number |  |
| Contact person email address |  |

### Electricity use method advice for the use amount overview

|  |  |
| --- | --- |
| Site name | *[insert site name]* |
| Site address | *[insert site address]* |
| Emissions-intensive trade-exposed activity or activities that are the subject of the application | *[indicate eligible emissions-intensive trade-exposed activities that occur at the site]* |
| Proposed formula for electricity exemption amount | *E (MWh) = M1 + M2 (example)* |

### Audit description

|  |  |
| --- | --- |
| Kind of audit | Reasonable Assurance engagement under section 46A(2)(bb) of the *Renewable Energy (Electricity) Act 2000* and regulation 22UH of the Renewable Energy (Electricity) Regulations 2001. |
| Objective of the assurance engagement |  |
| Application year | *[insert application year]* |
| Audit fee *(inclusive of GST and disbursements)* |  |
| Total hours spent on the audit by audit team |  |
| Non-audit fees paid to the audit team leader and audit firm for services and activities excluding this audit over the past 12 months |  |
| Why did the provision of non-Part 6 services or activities not result in a conflict of interest situation?  (write ‘’not applicable’’ if no non-audit fees were paid to the audit firm) |  |
| Date terms of engagement signed |  |
| Date audit report signed |  |

### Auditor details

|  |  |
| --- | --- |
| Name of audit team leader |  |
| GEA registration number |  |
| Organisation |  |
| Phone number |  |
| Address |  |
| Names and contact details of other audit team members |  |
| Details of exemptions granted by the Clean Energy Regulator under 6.71 of the NGER Regulations for the audit team leader or professional member of the audit team.  These may include:   * conflict of interest and details of the procedures for managing conflict of interest * relevant relationships, and * exemptions for an audit team leader to carry out more than five consecutive greenhouse and energy audits in relation to the audited body. |  |

### Peer reviewer details

|  |  |
| --- | --- |
| Name of peer reviewer |  |
| Organisation |  |
| Phone number |  |
| Address |  |

## Part A—Auditor’s report

To *[Directors]*

We have conducted a reasonable assurance engagement, being an audit pursuant to regulation 22UH of the Renewable Energy (Electricity) Regulations 2001 (REE Regulations), of *[audited body]*’s exemption certificate application for the emissions-intensive trade-exposed (EITE) activity of *[EITE activity subject of application]*, to conclude whether:

* the activities set out in the application that are claimed to be an emissions‑intensive trade‑exposed activity comply, in all material respects, with each of the requirements in the description of the activity set out in Schedule 6; and
* the application presents fairly, in all material respects, the electricity use method advice (see paragraph 22O(1)(i)); and
* the electricity use method advice is reasonable, and in all material respects is not likely to result in including an amount of electricity that is not a use amount; and
* if an audit report is required under subregulation 22UG(5) or (6)—the amendments and reasons for the amendments mentioned in paragraph 22S(3)(e) or 22T(2)(d) are reasonable.

### Details of audited body

|  |  |
| --- | --- |
| Name of audited body |  |
| Address |  |
| ABN |  |

|  |  |
| --- | --- |
| Site | electricity use method advice |
| *[insert site name]* | *[Insert formula to allow the Clean Energy Regulator to determine exemption at the site. Include term descriptions.]* |

### Responsibility of *[audited body’s]* management

The management of *[audited body]* is responsible for the preparation and fair presentation of the application in accordance with the REE Regulations and the application form and guidelines and *[audited body]*’s compliance with the *Renewable Energy (Electricity) Act 2000* (REE Act) and the REE Regulations.

This responsibility includes:

* establishing and maintaining internal controls relevant to the preparation and presentation of the application to ensure that it is free from material misstatement, whether due to fraud or error
* selecting and applying measurement methods to prepare and present the data, and
* making estimates that are reasonable in the circumstances.

### Our independence and quality control

We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour. This includes all of the requirements defined in the *National Greenhouse and Energy Reporting Regulations 2008* (NGER Regulations) regarding the Code of Conduct, independence and quality control.

**[The following is optional]** Furthermore, we have complied with either of the following:

* In accordance with Australian Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements, [name of assurance practitioner’s firm*] maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
* In accordance with ISO 14065:2007 *Greenhouse Gases—Requirements for Greenhouse Gas Validation and Verification Bodies for Use in Accreditation or Other Forms of Recognition* and the NGER Regulations, *[name of auditor]* maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our responsibility

Our responsibility is to express a conclusion on whether the audited elements of the application (as described above) have been prepared, in all material aspects, in compliance with the requirements of the REE Regulations and measurement policies adopted and disclosed in the application.

We conducted our assurance engagement in accordance with the *National Greenhouse and Energy Reporting (Audit) Determination 2009* (NGER Audit Determination) and/or relevant national and international standards, as listed below. The NGER Audit Determination and/or relevant Auditing and Assurance Standards Board standards require that we comply with relevant ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance as to whether the subject matter is free from material misstatement.

*[List any relevant audit standard used in undertaking the assurance engagement. These standards could include:*

* Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information*
* Australian Standard on Assurance Engagements ASAE 3100 *Compliance Engagements*
* Australian Standard AS ISO 14064.3-2006 *Greenhouse gases–Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions*, and
* ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*.

Our procedures were designed to obtain a reasonable *[and, for expected production, limited]* level of assurance on which to base our conclusion. An assurance engagement involves performing procedures to obtain evidence about the matter being audited.

The procedures selected depend on the audit team leader’s judgement, including the assessment of the risks of material misstatement or material non-compliance of the matter being audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to *[audited body]*’s determination of the amounts and disclosures in the matter being audited in order to design assurance procedures that are appropriate in the circumstances; but not for the purpose of expressing an opinion on the effectiveness of *[audited body]*’s internal controls.

An assurance engagement also includes evaluating the reasonableness of production estimates made by management of the company, and evaluating the overall presentation of the application by management of the company.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

### Summary of procedures undertaken

Our procedures included the following:

*[Insert a summary of procedures undertaken. These can include such procedures as:*

* *interviews conducted to gather evidence*
* *analysis of procedures that the audited body used to gather data.*
* *testing of calculations that the audited body performed, and*
* *identifying and testing assumptions supporting the calculations.*

*More detailed procedures can be included in Part B of the audit report.]*

### Use of our reasonable assurance engagement report

This report is intended solely for the use of *[audited body]*, the Clean Energy Regulator *[and intended users identified in the terms of the engagement]* for the purpose of reporting on *[audited body’s]* exemption certificate application. Accordingly, we expressly disclaim and do not accept any responsibility or liability to any party other than *[audited body]*, the Clean Energy Regulator and *[names of intended users]* for any consequences of reliance on this report for any purpose.

### Inherent limitations

There are inherent limitations in performing assurance—for example, assurance engagements are based on selective testing of the information being examined. Because of this, it is possible that fraud, error or non-compliance might occur and not be detected. An assurance engagement is not designed to detect all instances of non-compliance with the REE Act and REE Regulations, because such an engagement is not performed continuously throughout the period being examined, and because the procedures performed in respect of compliance with the REE Act and REE Regulations are undertaken on a test basis. The conclusion expressed in this report has been formed on the above basis.

**[Include if conclusion is modified]** Basis for [qualified/adverse/disclaimer] conclusion

*[Insert basis for modification to the auditor’s report.]*

### Our conclusion

*[Insert conclusion as appropriate, referring to section 3.17 of the NGER Audit Determination]*

#### Reasonable assurance opinion

In our opinion:

* the activities set out in the application that are claimed to be an emissions‑intensive trade‑exposed activity comply, in all material respects, with each of the requirements in the description of the activity set out in Schedule 6
* the application presents fairly, in all material respects, the electricity use method advice
* the electricity use method advice is reasonable, and in all material respects is not likely to result in including an amount of electricity that is not a use amount, and
* [if an audit report is required under subregulation 22UG(5) or (6)] the amendments and reasons for the amendments mentioned in paragraph 22S(3)(e) or 22T(2)(d) are reasonable.

*[Signature—of audit team leader]*

*[Name—of audit team leader]*

*[Firm]*

*[Location]*

*[Date]*

## Part B—Detailed findings

Section 5.7.3 of this handbook provides detailed advice on how to fill out Part B of the audit report.

As required under section 3.23 of the NGER Audit Determination, audit team leaders must outline the following:

*[If no entry is needed, indicate that it is not applicable]*

### Issues requiring particular attention

|  |
| --- |
|  |

### Aspects impacting on assurance engagement

|  |
| --- |
|  |

### Contraventions of RET legislation

|  |
| --- |
|  |

### Matters corrected during the course of the audit

|  |  |
| --- | --- |
| Issue A |  |
| Issue B |  |
| Issue C |  |

### Other matters

|  |
| --- |
|  |

### Audit findings and conclusions table

|  |  |  |  |
| --- | --- | --- | --- |
| Risk area investigated  *[as outlined in the audit plan]* | Testing conducted | Findings | Conclusion |
| Issue A | *[Provide a description of the audit procedures carried out to audit this item of the scope]* | *[Provide a description of the audit finding. The auditor may include a summary of the process/figures audited and whether any material misstatements were identified]* | *[Insert conclusions against the issue/risk area]* |
| Issue B |  |  |  |
| Issue C |  |  |  |

### Peer reviewer conclusion

|  |  |
| --- | --- |
| Name of the peer reviewer |  |
| Peer reviewer’s credentials |  |
| Peer reviewer contact details |  |
| Outcome of the evaluation undertaken by the peer reviewer |  |

*[Signature—of audit team leader]*

*[Name—of audit team leader]*

*[Firm]*

*[Location]*

*[Date]*