# Cover image for the Letters of engagement and engagement plan templatesLetters of engagement and engagement plan templates

December 2019

# Letter of engagement template—Assurance engagement

*[Refer to Division 3.2 of the NGER Audit Determination for further information on initiating an assurance engagement.]*

The Directors or the Clean Energy Regulator *[address to those who appointed the audit team leader]*

Dear Directors *[and/or]* the Clean Energy Regulator

## Letter of engagement for *[insert description of service to be performed]* for *[insert name of appointing body]*

This engagement letter including the assurance engagement terms in Appendix 1, confirms the terms of this engagement and the scope of the services I will provide to *[insert name—the 'audited body' or 'the Clean Energy Regulator', as appropriate dependent on who appointed the audit team leader*].

### Background

*[Detail relevant background to the assignment and understanding of the audit requirements]*

### Scope of work

*[Insert description of scope of work. Information to be included is:*

* *type of assurance to be provided (reasonable or limited assurance)*
* *the audit objective*
* *matter(s) to be audited*
* *criteria used to evaluate or measure the matter to be audited*
* *period covered (state date range or year ended), and*
* *how any issues noted during the preparing or planning stages will be resolved in order to allow the performing stage to commence.]*

|  |
| --- |
| *[Describe the nature, timing, and extent of the procedures to be performed, including specific reference where applicable to what documents and records will be read. Also describe the individuals to be contacted and parties from whom confirmations will be obtained.]* |

On completion of our work, we will issue our assurance engagement report stating our conclusion as to whether *[insert name]* complied with *[insert requirement of the relevant legislation]* in all material respects *[insert a description of what we are providing an assurance conclusion on*] for *[state period covered]* in accordance with *[the criteria*].

Our report is solely for your information.

### Our responsibilities

We will conduct our work in accordance with the *National Greenhouse and Energy Reporting (Audit) Determination 2009* (NGER Audit Determination) and *[insert other relevant standards]* and accordingly will perform such tests and procedures as we consider necessary in the circumstances in order to address *[the matter to be audited]*.

### Inherent limitations

There is an unavoidable risk that work planned and executed in accordance with the NGER Audit Determination may not detect a fraud, error or non-compliance with laws and regulations, particularly where there has been concealment through collusion, forgery or other illegal acts. However, we will communicate to *[insert name]*, as appropriate, any such matters that come to our attention.

### Audited body’s *[or other responsible party’s]* responsibilities

*[Name of audited body]* is responsible for *[matter to be audited*].

*[Name of audited body]* is also responsible for making available to us, in a timely manner, all information necessary for performing our examination and tests and company personnel to whom we may direct enquiries. As required by the NGER Audit Determination, we will make specific enquiries of management of the audited body about matters *[or substitute 'matters' with subject we are reporting on]* within the scope of our work and may request written representation from management on such matters. The results of our tests, inspections and observations, the responses to our enquiries and the written representations from management comprise the evidential matter we intend to rely upon in forming our opinion on *[insert a description of what we are providing assurance on]*.

### Deliverables

Our deliverables will be an assurance engagement report.

### Management representation letter

We will seek written confirmation from the directors and/or senior management of the audited body in respect of representations made to us in connection with the engagement.

### Our team

*[Include names of professional members of the audit team and a brief description of their role in the engagement.]*

### Timing and fees

*[Insert timetable for completion of the engagement].*

*[Insert fees and basis on which fees are charged—for example, per hour or fixed fee].*

The basis of our fee arrangements are set out in the attached Terms of Business.

### Acknowledgment of terms

Please acknowledge your agreement to the scope and terms of our engagement as set out in this engagement letter and the attached assurance engagement terms by signing the copy of the engagement letter in the space provided and returning it to us.

Yours faithfully

*[Name]*

*[Title]*

### Appointing body acceptance

Signed for and on behalf of *[name of audited body/the Clean Energy Regulator]* as confirmation of its agreement with the terms of this engagement letter.

|  |  |
| --- | --- |
| Name of company official |  |
| Title |  |
| Signature |  |
| Date |  |

The signatory warrants that he/she has the authority to sign for and on behalf of *[name of audited body / the Clean Energy Regulator]*.

# Letter of engagement template—Verification engagement

*[Refer to Division 4.2 of the NGER Audit Determination for further information on initiating a verification engagement.]*

The Directors or the Clean Energy Regulator *[address to those who appointed the audit team leader]*

Dear Directors or the Clean Energy Regulator

## Letter of engagement for *[insert description of service to be performed]* for *[insert name of appointing body]*

This engagement letter and the verification engagement terms in Appendix 1 outline the terms and objectives of this engagement and the nature and limitations of the services I will provide to *[insert name—the 'audited body' or 'the Clean Energy Regulator', as appropriate dependent on who appointed the audit team leader]*.

### Background

*[Detail relevant background to the assignment and understanding of the audit requirements.]*

### Scope of work

*[Insert description of scope of work. Information to be included in this is:*

* *the audit objective*
* *matter(s) to be audited*
* *criteria used to evaluate or measure the matter to be audited*
* *period covered (date range or year ended), and*
* *how any issues noted during the preparing or planning stages will be resolved in order to allow the performing stage to commence.*

This verification engagement will be conducted in accordance with the *National Greenhouse and Energy Reporting (Audit) Determination 2009* (NGER Audit Determination) and I will indicate so in the verification report.

We have agreed to perform the following procedures and report to you the factual findings resulting from our work:

|  |
| --- |
| *[Describe the nature, timing and extent of the procedures to be performed, including specific reference where applicable to what documents and records will be read, which individuals will be contacted and what parties will provide confirmations. The description of the procedures should be as specific as possible and wording such as 'high level review', 'we will ensure', 'material differences' and other phrases suggesting assurance is provided should be avoided.]* |

The responsibility for determining the adequacy or inadequacy of the procedures agreed to be performed by us is that of the directors and/or the Clean Energy Regulator. The procedures we will perform are solely to assist you in *[state purpose]*. Our report of factual findings is not to be used for any other purpose and is solely for your information.

### Our responsibilities

We will conduct our work in accordance with the NGER Audit Determination and, accordingly, will perform such tests and procedures as we consider necessary in the circumstances in order to satisfy the audit objective.

### Inherent limitations

There is an unavoidable risk that work planned and executed in accordance with the NGER Audit Determination may not detect a fraud, error or non-compliance with laws and regulations, particularly where there has been concealment through collusion, forgery or other illegal acts.

There are inherent limitations in performing such work—for example, work is based on selective testing of the information being examined—and therefore errors and irregularities may not be detected. However, we will communicate to *[insert name]*, as appropriate, any errors that come to our attention.

### Audited body’s *[or other responsible party’s]* responsibilities

*[Name of audited body]* is responsible for *[the matter to be audited]*.

*[Name of audited body]* is also responsible for making available to us, in a timely manner, all information necessary for performing our examination and tests and company personnel to whom we may direct enquiries. As required by the NGER Audit Determination, we will make specific enquiries of management of the audited body about matters *[or substitute 'matters' with the subject we are reporting on]* within the scope of our work and may request written representation from management on such matters. The results of our tests, inspections and observations, the responses to our enquiries and the written representations from management comprise the evidential matter we intend to rely upon in reporting our findings on *[insert a description of what we are providing verification on]*.

### Deliverables

Our deliverable will be a report of factual findings.

### Management representation letter

We will seek written confirmation from the directors and/or senior management of the audited body in respect of representations made to us in connection with the engagement.

### Our team

*[Include names of professional members of the audit team and a brief description of their role in the engagement.]*

### Timing and fees

*[Insert timetable for completion of the engagement].*

*[Insert fees and basis on which fees are charged—for example, per hour or fixed fee].*

The basis of our fee arrangements are set out in the attached Terms of Business.

### Acknowledgement of terms

Please acknowledge your agreement to the scope and terms of our engagement as set out in this engagement letter and the attached assurance engagement terms by signing the copy of the engagement letter in the space provided and returning it to us.

Yours faithfully

*[Name]*

*[Title]*

### Client or Clean Energy Regulator acceptance

The terms of this engagement are accepted by *[name of signatory]* on behalf of *[name of audited body* / *the Clean Energy Regulator]* who represents that he/she is authorised to accept these terms on its/their behalf.

|  |  |
| --- | --- |
| Name of company official |  |
| Title |  |
| Signature |  |
| Date |  |

The signatory warrants that he/she has the authority to sign for and on behalf of *[name of audited body /[the Clean Energy Regulator].*

# Assurance/Verification engagement management representation letter template

*[Refer to Division 3.3 and 4.3 of the NGER Audit Determination for further information on planning and performing an engagement]*

|  |
| --- |
| **Important note on the management representation letter**  As the management representation letter forms part of the audit team leader’s evidence, the audit team leader should seek management to provide written representations on further matters to those included in the template below.  Subsection 3.14 (3) of *the National Greenhouse and Energy Reporting (Audit) Determination 2009* (NGER Audit Determination) provides the opportunity for the audit team leader to seek a written representation from the audited body stating that a matter is reliable, accurate and complete where sufficient evidence cannot reasonably be expected to exist to support the matter. The audit team leader should strongly consider this option in preparing the assurance engagement management representation letter.  It should also be made clear in the management representation letter that the information provided throughout the engagement may be provided to the Clean Energy Regulator for the purposes of undertaking a periodic formal review or inspection of a greenhouse and energy auditor’s registration, under subdivisions 6.5.3 or 6.5.6 of the *National Greenhouse and Energy Reporting Regulations 2008* (NGER Regulations). |

*[Street address]*

*[City]*

*[Postal code]*

*[Date]*

Dear Sir or Madam

## Letter of representation for *[audited body name]* for the *[period ended]* *[insert date]*

*[I/We] [insert name of title]* confirm to the best of our knowledge and belief, and having made appropriate enquiries of other directors and officials of *[audited body name]*, the following representations given to you in this letter are true and correct.

The representations are in connection with your assurance engagement regarding matters being audited and the criteria in the accompanying [*insert a description of what we are providing an assurance conclusion on]*, as required by the *National Greenhouse and Energy Reporting (Audit) Determination 2009* (NGER Audit Determination).

*[I/We]* recognise that obtaining representations from *[audited body name]* concerning the information contained in this letter is a significant procedure in enabling you to obtain *[reasonable/limited]* assurance over *[insert a description of what we are providing an assurance conclusion on]*.

### General

1. *[I/We]* acknowledge the *[directors and/or management’s]* responsibility for:
   * preparing the [matter to be audited] in accordance with the [insert appropriate legislation]
   * ensuring the completeness and accuracy of the information in the *[insert a description of what we are providing an assurance conclusion on*], and
   * compiling the information in the *[insert a description of what we are providing an assurance conclusion on]* of *[audited body name*] in accordance with the criteria.
2. *[I/we]* acknowledge *[audited body name’s]* responsibility for:
   * evidence provided by it as part of the assurance engagement
   * the design and implementation of the audited body’s systems and processes to ensure the reliability and accuracy of the matter being audited and the other systems and processes that the audited body has that are relevant to the matter being audited
   * *[audited body name]* has maintained sufficient records and related information to prepare and accurately present the information in the [insert a description of what we are providing an assurance conclusion on
   * all relevant records have been made available to you for the purpose of your engagement, and all the information has been properly reflected and recorded in these records. All other records and related information which might affect the completeness and accuracy of the information has been made available to you, and
   * all important information relevant to this engagement has been brought to your attention.
3. In addition, *[I/we]* acknowledge that the information provided for the assurance engagement may later be required by the Clean Energy Regulator for the purposes of undertaking a periodic formal review or inspection of a greenhouse and energy auditor’s registration, under subdivisions 6.5.3 or 6.5.6 of the *National Greenhouse and Energy Reporting Regulations 2008* (NGER Regulations).

### Estimates

1. In relation to *[my/our]* estimate, the measurement process and underlying assumptions used for this estimate are appropriate in the context of *[insert applicable framework, that is, the NGER legislation]*, *[my/our]* application of these processes is consistent, complete and appropriate disclosures have been made in the criteria, and no subsequent events have occurred which require an adjustment to the estimate made.

### Illegal acts, fraud or uncorrected errors

1. *[I/We am/are]* not aware of *[or ‘We have disclosed to you’]* any illegal acts, fraud, or uncorrected errors attributable to management or employees of *[audited body name]* who have significant roles relevant to preparation of matters being audited and the determination of the Criteria.
2. *[I/We]* acknowledge that giving false or misleading information is a serious offence.
3. *[I/We]* understand that your assurance engagement was conducted in accordance with the NGER Audit Determination.

### Subsequent events

1. *[I/We]* have disclosed to you any events that occurred subsequent to *[date]* and through the date of this letter that would have a significant effect on the matters being audited.

*[Add other representations that may be required in the letter because of special circumstances such as matters specific to the audited body]*

Yours faithfully

*[Name]*

*[Title]*

# Assurance engagement plan template—for use with NGER audits

*[Refer to Division 3.3 and 4.3 of the NGER Audit Determination for further information on planning and performing an audit engagement.*

*This template is for assurance engagement plans only. The template would need to be modified for use in a verification engagement plan.]*

## Background

### Purpose of this document

This assurance engagement plan sets out our proposed approach to our *[reasonable/limited assurance engagement]*, including our proposed audit procedures, the results of our audit planning, our timetable and an outline of the information required of *[audited entity]* to enable us to complete our assurance procedures efficiently and effectively, and in accordance with the relevant assurance standards and legislation.

### Relevant legislation

*[Include summary of legislation under which the reporting and assurance is being provided]*

### Scope of services

In accordance with our engagement letter dated *[date]* you have requested a *[reasonable/limited assurance/verification engagement]* be conducted in relation to *[define subject matter]*.

The following assurance standards will be applied for this engagement:

*[List relevant assurance standards and legislation including the NGER Audit Determination. Note that the standards and legislation applicable to audits may differ between different schemes administered by the Clean Energy Regulator. Make sure that you are referring to the correct standards and legislation. Refer to chapter 1 of this handbook for more information.]*

### Project timetable

The following timetable documents the main activities and deliverables as well as the related timing for the conduct of the engagement:

|  |  |  |
| --- | --- | --- |
| Engagement activity | Deliverable | Timing |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

Should any issues arise in the performance of our procedures which cause a significant change in our approach or timeline, we will discuss these matters with you to determine the most efficient resolution.

### Engagement team assignments

The audit team leader for this engagement will be responsible for the overall delivery of our services and will be the signing partner. Please feel free to contact *[name of team leader]* should you have any feedback on this engagement or our approach at:

[*list contact details, including telephone number and email address]*.

The peer reviewer is not considered a member of the engagement team. Matters related to the peer reviewer are detailed in the subsequent section.

The following table details the following for each of the audit team members:

* name of members of the engagement team
* name of the organisation they belong to
* role in the team, and
* key responsibilities in the engagement.

This table includes team members with specialist expertise from outside of our organisation who are taking part in this assurance engagement.

*[Refer to sections 4.2 and 5.3.6 in this handbook for more information on the use of people with specialist expertise, both from within and outside your organisation, as members of the audit team.]*

|  |  |  |  |
| --- | --- | --- | --- |
| Name | Organisation | Role | Key responsibilities |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

*[In completing this table, under ‘Organisation’, list the name of the body that the team member belongs to, which may be your audit firm or another organisation. Under ‘Role’, list what role they will play in the team, such as ‘Team leader,’ ‘Team member’ or ‘Outside expert’. Under ‘Key responsibilities’, list the main tasks that the team member will undertake in the audit.]*

### Peer reviewer

In accordance with the NGER Audit Determination, this engagement will also be subject to peer review from *[peer reviewer name]*, at key milestones. *[Peer reviewer name]* has sufficient and appropriate qualifications, experience and authority to undertake the peer review. The contact details for the peer reviewer are:

*[Insert contact details of peer reviewer, including telephone number and email address. See section 4.2 of this handbook for more information on who can be a peer reviewer and what their function is. Audit team leader is only to sign the assurance reports once the peer review is complete.]*

## Results of our planning procedures

Outlined below is a summary of our understanding of the key matters relating to the assurance engagement gained during the planning phase. This is based on our initial discussions with the company and additional information provided by them. This section provides background information on the company’s operations, key contacts and the systems and processes relevant to the assurance engagement.

### Our understanding of *[audited body]*’s business

*[Insert summary of audited body’s business]*

***[Audited body]*’s facilities and activities during 20*XX-XX***

|  |  |  |
| --- | --- | --- |
| Facility | Location | Activities |
|  |  |  |
|  |  |  |
|  |  |  |

The following *[audited body]* personnel are responsible for preparing *[the subject matter]*.

**Key contacts at *[audited body]***

|  |  |  |
| --- | --- | --- |
| Name | Position | Contact details |
|  |  |  |
|  |  |  |
|  |  |  |

### Our understanding of *[audited body]*’s reporting systems and processes

Based on our discussions with management, *[Include description of data systems and processes]*

### Our understanding of industry sector specific considerations relevant to the assurance engagement

*[Include any relevant industry specific considerations.]*

## Detailed assurance procedures

### NGER materiality assessment

Materiality is a concept used to plan and conduct our assurance procedures, and to assess the consequences of potential adjustments to the reported data. Information is material if its omission or misstatement could influence the decisions of users based on the data to be reported. The NGER Audit Determination requires both qualitative (nature) and quantitative (amount) characteristics to be considered when assessing whether information is material or not and hence should be adjusted or amended.

*[Include details of materiality levels set].*

### Procedures to be undertaken

The following table is a summary of the assurance procedures to be undertaken as per our letter of engagement dated *[date]*.

|  |
| --- |
| Procedures |
|  |
|  |
|  |
|  |

### Facilities to be audited

The following table is a summary of the facilities to be audited, including whether or not they are to subject to site visits, as per our letter of engagement dated *[date]*.

|  |  |
| --- | --- |
| Facility | Subject to site visit (yes/no) |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

### Assurance risks to be addressed

The table below sets out the key assurance risks identified through our planning process and our approach to addressing these risks.

**Items or issues that will require attention during the assurance engagement and our assurance response, including general assurance risks that will impact the carrying out of the assurance engagement and our assurance response.**

|  |  |  |
| --- | --- | --- |
| Risk | Assurance procedure | Information required |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

Unless noted otherwise, all information is required on commencement of our assurance engagement. The procedures to be undertaken have been determined using professional judgement and may be subject to adjustment during the course of the engagement, based on the results of the activities completed.

Safeguard Mechanism