



Board Meeting Summary Paper

Subject: Sustainability – Assurance for National Greenhouse and Energy Reporting Scheme and Carbon Pollution Reduction Scheme

Date: 17 February 2009

AUASB
AGENDA
ITEM NO.

7

Meeting Date:
23-24 February

2009

Action Required

For Information Purposes Only

Agenda Item Objectives

To update the AUASB on the status of the Department of Climate Change's proposed auditing and assurance requirements for the National Greenhouse and Energy Reporting and the Carbon Pollution Reduction Schemes.

Background

The *National Greenhouse and Energy Reporting Act 2007* (NGER) was enacted to introduce a single national reporting framework for the reporting and dissemination of information related to greenhouse gas emissions and energy consumption and production, as a central point for gathering that information and to underpin the Carbon Pollution Reduction Scheme (CPRS). NGER provides for "external audits" under sections 73 and 74 at the request of the regulator and s.75 requires that audits are conducted and a report prepared in accordance with the regulator's guidelines, to be set out in a legislative instrument.

External auditors under the NGER definition must have "professional expertise and qualifications which meet the requirements specified in the regulations". Consequently, in order for these external audit provisions to be implemented, the following documents are required:

1. A legislative instrument containing guidelines for the conduct of audits and reporting; and
2. Regulations specifying the professional expertise and qualifications required of auditors.

The Department of Climate Change (DCC) published a green paper outlining the government's approach to the design of the Carbon Pollution Reduction Scheme in July 2008, followed by a white paper setting out the government's policy in relation to the Carbon Pollution Reduction Scheme in December 2008.

A comparative schedule of the position taken under the white and green papers is presented in Agenda Item 7.1. The key change in the position on assurance between the green and white paper is that whilst in the

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green paper assurance would be carried out in accordance with the AUASB's Standards, the white paper leaves it open to the government to finalise the standards (if any) to be referenced in the NGER guidelines after considering submissions made in response to its public consultation paper, *National Greenhouse and Energy Reporting Act 2007* and Carbon Pollution Reduction Scheme—external audit consultation paper. The consultation paper was primarily focussed on the criteria for registration of auditors, with a few questions on the content of auditor's reports. AUASB's response to that paper was tabled at the December 2008 AUASB meeting.

Since that time, the DCC has been working on amendments necessary to NGER to provide for audit of emissions reports for CPRS and well as developing the documents required to support NGER, namely a legislative instrument for the conduct of audits and reporting and regulations for the registration of auditors. The AUASB Technical Group has been working with the DCC since November 2008 primarily to assist them in identifying the key requirements of the AUASB Standards which are relevant to assurance on emissions reports and secondarily to assist in the identification of suitable criteria for the registration of auditors under NGER. The DCC has also conducted a similar exercise to identify the key requirements of the relevant ISO standards.

The AUASB recently participated in discussion with the DCC and a number of key professional and industry bodies regarding criteria for the registration of auditors. The DCC will use the outcomes from those discussions in its work on developing the regulations for auditor registration.

Matters to Consider

The AUASB Technical Group will work with the DCC in the development of requirements for the conduct of audits, reporting and registration of auditors under NGER. The AUASB will be seeking consistency with existing AUASB Standards and will also be considering whether there is a need for new standards or guidance in this area.

Material Presented

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| Agenda Item 7 | Board Meeting Summary Paper |
| Agenda Item 7.1 | Comparison of the Department of Climate Change's CPRS White Paper and Green Paper Positions on Assurance |

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