



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **10**
Meeting Date: 26 November 2012
Subject: NGER and Clean Energy Schemes Assurance
Date Prepared: 15 November 2012

Action Required

For Information Purposes Only

Agenda Item Objectives

Consider Guidance Statement on National Greenhouse and Energy Reporting Scheme (NGERS), Clean Energy Scheme (CES) and Related Schemes Assurance for approval.

Background

The AUASB issued ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* on 28 June 2012, which conforms with ISAE 3410 and is operative for reporting periods commencing 1 July 2012, to coincide with the commencement of the carbon pricing mechanism in Australia also on 1 July 2012.

At the 4 June meeting, the AUASB approved a project plan to develop a guidance statement to apply ASAE 3410 and other AUASB standards to engagements under the NGERS, Clean Energy Scheme, which creates the carbon pricing mechanism, and related schemes. The Guidance Statement has been developed to identify the myriad of assurance requirements under the schemes regulated by the Clean Energy Regulator, spread through a number of pieces of legislation and regulations, and explain how the AUASB standards, including ASAE 3410, ASAE 3000, ASAE 3100 and ASRS 4400, are applied in meeting those requirements.

The Project Advisory Group which was formed to advise on the development of the Guidance Statement met on 7 June, 1 August and 5 September 2012 prior to the last Board meeting. The Board agreed for the Guidance Statement to cover:

- Conducted by an assurance practitioner, including a registered greenhouse and energy auditor;
- To meet legislative or regulatory requirements in Australia for assurance under the National Greenhouse and Energy Reporting Scheme, the Clean Energy Scheme and related assistance and offsets schemes, as well as for voluntary assurance conducted under NGERS;
- To provide a reasonable assurance, limited assurance or agreed-upon procedures (verification/ no assurance) report; and

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- To apply any AUASB Standards, including but not limited to ASAE 3410, without repeating the requirements and guidance contained in those standards.

Consequently the Guidance Statement captures engagements conducted by assurance practitioners under NGRS, CES and Carbon Farming Initiative (CFI) and Jobs and Competitiveness Program for applications for Emissions-intensive Trade-exposed (EITE) industry assistance, liquefied natural gas (LNG) assistance, and Renewable Energy Target (RET) exemption.

Matters to Consider

The Project Advisory Group has met twice since the last Board meeting on 18 October and 8 November to consider further drafts of the Guidance Statements. Comments on the drafting have been received from the Project Advisory Group in those meetings, supplemented by some in writing.

Whilst the document has evolved considerably since the last Board meeting, the key areas which have been amended or developed are guidance on:

- Terms of engagement from agreed-upon procedures and assurance engagements.
- Suitable criteria under each scheme.
- Timing of the engagement of the assurance practitioner.
- Basis of preparation which may be sought for reports to be assured.
- Clarification of materiality.
- Understanding the entity and its environment.
- Overall responses to assessed risks of material misstatement and further procedures, including:
 - Work effort for a limited versus reasonable assurance engagement.
 - Sampling.
 - Estimates.
 - Fraud.
- Representations from the responsible party.
- Subsequent events.
- Documentation.
- Engagement Quality Control Review.
- Assurance on *NGER Uncertainty*.
- Other information .
- Emphasis of matter and other matter paragraphs.

Appendices have been developed on:

- Abbreviations (Appendix 1)
- Engagement letters for agreed-upon procedures and assurance engagements (Appendix 4).
- Engagement reports for AUP, limited and reasonable assurance engagements (Appendix 5)

AUASB Technical Group Recommendations

The Technical Group recommend the final Guidance Statement for approval subject to the internal quality assurance process.

Material Presented

Agenda Item 10	AUASB Board Meeting Summary Paper
Agenda Item 10.1	Final Draft Guidance Statement GS XX <i>Engagements under the National Greenhouse and Energy Reporting, Clean Energy and Related Schemes</i> (confidential – not for distribution) (Clean Version)
Agenda Item 10.2	Final Draft Guidance Statement GS XX <i>Engagements under the National Greenhouse and Energy Reporting, Clean Energy and Related Schemes</i> (confidential – not for distribution) (Marked Up Version (electronic only))

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Approval of Guidance Statement, subject to QA.	Approval	AUASB	26 Nov 2012	Pending