



National Greenhouse and Energy Reporting Amendment Bill 2009
Exposure Draft - Comments Template
February 2009

Please forward the completed template to reporting@climatechange.gov.au by close of business Monday, 2 March 2009.

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Overarching Comments
The change of focus in the Act from “external audit” and “external auditor” to “audit team leader” and “greenhouse and energy audit” is supported. However, the JAB does have concerns about the inclusion of an “independence” requirement for auditor registration, and about some of the expressions used in the suggested amendments (e.g., “results” of an audit; “audits of persons” and so on). These concerns are highlighted in the following comments.

Specific Comments	
Clause	Comments
1. Amend section 7 – define ‘audit information’	We question whether the words “or on behalf of” are necessary in this definition. An audit team leader assumes responsibility for an audit, and the actions and work of the audit team, and any information obtained by the team is considered to have been obtained by the audit team leader.
2. Amend section 7 - define ‘audit team leader’	No comment
3. Amend section 7 - define ‘audit team member’	No comment
4. Amend section 7 - repeal definition of ‘external auditor’	No comment
5. Amend section 7 – define ‘greenhouse and energy audit’	We question whether this definition is of sufficient breadth to cover the assurance requirements of the CPRS, which we understand will reference the NGERs Act. Our view is that the definition will require

	more detail in order to accommodate the CPRS requirements.
6. Amend section 7 - Insert a definition for 'registered greenhouse and energy auditor'	No comment
7. Amend paragraph 16(4)(b) - require results of greenhouse and energy audits to be included on the (corporation) register established by section 16 of the Act	It is not clear what might be covered by the "results" of an audit. Does the DCC assume that this would include only the opinion paragraph of the assurance report; the entire assurance report; or more detailed information?
8. Amend paragraph 23(1)(a) – extend secrecy requirements to also cover audit information	We agree with this proposed amendment.
9. Amend paragraph 23(2)(d) – replace external auditor with audit team leader	No comment
10. Amend paragraph 23(2)(d) – extend secrecy requirements to audit team members	We agree with this proposed amendment.
11. Amend subsection 30(2) - administrative amendment	No comment
12. Amend paragraph 30(2)(b) - administrative amendment	No comment
13. Amend section 56 – administrative amendment	No comment
14. Amend paragraphs 56(a) to (h) - administrative amendment	No comment
15. Amend section 56 – insert two more decisions to be reviewable by the AAT	We agree with this proposed amendment.
16. Amend heading of Subdivision G of Division 4 of Part 6	No comment
17. Amend paragraph 73(2)(a) – appointment of auditors	No comment
18. Amend paragraph 73(2)(b) – replace 'external auditor' with 'audit team	No comment

leader'	
19. Amend paragraph 73(2)(b) – omit 'external'	No comment
20. Amend paragraph 73(2)(c) – replace 'external auditor' with 'audit team leader'	No comment
21. Amend subsection 73(4) – replace 'external auditor' with 'audit team leader' and 'audit team members'	No comment
22. Amend subsection 73(4) – replace 'external auditor' with 'audit team leader'	No comment
23. New section 73A – create power to audit information provided under section 20	The DCC may wish to clarify the wording of the heading of this section, as it would be most unusual to undertake an "audit" of "a person"? As noted in sub-section 2(b) of this section, the audit is a compliance audit. It might be clarified by including a definition of who or what may be considered "persons" for purposes of the Act.
24. Amend subsection 74(1) – replace 'external auditor' with 'registered greenhouse and energy auditor as audit team leader'	The DCC may wish to consider the proposed wording change. It would seem unnecessary to use the description "a registered greenhouse and energy auditor as audit team leader", when by definition (refer proposed amendment to Section 7 of the Act) an audit team leader means a registered greenhouse and energy auditor.
25. Amend subsection 74(1) – omit 'external'	No comment
26. Amend subsection 74(2) – replace 'auditor' with 'audit team leader'	No comment
27. Amend subsection 74(2)(a) – replace 'external auditor' with audit team leader'	No comment
28. Amend subsection 74(2A) – replace 'external auditor' with 'audit team leader' and 'audit team members'	No comment
29. Amend subsection 74(2A) – – replace 'external auditor' with audit team leader'	No comment
30. Amend subsection 74(3) – – replace 'external auditor' with audit team leader'	No comment

31. Amend subsection 74(3) - omit 'external'	No comment
32. New section 74A – create power to audit information provided under section 20	Refer comment at point 23 above.
33. Amend subsection 75(1) – replace 'external auditor' with audit team leader'	No comment
34. Amend subsection 75(1) – insert 'prepare for'	Insertion of the words "prepare for and" are unnecessary, as the "conduct" of an assurance engagement, by definition, involves the planning and preparation phases, which are of critical importance.
35. Amend subsection 75(1) – replace 'guidelines' with 'requirements'	No comment
36. Amend subsection 75(2) – replace 'guidelines' with 'requirements'	No comment
37. Amend subsection 75(2) – replace 'external auditor' with 'audit team leader'	No comment
38. Amend subsection 75(2) – insert 'preparing for'	Refer comment at point 34 above.
39. New section 75A – establishes requirement for auditors to register with the GEDO and outlines details of the registration process	<p>Subsections 2(b) and 4 of this section indicate that the DCC aims to develop registration requirements that include a requirement to be "independent". It is unclear how practically, the DCC would be able to administer a registration requirement of this kind.</p> <p>The need for independence would normally be described in the requirements for the conduct of the assurance engagement, rather than be an overarching registration requirement. That is, the auditor would need to ensure that they are independent of the specific client for whom they are providing assurance. Independence is considered in relation to the conduct of each individual engagement, and would not be a characteristic of the registration requirements. The DCC should consider amending the draft provision to require a registrant to commit to meeting the requirements for engagements under the legislation. This would ensure that registrants are legally bound from the point of registration to follow ethical and other requirements relevant to the work they perform under the Act.</p> <p>A way of addressing the vital question of professional independence would be to include the requirement for the "audit team leader", as well as all members of the engagement team conducting the audit, to be independent in fact and in appearance of the client.</p> <p>It is likely that the registration fee, referred to in subsection (d), will be "factored into" the pricing of audits by the auditor, thus increasing the cost of regulatory compliance on the part of reporting entities.</p>

40. Repeal paragraph 24(1)(c) – publication of energy production information	No comment
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