



independent competition and regulatory commission

Final Decision

**Compliance Audit
Framework**

Report 14 of 2005

November 2005

The Independent Competition and Regulatory Commission (the Commission) is established under the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act). The Commission's functions are set out in section 7 of the ICRC Act.

The Commission is made up of three commissioners:

Paul Baxter, Senior Commissioner
Robin Creyke, Commissioner
Peter McGhie, Commissioner

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Foreword

The Commission is responsible under the *Utilities Act 2000* (the Act) for ensuring that licensed utilities in the ACT comply with the conditions of the Act and subordinate conditions included in their licences. Since 2002, when the Commission commenced its compliance program, the Commission has relied on compliance and performance reports to assist it in establishing whether licensees have met the conditions of their licences. It is clear from those reports that not only are licensees complying with their obligations but that the ACT is as well served as other jurisdictions by its service and network providers.

To date, the Commission has taken the information provided in the compliance reports largely at face value. However, to provide the Commission and the public with the assurance that reliable and valid information is being provided, it is desirable that the tests currently applied be supported by a program of audits.

The fact that the Commission is developing an audit program does not imply that licensed utilities are attempting to avoid compliance or that information is not being provided in good faith. The Commission is satisfied that this is not the case. However, the Commission considers that it would not be meeting its obligations fully if it did not confirm that utilities had systems and procedures in place to enable them to meet their regulatory obligations, and that the information reported to the Commission is accurate and free of material distortion.

The Commission contemplates several possible areas of application of an audit framework. The principal aim of the program will be to assess the adequacy of licensees' internal policies and procedures for managing and monitoring compliance with statutory and licence obligations. A lesser, but nonetheless important, objective of the audit program will be to look in greater detail at the data provided to the Commission and the systems used to capture it.

The audits will generally be targeted, with a full audit necessary only if the targeted audit identifies issues needing further investigation. A compliance audit is therefore likely to examine, among other things, risk management and other control structures, information systems, and reporting and monitoring systems.

The Commission therefore views the compliance audit program as supplementing its compliance reporting program, with a requirement for audit being the exception rather than the rule.

This report outlines the procedures and processes that the Commission will adopt in undertaking compliance audits.

Paul Baxter
Senior Commissioner
November 2005

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1 Introduction

Australian economic regulators use a mix of compliance reporting and compliance audits to monitor licensees' compliance with their regulatory obligations. In addition to such externally imposed checks, licensees have their own internal compliance programs and conduct internal audits to test the effectiveness of those programs.

To date, the Commission has relied primarily on information provided to it in utilities' annual compliance and performance reports to assess their compliance with the utilities' statutory and licence obligations. Based on this information, the Commission is satisfied that there has been a high level of compliance, and that the reporting framework is adequately designed to capture relevant information on which to base this view.

To supplement the information that the Commission obtains through the annual reporting process, the Commission is developing an audit program to enable it to look in greater detail at the data provided by the utilities, the systems used to capture the data, and the systems that licensees have in place to ensure compliance.

To that end, the Commission released a position paper in July 2005 that proposed a compliance audit framework for utilities licensed in the ACT.

In response, the Commission received six submissions on a range of issues raised in the paper. While there was general support for the Commission's proposed compliance audit framework, some issues were raised that required reconsideration of certain aspects of the proposed framework. The Commission has attempted to resolve these matters, taking into account licensees' views and needs and the interests of consumers. Finally, while the views expressed in the submissions have been taken into consideration in the formulation of the Commission's decision, the Commission is responsible for the final decision.

The structure of this paper is as follows:

- Chapter 2 summarises the views expressed in the submissions made to the Commission.
- Chapter 3 recapitulates key elements of the framework proposed in the position paper and discusses them in the context of the comments or issues raised in submissions.
- Chapter 4 outlines the audit framework that the Commission intends to adopt.

This paper is available electronically, on compact disc and through the Commission's website. However, if access to information technology is limited, the Commission can make printed copies of the report available.

2 Submissions received

The Commission received six submissions on its proposed utilities compliance audit framework. Five of the submissions were from licence holders, namely:

- TRUenergy Australia Pty Ltd
- ENERGEX Ltd
- ActewAGL
- AGL Electricity Ltd
- EnergyAustralia

The Technical Regulator (ACT Planning and Land Authority) also provided comments.

A summary of the key issues is provided below.

2.1 Identifying matters for auditing

A number of electricity retailers stressed the need for a “light-handed” approach to audits, with audits focusing on key issues or areas in which annual reports identified some cause for concern. Indeed, AGL Electricity suggested that in such circumstances an audit should be considered a last resort and be undertaken only after efforts have been made to clarify and resolve the issue with the utility.

EnergyAustralia warned that publicly adopting a policy of using annual reports to identify matters for audit could lead to under-reporting by utilities. EnergyAustralia felt that, in order to avoid audits, utilities might attempt to conceal irregularities and not report accurately. It suggested that monitoring complaints referred to the Commission and to the Essential Services Consumer Council might be a better way of identifying matters for audit.

EnergyAustralia also disagreed with the suggestion that the Commission initiate audits in areas in which the current reporting regime is inadequate, suggesting that the Commission should instead seek to remedy such inadequacies.

AGL was concerned that audits not be used to obtain data that the utility would not ordinarily provide—or indeed be obliged to provide—to the regulator.

2.2 Frequency and timing of audits

Electricity retailers supported a requirement for less frequent audits and a reduced level of self-reporting if an audit produced satisfactory results or if significant improvement was evident. EnergyAustralia was more prescriptive, suggesting that audits should not be required more often than once every three years, unless significant issues were identified.

ENERGEX suggested that the Commission allow utilities a reasonable period of time to implement any systems and procedures necessitated by regulatory changes before auditing those

systems and procedures. EnergyAustralia held a similar view, recommending that any regulatory changes that need to be audited should be included in the next scheduled audit.

EnergyAustralia favoured an audit of all relevant obligations at one time, rather than smaller, more frequent audits, suggesting that this would help to minimise disruptions and costs to utilities.

More generally, AGL Electricity recommended that regulators develop a national approach to auditing to avoid multiple audits of the same or similar issues in several jurisdictions. The Technical Regulator made a similar point: that the Commission should develop a comprehensive audit program that met the needs of both these regulators.

2.3 Appointment of an auditor

TRUenergy questioned the Commission's reluctance to enter into a tripartite arrangement with a licensee and an auditor. Rather, it suggested that such arrangements work and are better than direct engagement because the auditor is accountable to both the regulator and the licensee. TRUenergy indicated that it had not found tripartite arrangements to be a threat to either the rigour or the independence of audits conducted in Victoria. Nor did it believe that this type of arrangement compromises the auditor's primary duty of care. TRUenergy suggested that, if tripartite arrangements are not adopted, another form of secondary accountability should be considered.

2.4 Audit scope

ActewAGL saw merit in the South Australian model, which allows individual licensees to broaden the audit scope specified by the regulator to include issues of concern to them. ActewAGL also suggested that there might be scope for utilities' internal audits to be modified to enable the regulator to get the type of independent assurance that it needed, while still helping the utility test the reliability of its controls. ActewAGL saw this as a way of minimising the extra cost burden of the regulator-initiated audits.

AGL Electricity recommended that a minimum of three months advance notice be given before an audit. It also recommended that audits be avoided at certain times of the year because of holidays and other operational considerations (such as in December–January and at the end of the financial year).

AGL Electricity recommended that audit scopes be as prescriptive as possible to remove any room for misinterpretation. It noted that a comparison of audit results might not be possible if audit scopes were not prescriptive or if different auditors were used for the same type of audit of like businesses.

2.5 Reporting procedures

Most submissions argued that, in the interests of accuracy and fair representation, utilities should be given the opportunity to review final audit reports and be able to have any inaccuracies corrected before finalisation. While the Technical Regulator agreed that licensees should be given the opportunity to comment on the draft version of an audit report, it felt that they should not have the right to amend the report and that any comments by them should be appended to the report.

Several electricity retailers commented on the publication of audit reports. There was general reluctance for reports to be published in full. In addition, EnergyAustralia recommended that utilities be advised of the timing of the release of audit reports to enable the preparation of media statements.

2.6 Audit costs

AGL Electricity recommended that, where an audit resulted from a complaint from a consumer group and the complaint was deemed to be unfounded or erroneous, the audit costs should be borne by the complainant organisation or by the Commission.

3 Discussion

The submissions on the Commission's proposed audit framework were generally supportive. Submissions agreed with the Commission's proposals that audits be targeted, that the frequency be influenced by audit results and that the materiality of obligations be used to determine the need for an audit. However, some issues were raised; these are addressed and discussed in this section.

3.1 Identifying matters for auditing

There was general agreement among licensees with the Commission's proposal to use a 'light-handed' approach to compliance audits. The Commission stated in its position paper that it intended not to rely on audit reports as a means of confirming utilities' compliance. It noted, however, that there would be occasions when compliance audits would be necessary or appropriate.

3.1.1 Identification by way of annual reports and third party complaints

As indicated in the position paper, the Commission intends to continue to rely mainly on the annual compliance reports to identify areas of non-compliance or irregularities. It also expects that areas of non-compliance will be identified through, for example, customer complaints to such agencies as the Essential Services Consumer Council.

In their responses to the Commission's position paper, a number of licensees commented that any issues identified through annual reports or referred to the Commission by a third party should first be referred to the licensee to remedy, and that an audit should only be required if the issues cannot be resolved.

This is consistent with the Commission's approach to responding to breaches. Although the Commission's response is ultimately determined by the nature of the breach, it prefers to give the utility the opportunity to remedy a problem before taking any formal action. The Commission has found this to be an effective way of resolving breaches, and envisages continuing with this approach. To this extent, audits would be a last resort.

The Commission has noted EnergyAustralia's concerns that utilities might be encouraged to under-report if it is publicly known that annual reports are used to identify irregularities in their performance. This may be unavoidable, as annual reports will invariably identify issues requiring further investigation and may therefore encourage a degree of under-reporting. However, the potential for the Commission to be alerted to a problem through other mechanisms (such as complaints to the Essential Services Consumer Council) will discourage deliberate under-reporting. Furthermore, the prospect of a compliance audit will act as a disincentive for licensees to under-report.

The Commission has extensive information-gathering powers under the *Independent Competition and Regulatory Commission Act 1997*, and so will not use a compliance audit as a means of obtaining information not routinely provided to it.

3.1.2 Audit to supplement reporting framework

In the position paper, the Commission suggested that in some cases reporting alone would not be adequate to establish whether a utility is compliant, and that an audit may be a more effective option. EnergyAustralia suggested that in such circumstances the Commission should review its reporting framework and adjust it to address inadequacies, rather than resort to audits. The Commission supports this approach and applies it as a first option; however, where evidence suggests that reporting is not achieving its objectives, the Commission may have to consider a direct audit. This should be the exception rather than the rule.

In the position paper, the Commission proposed a framework for determining whether or not an audit is necessary. The framework involves a risk assessment, including consideration of such matters as the materiality of any non-compliance, whether the non-compliance signifies a systemic problem, and whether the matter has already been identified or addressed in previous audits.

The Commission confirms that it will use a risk assessment approach in determining whether or not to require a utility to undertake an audit (see Section 4.1).

3.1.3 Audit to test licensees' compliance systems

The Commission suggested that audits would also be used to test the effectiveness and efficiency of an organisation's compliance systems (the design or systems of controls that are in place) and their effectiveness in promoting compliance.

Licensees did not object to the use of audits in these circumstances; in fact, several considered this to be the main reason for undertaking regulatory audits.

3.2 Frequency and timing of audits

The Commission has proposed that the need to audit will vary according to the nature of the issues identified. Initially, the Commission will identify high-risk matters, which will be audited frequently, possibly annually. Audits of other, lower risk matters may be as infrequent as every three to five years.

The frequency of audits will be reduced if audit results are favourable or show a significant improvement. Where ratings decline, the frequency will be maintained or, possibly, increased. The Commission will also take into account any recent internal or external audits of the same subject matter and consider exempting a utility from a further audit in certain circumstances.

Only experience can guide judgments about frequency and the accuracy of risk assessments. The Commission therefore cannot predict how often audits will be conducted, other than that they will be no more frequent than annually.

The Commission proposed that, if significant changes to the regulatory framework occur (for example, through legislative changes), there may be a need for additional targeted audits relating to new obligations. Licensees felt that in such circumstances they should be given a reasonable period of time to implement any new systems and procedures before requiring an audit of those systems and procedures. The Commission considers this a fair and reasonable suggestion.

EnergyAustralia also proposed that any regulatory changes that need to be audited be included in the next scheduled audit. The Commission agrees that this is a commonsense approach to the conduct of audits, and will adopt this approach where possible.

AGL Electricity suggested that a minimum of three months notice be given to a utility before an audit and that audits be avoided at certain times of the year. The Commission is mindful of the need to give utilities sufficient notice and to accommodate their operational requirements. It agrees to do so, to the extent that this is possible.

3.3 Setting of scope and terms of reference

In the position paper, the Commission proposed to advise utilities, in writing, of the particular issue to be reported on. The scope would be developed in consultation with the affected utilities, taking into account the likelihood of non-compliance and its consequences. Similarly, any recent internal audits or audits undertaken for another jurisdictional regulator would be taken into account in defining the scope of an audit.

ActewAGL suggested that the scope of an audit specified by a regulator could be broadened to include issues of concern to the individual licensee. The Commission has no objection to this proposal and sees this as part of the consultation process. The only qualification it would make is that, if a number of businesses providing the same utility service are to be audited, there will need to be a clear delineation between the issues the Commission wants audited and those that the licensee wants audited. The Commission sees this as necessary to enable a comparison of results between licensees.

ActewAGL also suggested that consideration be given to modifying utilities' internal audits to provide the Commission with the assurance that it wants. The Commission encourages utilities' efforts to improve the testing procedures of their controls using their internal audit procedures. Before making any decision to use an external auditor, the Commission would consider the results of such an internal audit.

The Commission noted in the position paper the need to provide clear terms of reference for the content of the auditor's report. Licensees supported this view and, indeed, some argued that the scope of an audit should be as tight as possible to remove any room for misinterpretation. They also argued that meaningful comparisons of results between licensees would be difficult without prescriptive terms of reference.

The Commission will address the definition of issues in individual audits, consulting with licensees in preliminary discussions with them as envisaged in Section 4.3.

The Commission commented in the position paper that the terms of reference for each audit would necessarily be specific to that audit and would need to take into account the matters and risks specific to each licensee. One licensee interpreted this to mean that there would be different requirements for different licensees within one class of service provision (for example, among electricity suppliers). This is not the Commission's intention. Rather, audit scopes will be tailored to the issues pertaining to licensees providing particular utility services (for example, electricity distribution, water supply or gas supply). Where more than one licensee provides the same service, the same minimum scope would apply to each licensee.

Comment was made on the need to coordinate audits between jurisdictional regulators and within the ACT (ie between the Commission and the Technical Regulator). The Commission concurs with this view and notes that state and territory regulators are currently working towards such an outcome. In particular, regulators are looking at the feasibility of coordinating and streamlining their compliance audit processes in the energy retail sector. Thus, where overlap in terms of the timing and scope of audits is identified, and where regulatory obligations are reasonably comparable and where licensees agree, regulators may either rely on the other regulator's audit or undertake a joint audit instead of conducting separate audits. The Commission will also coordinate with the Technical Regulator to identify and seek to remove any areas of duplication from proposed audits of network service providers.

The Commission notes the impending transfer to the Australian Energy Regulator of responsibility for economic regulation of energy utilities. The Australian Energy Regulator will take over responsibility for much of this compliance auditing and reporting and, in implementing the principles outlined in this paper, will ensure consistency with the approaches used in various states and territories.

3.4 Requirements and appointment of auditors

3.4.1 Appointment of auditor

In the position paper, the Commission proposed using a panel of contractors for the supply of audit services; the auditor would be selected from the panel, either by the Commission or by the utility, depending on the nature of the audit. Thus, if a number of licensees are to have the same matter audited, then one auditor should conduct all the audits. In these circumstances the Commission should select one auditor to undertake all the audits. If only one licensee is to be audited, there is no reason the licensee should not be able to select the auditor; the selected auditor will still need to meet the other independence criteria.

In May 2003, the Commission established an expert panel of consultant firms to provide it with economic, legal and other specialised advice or assistance. The operation and establishment of this panel has been endorsed by the ACT Government's Procurement Board.

A number of consultant firms with auditing expertise have already been appointed to the panel. Additional firms could be appointed if necessary. Appendix 1 lists empanelled consultant firms.

In the position paper, the Commission expressed concern about the use of tripartite agreements between licensee, auditor and regulator. The Commission considered such arrangements to be more complex and potentially more problematic than those in which the auditor has a direct relationship with either the regulator or the licensee.

Despite assurances from one licensee, the Commission considers that the potential for audit conflict is too high with a tripartite model. However, the Commission is also conscious that the audit process needs to have some licensee 'ownership' to be wholly satisfactory. At this stage, the Commission considers that consultation throughout the process, rather than a primary or even secondary line of accountability to the auditor, will provide licensees with sufficient access to this process.

3.4.2 Requirements of auditor

An auditor engaged for a particular audit must not hold office or have a commercial or any other interest in the utility that might influence them or conflict with their independence.

In conducting an audit, an auditor would be expected to:

- do so honestly, fairly, professionally, independently and objectively
- exercise a standard of skill, care and diligence that would be reasonable to expect of a person who is skilled, and who has substantiated experience, in the provision of services the same as or similar to those to be provided by the auditor.

An auditor would be required to provide written assurance to the Commission that there was no conflict of interest.

These proposals were generally supported.

3.4.3 Remuneration

The Commission proposed that utilities would bear the costs of the audit program, either directly or through licence fees¹.

AGL was concerned that a utility should not bear the costs of an audit if the audit is initiated by a third party complaint that is later found to be erroneous or unfounded. The Commission agrees, in principle, with AGL's suggestion but feels that such a situation is unlikely to occur. The Commission is confident that any unsubstantiated or vexatious complaints would be screened in the risk assessment process. Moreover, the audit program is not intended to serve as a complaints review mechanism.

3.5 Audit methodology and reporting of results

The Commission did not prescribe an audit methodology in the position paper. Rather, it noted that the methodology would be specific to the nature of the audit and the type of service provider being audited, and determined on an 'agreed upon procedures' basis.

The Commission did not receive any comments on methodologies or report contents.

3.5.1 Signed statement

The Commission did not receive comments on its proposed requirements for auditor statements.

¹ The Utilities Act makes provision for the Commission to determine the annual licence fee payable by each utility. In determining utilities' fees, the Commission considers the reasonable contribution by each utility to the sum of the expected costs of administering the Act. Accordingly, audit costs may be factored into the fees of any licensees audited.

3.5.2 Reporting procedures

In the position paper, the Commission recommended that a draft of the audit report be provided to the Commission and to the utility to give them the opportunity to consider whether the report accurately reflected the utility's performance. Licensees agreed with this proposal, adding that they should be able to have any inaccuracies corrected. The Technical Regulator recommended that licensees should not be able to have reports amended, and that any comments by utilities be appended to reports.

The Commission agrees that licensees should be given the opportunity to review draft reports and to have inaccuracies corrected, but not to amend the findings unless there are compelling reasons for doing so.

The Commission recommended that the decision to distribute the final report or publish a comparative report of audit results be determined on a case-by-case basis. Licensees argued against audit reports being published in full. EnergyAustralia added that, if the Commission did decide to do this, it should give the utility advance notice to allow for the preparation of media statements.

The Commission notes that, in deciding whether to publish a report, it will necessarily weigh the public interest against the commercial interests of the particular utility. To that extent, decisions will be determined on an individual basis in the context of the wider public good. However, as normal practice, the Commission would give the utility advance notice (under embargo) of the public release of a report.

4 Decision

4.1 Identifying matters for auditing

The Commission will continue to monitor utilities' compliance principally by way of annual compliance and performance reports. However, there will be occasions when compliance audits are potentially necessary or appropriate, namely:

- to investigate any irregularities identified in the annual reporting process
- to assess compliance with obligations not able or easily able to be assessed by reporting alone
- to test the effectiveness of a utility's compliance systems, which may include an assessment of:
 - the integrity of the regulatory data provided
 - the adequacy of the organisation's compliance program and framework
 - the adequacy of the organisation's compliance culture and processes.

From time to time, issues may also be identified through complaints from consumers or competitor utilities.

The undertaking of an audit should be an exceptional event, rather than a regularly recurring event. To determine whether an audit is necessary, the Commission will make an assessment of risk based on the following considerations:

- the materiality of any non-compliance:
 - the consequences of non-compliance, in terms of the impact on customers, including:
 - cost to customers or the public
 - danger to public health or safety
 - damage to property
 - loss or reduction of essential services
 - environmental damage
 - adverse public reaction arising from failure to meet community expectations
 - the significance of the obligation to the provision of services under the licence
- whether the non-compliance signifies a systemic problem
- whether the same matter has been identified in previous audits
- the likely or known extent of non-compliance, including the results of previous relevant audits
- the extent to which the licensee's performance of an obligation is already audited under a separate regulatory requirement
- whether the costs of the audit are likely to exceed the benefits.

The Commission would generally expect some evidence of non-compliance before requiring an audit. The Commission would also, as a general principle, seek clarification from the utility on any

irregularities identified in its annual reports or in consumer or competitor complaints before proceeding further.

4.2 Frequency and timing of audits

4.2.1 Frequency of audits

Audits, when deemed necessary, will not be undertaken more than once a year, with high-risk matters likely to be audited more frequently than low-risk matters. If, after a period, the Commission is satisfied that the audit results provide confidence about a particular matter, the frequency of audits can be relaxed.

The existence of recent internal or external audits of the same subject matter will also have a bearing on the frequency of audits. In making a decision, the Commission will consider, for example, whether:

- the earlier audit was required by another regulator to use an audit scope similar to the one proposed by the Commission
- the audit was undertaken in the 12 months prior to the Commission's request for an audit.

Before agreeing to waive an audit the Commission would need to be satisfied that the matters in which it was interested were addressed by the internal audit or the other regulator's audit.

The Commission will coordinate its audit program with those of other jurisdictional regulators and the Technical Regulator with a view to minimising or avoiding potential overlap, in terms of timing and scope, with other regulators' planned compliance audit programs.

4.2.2 Timing of audits

The Commission will give utilities notice, in writing, of its intention to require an audit.

In determining the timing of an audit, the Commission will give consideration to utilities' operational requirements and avoid, where possible, peak or holiday times.

Where an audit is prompted by changes to the regulatory framework, the Commission will give utilities an adequate period of time in which to implement new systems and procedures before requiring an audit of those systems and procedures.

4.3 Setting of scope and terms of reference

The Commission will advise a utility or utilities, in writing, of the particular issue to be reported on. The Commission will consult with the affected utilities on the scope of the audit, taking into account the likelihood of non-compliance and its consequences. The Commission will also take into account recent internal audits or audits in other jurisdictions in defining the scope of an audit.

The Commission will consider broadening an audit's scope to include matters of interest to the utility. However, where a number of like service providers (for example electricity suppliers) are being audited, there will be a minimum scope that applies to all utilities. The minimum audit scope will include the relevant compliance issues, the specific matters to be reported on, and the

timeframe for reporting. The terms of reference will then be finalised, in consultation with the licensee or licensees.

4.4 Qualification and appointment of auditors

4.4.1 Appointment of auditors

Auditors will be appointed from the Commission's expert panel of contractors (see Appendix 1). If a number of licensees are to have the same matter audited, the Commission will make the selection. If only one licensee is to have an audit undertaken, the licensee may be able to select an auditor from the panel.

An auditor engaged for a particular audit must be independent of the licensee. Specifically, the auditor must not:

- hold office or have a commercial interest in the utility
- or
- have any other interest, obligation or duty (whether owed to the utility or to any person employed or holding office with the utility),

as a direct or indirect result of which the auditor's independence in regard to the subject matter of the audit could reasonably be seen to be influenced or compromised.

An auditor will be required to provide written confirmation to the Commission that there is no conflict of interest.

The Commission will engage the auditor.

4.4.2 Remuneration

Utilities will bear the costs of the audit program, either directly or through licence fees. The Commission prefers direct invoicing, this being the more transparent of the two options.

4.5 Audit methodology and reporting of results

The audit methodology and the format of the auditor's report will necessarily be specific to the audit and the organisation being audited, and will be determined on an 'agreed upon procedures' basis.

Auditors will be required to provide full reports, which contain, as a minimum:

- a description of the reporting scope and methodology, which should include all matters specified in the terms of reference
- a description of the systems and procedures that have been established to comply with regulatory obligations, including the identification of relevant documentation and responsible positions
- a discussion of how compliance is managed, addressing generic compliance issues and any specific issues identified for that report

- details of any non-compliances identified and the actions being undertaken by the utility to rectify them, and an assessment of the adequacy of the actions.

4.5.1 Signed statement

The report must include a statement, signed by the auditor, which states that:

- the terms of reference have been complied with by the auditor in making findings and in preparing the report
and
- the report reflects the professional opinion of the auditor.

4.5.2 Reporting procedures

A draft of the report will be provided to the Commission and to the utility for initial comment. Utilities will be given the opportunity to consider whether the report accurately reflects the utility's performance and to correct any inaccuracies. Utilities will not be able to amend report findings unless there are compelling reasons for doing so.

A copy of the final report will be provided to the utility and to the Commission.

Distribution of the final report or publication of a comparative report of audit results will be determined on a case-by-case basis. In the event that a report is published or distributed, the licensee or licensees will be given advance notice (under embargo) of the public release of a report.

Appendix 1

Independent Competition and Regulatory Commission Expert Panel: list of consultants

- Access Economics Pty Ltd (economic analysis; econometric/financial modelling)
- ACIL Tasman Pty Ltd (economic analysis)
- Allen Consulting Group Pty Ltd (economic analysis)
- Allens Arthur Robinson (legal advice)
- Blake Dawson Waldron (legal advice)
- Booz Allen Hamilton (Australia) Limited (economic analysis; econometric/financial modelling; engineering analysis)
- Clayton Utz (legal advice)
- Corrs Chambers Westgarth (legal advice)
- CRA International (economic analysis; econometric/financial modelling)
- Dale Boucher (legal advice)
- Energy Market Consulting associates (economic analysis)
- Exigency Management Pty Ltd (economic analysis; econometric/financial modelling)
- Frontier Economics Pty Ltd (economic analysis; econometric/financial modelling)
- KPMG (economic analysis; econometric/financial modelling; legal advice)
- Maunsell Australia Pty Ltd (economic analysis; econometric/financial modelling; legal advice; engineering analysis)
- McLennan Magasanik Associates (economic modelling)
- Parsons Brinckerhoff Associates (economic analysis; econometric/financial modelling; engineering analysis)
- PricewaterhouseCoopers (economic analysis; econometric/financial modelling; legal advice)
- Project Consultancy Services Pty Ltd (economic analysis; econometric/financial modelling)