

Frequently asked questions – Victorian Energy Upgrades assurance audits

These frequently asked questions answer questions about the obligations of accredited persons in relation to the assurance audit requirements under the *Victorian Energy Efficiency Target Act 2007*

Q1. Why are accredited persons required to conduct an assurance audit?

Accredited persons are now required to appoint an independent auditor to conduct an assurance audit to ensure compliance with the *Victorian Energy Efficiency Target Regulations 2007 (VEET Regulations)*, *Victorian Energy Efficiency Target (Project-Based Activities) Regulations 2017 (PBA Regulations)* and standards set by the *Victorian Energy Efficiency Target Act 2007 (VEET Act)*.

The assurance audits assist with verifying that accredited persons are accurately reporting their activities to maintain the integrity of the Victorian Energy Upgrades (VEU) program and protect consumers.

Q2. Are assurance audits compulsory? How often can an accredited person be audited?

The VEET Act requires accredited persons to conduct an assurance audit at least every two years.

Q3. What are the obligations of accredited persons in relation to an Assurance audit?

An accredited person's obligations regarding assurance audits include:

- appointing an auditor from the Essential Services Commission (commission) list of independent auditors to conduct the audit when required by the commission
- complying with the requirements specified in the written notice issued by the commission to the accredited person
- cooperating with the auditor conducting the audit
- being responsible for the costs of the assurance audit
- providing a copy of the assurance audit to the commission by the date specified in the written notice issued by the commission.

Q4. How long does an accredited person have to complete an audit?

Accredited persons will be required to provide the final assurance audit report to the commission by the date specified in the written notice. To begin with this time will be around three months after the written notice is issued.

Q5. Is an assurance audit the same as a compliance audit?

No, a compliance audit may be required where the commission has reasonable grounds to suspect that an accredited person may have contravened a provision of the VEET Act and regulations made under it.

The commission may request that the accredited person appoint an independent auditor to conduct the compliance audit, or the commission may choose to conduct the audit.

Q6. Will accredited persons be subjected to a compliance audit and assurance audit at the same time?

The commission will generally aim to avoid requiring an accredited person to have an assurance audit and a compliance audit completed simultaneously.

However, if circumstances require it (for example, if the commission considers an accredited person may have contravened the VEET Act and regulations made under it. Both types of audits may be required to be conducted concurrently to address different aspects of the accredited person's operations.

Q7. How will an accredited person know when they are scheduled for an assurance audit?

As required by the VEET Act, the commission has published an assurance audit schedule on our website. The commission will also notify an accredited person by providing written notice of the requirement to have an assurance audit completed.

Q8. How often will the assurance audit schedule be updated?

The commission will review and update the schedule at least every 12 months on the [VEU Audit page](#) of the commission website.

Q9. How will an accredited person find out that the assurance audit schedule has been updated?

The commission will notify accredited persons when the schedule is updated.

Q10. Can accredited persons nominate a preferred time to conduct an assurance audit?

Accredited persons will be required to have assurance audits conducted in accordance with the schedule that is published on the [commission website](#).

If there are extenuating circumstances that mean an accredited person cannot comply with the requirements of the schedule, they should contact the Victorian Energy Upgrades (VEU) audit team via email at veuaudits@esc.vic.gov.au to discuss.

Q11. Can an accredited person select an auditor who is not from the approved independent auditor list?

The VEET Act requires an accredited person to appoint an auditor from the approved list of independent auditors published on the [commission website](#).

Q11. How do auditors get on the approved list of auditors?

Auditors who wish to be considered for inclusion on the independent auditor list may apply using the application form available from the commission by contacting the VEU audit team.

veuaudits@esc.vic.gov.au

Q12. How many times can an accredited persons appoint the same auditor? Can accredited person engage the same auditor to perform the assurance audits and compliance audits?

An auditor previously appointed by an accredited person may be reappointed, provided they are still included on the commission's list of independent auditors.

Accredited persons can engage the same auditor for both assurance and compliance audits, as long as the auditor is approved under that category on the independent auditor list.

Q13. How will an accredited person be notified of the audit scope?

The commission will provide a written notice requiring an assurance audit to accredited persons that will outline the scope of the audit that the independent auditor is required to undertake and other details about the audit process, timing and requirements. The accredited person must comply with the requirements specified in the notice and the ESC guidelines.

Q14. Can the assurance audit scope be varied?

Consideration may be given to vary the audit scope, however, changes will only be considered in exceptional situations and at the discretion of the commission.

Q15. If an accredited person has completed an assurance audit does that mean they will not be subject to another audit for 2 years?

If an accredited person has completed an assurance audit, it does not mean they will be exempt from another audit for the next two years or from a compliance audit. They may still be subject to additional assurance audits within the two-year period if deemed necessary by the commission.

Additionally, accredited persons may be subject to a compliance audit at any time if the commission has reasonable grounds to suspect that they have contravened a provision of the VEET Act or regulations made under the VEET Act.

Q16. If an accredited person is unable to conduct an audit within the allocated timeframe, will they be able to request an extension?

Accredited persons must formally submit a request for an extension before the assurance audit deadline. Requests for extensions will be assessed by the commission and provided at its discretion this will usually only occur under exceptional circumstances.

Q17. What steps might the accredited person consider if the audit makes recommendations or identifies opportunities for improvement?

If the audit makes recommendations or identifies opportunities for improvement the accredited person should carefully review the findings and take proactive measures to address any deficiencies or opportunities identified.

This may involve implementing corrective actions, revising procedures, providing additional training or resources, and working closely with the commission to rectify the issues and ensure compliance with regulatory requirements. In some cases, the commission may require the accredited person to take certain corrective actions or implement measures to address the audit findings.

Q18. Will assurance audits results be published?

In certain circumstances, the commission may publish information about assurance audits conducted for accredited persons on the commission website.

Q19. Does an accredited person need to pay a lodgement fee to the commission when submitting the final audit report? Who is responsible for the costs of independent audits?

There is no fee associated with submitting an assurance audit report. However, as required under the VEET Act, the accredited person is responsible for the costs associated with the audit, including independent auditor fees.

Q20. Do the auditors submit the audit report directly to VEU, or is it the responsibility of the accredited person to do so?

Accredited persons are responsible for submitting the audit report to the VEU audit inbox on or before the due date specified in the written notice issued by the commission. Reports can be submitted at veuaudits@esc.vic.gov.au

Q21. Can accredited persons dispute the findings of an assurance audit report? Is there a process for disputing the outcome of the audit?

The auditor will work with the accredited person when undertaking the audit and that would involve discussions around and findings or recommendations. There should be no need for the accredited person to dispute the final audit findings.

Q22. Can accredited persons request feedback or recommendations for improvement based on the findings of an assurance audit?

The audit report should clearly outline the findings, recommendations and opportunities for improvement that are identified through the audit.

Q23. What happens if accredited persons refuse to undergo an assurance audit?

Accredited persons are required to comply with the requirements of the VEET Act which specifies that an accredited person must appoint an independent auditor to conduct an assurance audit when required by the commission. Enforcement action may be taken with respect to any non-compliance of the VEET Act.

Q24. Who can the independent auditor or accredited person contact for additional information.

Auditors on our approved auditor list have received appropriate training to ensure they are familiar with the program and audit requirements. Auditors can contact the VEU audit team via email at veuaudits@esc.vic.gov.au if they require additional information.