



Economic Regulation Authority

 WESTERN AUSTRALIA

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NOTICE

Audit Guidelines: Electricity, Gas and Water Licences

The Economic Regulation Authority (Authority) has approved the publication of the Audit Guidelines: Electricity, Gas and Water Licences (the guidelines).

The purpose of the guidelines is to inform licensees and external auditors about the Authority's requirements regarding the conduct of licence audits and asset management system reviews. The guidelines will replace the guidelines previously published in September 2006 from 1 January 2010.

The guidelines are designed to promote consistency of licence audits and asset management system reviews through:

- informing licensees and auditors about the legislative framework applicable to auditing licensee's compliance with licence conditions;
- describing a framework for the conduct of audits/reviews based on Australian Auditing and Assurance Standards;
- adopting a risk based approach to planning audits/reviews using the risk assessment process in standard AS/NZS 4360:2004;
- promoting consistency of reporting on the performance/operational audit by mandating a seven-point compliance rating scale;
- promoting consistency of reporting on the effectiveness of asset management processes by mandating separate adequacy and performance rating scales; and
- providing a framework for:
 - the criteria the Authority will consider when approving auditors;
 - the format and content of audit plans;
 - the conduct of the audit/review with reference to the Australian Auditing and Assurance Standards; and
 - the format and content of the audit/review report to be provided to the Authority.

The Authority developed the guidelines after consultation with targeted stakeholders and the public.

The targeted consultation took place in March and April 2009 and involved a reference group of 19 licensees and nine auditors. The Authority asked the reference group to comment on a draft of the guidelines and subsequently convened a roundtable group to discuss the comments.

The Authority published the draft guidelines, incorporating the comments from the reference group, for public comment on 27 May 2009 and received seven submissions. Copies of the submissions are available on the Authority's [web site](#).

The guidelines are available on the Authority's [web site](#). Printed copies are also available directly from the Authority for \$25.00 per set.

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