

Guidance Note 1 (2025): Assurance and Compliance Audits

This guidance was distributed on the **20 March 2025**

Reports produced after **1 May 2025** are expected to incorporate the below guidance.

Following the submission of the first wave of audits reports, commission staff are providing further guidance to assist auditors in the preparation of these reports. To ensure consistency across audit reports commission staff remind auditors that the reports must meet the requirements outlined in clause 16.5.3 of the Victorian Energy Efficiency Target Guidelines (version 11).

Audit report format

Risk rating – Harvey Balls and traffic light risk rating system

To increase consistency across the audit reports we ask that auditors provide, risks associated with the findings on the audit report should be graded using a standard grading system. The grading system is a two-step process requires the use of Harvey balls and a traffic light system to assess the data.

Harvey Balls are used to represent the compliance associated with each section of the Victorian Energy Efficiency Target Act 2007 (**the Act**) and or Victorian Energy Efficiency Target Regulations 2018 (**the Regulations**), while a traffic light system indicates the degree of exposure and urgency of the required finding and action item.

The grading systems are outlined Tables 1 and 2 below.

Table 1 – Harvey ball grading scales

Grade	Level of compliance
	No compliance to the Act/Regulations
	Some compliance to the Act/Regulations

	Moderate compliance to the Act/Regulations
	High compliance to the Act/Regulations
	Full compliance to the Act/Regulations

Table 2 – Traffic light grade

Grade	Level of risk
	Acceptable
	Acceptable but adjustments needed
	Unacceptable

Reminder of audit report requirements

To assist auditors in meeting the audit report requirements, commission staff have provided clarification on areas as follows:

Description of the audit methodology used:

- This should include a list of activities tested including Activity ID's, activity date and the methods used to test these activities (e.g., assessment of evidentiary documents, consumer verification calls, site inspections).
- It should also outline the basis for selecting the activities to be audited (e.g., random or targeted sampling).

A list of the audit samples:

- a complete list of all the activities tested in the audit, including their activity identification numbers must be provided.

Audit conclusions including any recommendations and suggestions for improvement.

- Audit recommendations and suggestions for improvements must be linked to findings for clarity.

- Recommendations and suggested improvements should be specific, actionable and address deficiencies identified.

Further guidance for auditors

- **Completeness of the population sample** - Auditors are reminded to assess the completeness of the population sample provided by the accredited persons. Data should be cross-checked to ensure its accuracy and alignment with certificate creations submitted to the commission.
- **Provision of examples** - Auditors are encouraged to provide specific examples where practices did not meet standards or where improvements are required.
- **Establish a timeframe for implementing recommendations** - Auditors should recommend a timeline or timeframe for accredited persons to implement recommendations. The auditor should seek to get a response from the accredited persons for each recommendation and proposed timeline.
- **Verification of baseline and upgrade** - The auditor should verify that the baseline products and environment meet the required standards. Furthermore, the auditor should confirm that the quantity of baseline products being upgraded aligns with the activity claim and corresponds with the number of upgraded products installed.
- **Independence of testing** – Auditors should not use the assistance of the accredited persons to book in site inspections or conduct phone calls on behalf of the auditor for testing or verification purposes.
- **High level of professional scepticism** – Auditors should obtain data directly from the source and apply a high level of professional scepticism particularly on egregious results in order to gain sufficient assurance. In situations where an auditor is unable to verify an upgrade due to incorrect or disconnected phone numbers, the auditor should conduct alternative verification testing or seek clarification to ensure accuracy and reliable results. Additionally, the auditor should document and address any systematic issues identified to ensure comprehensive reliable results.
- **Ineligible VEEC creation:** Auditors to be reminded that certification creation occurring 6 months after year end are ineligible. VEET ACT 2007 Section 17 (2). *A Certificate must be created not later than 6 months after the end of the year in which the reduction in greenhouse gas emissions that results from the prescribed activity occurs.*