

# ATH and MEP FORUM

# NEW AUDIT REGIME

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COMPETITION • RELIABILITY • EFFICIENCY

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# Overview

Code amendments come into force 1 June 2017

- What is changing?
- What does this means for you?

# What is changing?

Changes that affect you:

- Increased focus on risk and on materiality
- Publication of audit reports
- Online audit reports

# What is changing?

## Increased focus on risk and assessment of materiality

Risk and materiality guidelines

Focus on risk:

- Inherent risk: what risk is the Code addressing?
- Residual risk: how is the participant managing those risks?

Assessment of materiality.

- Actual impact (financial and non-financial)
- Potential impact (financial and non-financial)

# What is changing?

## Risk and materiality focus

### The compliance plan:

Auditor completes sections in **blue**. Participant completes sections in **yellow**.

Non-compliance	Description		
With: <CLAUSE BREACHED>	< DESCRIPTION OF THE NON-COMPLIANCE>		
From/to:<DATES BREACH OCCURED>	Potential impact: <AUDITOR TO COMPLETE>		
	Actual impact: <AUDITOR TO COMPLETE>		
	Audit history: <AUDITOR TO COMPLETE>		
	Controls: <AUDITOR TO COMPLETE>		
	Breach risk rating: <AUDITOR TO COMPLETE>		
Audit Risk Rating	Rationale for audit risk rating		
<Audit Risk Rating>	<AUDITOR TO COMPLETE>		
Actions taken to resolve the issue	Completion date	Remedial action Status	
[1. Participant comments]	[2. proposed or actual completion date]	<AUDITOR TO COMPLETE>	
Preventative actions taken to ensure no further issues will occur	Completion date		
[3. Participant comments]	[4. proposed or actual completion date]		

# What is changing?

Next audit date formula:

- Each alleged breach has a *Breach Risk Rating*
- Sum of all *Breach Risk Ratings* = *Future Risk Rating*

Table 1: Indicative audit frequency

Future risk rating	1-3	4-6	7-8	9-17	18-26	27+
Indicative audit frequency	36 months	24 months	18 months	12 months	6 months	3 months

# What is changing

## **Audit Reports will be published**

Clause 16A.15 requires Authority to publicise the audit report and compliance plan (if any)

Authority has to publicise the report and plan no more than 20 BD's after next audit date is determined

The Authority is not required to publicise the information if doing so—

(a) would disclose a trade secret; or

(b) would be likely unreasonably to prejudice the commercial position of the person who supplied or is the subject of the information.

# What is changing?

## **Audit reports will be able to be created online**

- Standardised template
- Removal of duplication
- Auditor access to audit history (with permission)



# What does this mean for you?

When being audited:

- Auditors may ask for more information
- Focus will include future risk
- Audits will be online, and published

# Conclusion

Audit code changes come into force 1 June 2017

Key changes

- Risk and materiality focus
- Audits reports published
- Audits reports online