



NABERS Accredited Assessor Auditing Policy

1. Introduction

NABERS is a national program delivered by the NSW Office of Environment and Heritage (OEH) (the National Administrator) under the guidance of the Commonwealth, State and Territory governments. The program provides a suite of rating tools that measure the environmental performance of Australian buildings and tenancies. NABERS rating tools can measure the energy efficiency, emissions intensity, water usage, waste management and indoor environment quality of a building or tenancy. NABERS ratings are undertaken by NABERS Assessors that have been trained and accredited by the National Administrator to deliver NABERS ratings to the market.

To ensure the integrity of the NABERS Program, identify any gaps in Assessor technical knowledge, and provide a quality assurance measure, the National Administrator has established a NABERS Auditing Program, which is underpinned by the NABERS Auditing Policy (this document) and the NABERS Rating Auditing Procedure.

This document sets out the NABERS Auditing Policy. It is intended to enable all parties to a NABERS rating – NABERS Accredited Assessors, Auditors, Building Owners and others – to understand the goals and objectives of the NABERS Auditing Program. The NABERS Rating Auditing Procedure is a companion document that sets out the steps, rights and responsibilities of the parties to a rating, and the potential outcomes of the audit process.

2. NABERS values

The NABERS Program is committed to the values of integrity, quality, public service, leadership and collaboration. The National Administrator works closely with NABERS Trainers, Supervisors, Auditors and Trainee and Accredited Assessors to deliver excellent services and a relevant, reliable, practical measure of building performance that supports a more sustainable built environment. This means driving improvements in Accredited Assessor technical knowledge by continually improving the training and accreditation processes and providing ongoing support for the professional development of Accredited Assessors.

3. Why audit?

NABERS provides a trusted, reliable metric of the actual environmental performance of a given building by comparing it to the Australian average performance of buildings of the same type. Fundamental to maintaining this reliability is ensuring that the NABERS Rules for Collecting and Using Data and the associated Rulings, processes and procedures are correctly and consistently applied to all buildings that achieve a NABERS rating. The integrity of the NABERS Program relies on building ratings being a true reflection of their environmental performance. The information provided in NABERS ratings must be correct, and the market must be able to trust that the information is reliable. Routine audits of NABERS ratings for quality and accuracy play an important role in this process.

4. Auditing policy principles

This auditing policy is underpinned by seven key principles to assure the quality and reliability of NABERS ratings and the NABERS Program:

1. Allocate audits in a fair and consistent manner

The National Administrator will select 5% of certified NABERS ratings for audit at random, with a small portion selected on the basis of risk mitigation or as a sanction for poor performance in a previous audit.

2. Maintain the integrity of the Commercial Building Disclosure Program

Audited ratings will include 5% of the ratings undertaken in compliance with the Commonwealth's Commercial Building Disclosure (CBD) Program and the audit results will be provided to the CBD team.

3. Support continuous improvement in NABERS Assessor skills and knowledge
Sanctions will be directed to the improvement of Assessor skills and knowledge and recurrent issues identified in audits will be incorporated into the NABERS training and other program support for Assessors.

4. Ensure auditing is effective peer review

Auditing is a process of independent peer review. NABERS Auditors are former NABERS Accredited Assessors selected by competitive tender for their extensive

industry experience and superior understanding of the technical and commercial issues related to NABERS.

5. Ensure the accuracy of NABERS star ratings

Where an audit reveals that a NABERS rating is incorrect, a new rating will be created and a new rating certificate will be issued directly to the customer, along with a short explanation of the NABERS Auditing Policy.

6. Ensure that Accredited Assessors operate with integrity

Where an audit reveals that a rating was deliberately miscalculated, the Assessor's NABERS accreditation will be revoked.

7. Ensure fair and consistent outcomes

The National Administrator is responsible for ensuring that audit results and any associated sanctions are determined in a fair and consistent manner. Auditors provide their findings to the National Administrator, who determines the result and sanctions to be applied (if applicable) based on pre-established criteria. Assessors are always given a right of response before the final audit result is confirmed and sanctions are applied.

5. What does auditing achieve?

The NABERS Program routinely undertakes two levels of audit. A Level 1 Audit is conducted on 100% of NABERS rating applications. It is a quality assurance process undertaken by NABERS Technical Officers to ensure that an Assessor has correctly completed the rating form (NABERS Rate), has made no apparent errors in data entry, and has correctly applied the Rules for Collecting and Using Data (the Rules) to the data entered.

A Level 2 Audit is conducted on five per cent of NABERS ratings by NABERS Auditors working with the National Administrator. The Level 2 Audit is a quality assurance peer review process that delivers a complete re-rating of the building using the documentation relied upon by the Assessor in conducting the original rating. This process strengthens the NABERS Program and the reputation of NABERS Accredited Assessors by:

- Providing quality assurance by ensuring that building owners, operators, buyers and lessees can be confident of the accuracy of information provided in a NABERS rating;

- Identifying common or recurrent errors so that Assessor guidance and training can be improved;
- Recognising and supporting the maintenance of high standards amongst Assessors through sanctions that promote continuous improvement including retraining;
- Ensuring that rating results are not affected by a conflict of interest; and
- Ensuring the accuracy of rating records, including the records of associated programs such as the Commercial Building Disclosure (CBD) Program.

6. Who manages the auditing process?

The National Administrator manages the auditing process, the validity of NABERS ratings, the maintenance of the NABERS rating register, and the accreditation of NABERS Assessors. It also manages the process of applying sanctions to NABERS Assessors who have not properly conducted a NABERS rating, as determined by the Level 2 Audit.

7. How does auditing work?

The NABERS Auditing Program works by:

- Having NABERS Auditors completely reconstruct a sufficient number of NABERS ratings to enable the National Administrator to identify any areas where the NABERS Rules, Rulings, processes and procedures are being consistently misapplied, misunderstood, or overlooked;
- Examining the causes and impacts of errors found to enable improvements to be made to the NABERS training materials, NABERS Rules, Rulings, processes and procedures, and communication platforms;
- Ensuring that Assessors who are found to have an insufficient, poor or incorrect knowledge of the NABERS Rules, Rulings, processes and procedures are made aware of their errors and are retrained where necessary; and
- Ensuring that Assessors who are relying on insufficient or non-existent documentation in their ratings, rating buildings that are not legitimately able to be rated or, in extreme cases, are deliberately falsifying ratings, are held to account.

8. What is the auditing process?

An audit will seek to verify that an Assessor has properly followed the procedures set out in the NABERS Rules, Rulings, processes and procedures. Auditors will review all of the Assessor's documentary evidence in support of their NABERS rating. At

times, an Auditor may need to obtain further information or enter the premises that was rated (an on-site audit). In all cases, an Auditor will completely re-perform the rating.

The focus of NABERS Auditors is to determine whether or not the NABERS Rules, Rulings, processes and procedures have been correctly followed by Assessors. Where an Auditor discovers that the NABERS Rules, Rulings, processes and procedures have not been correctly followed (an error), they will seek to determine how and why the error occurred. The determination of the consequences of this error and appropriate sanctions is the responsibility of the National Administrator.

For more information on the process and sanctions refer to the NABERS Rating Auditing Procedure.

9. Conflicts of interest

The National Administrator is responsible for ensuring that conflicts of interest do not impact upon the impartiality of NABERS ratings at any stage of the process, including the auditing stage. This means ensuring that Auditors have no conflict of interest in performing their work, and requiring Auditors to make an independent assessment of an Assessor's conflict of interest statement as part of their audit.

To protect NABERS Auditors from being improperly influenced by conflicts of interest, Auditors are contractually required to suspend their NABERS Accredited Assessor status for the duration of their contract period as Auditors.

As part of determining whether an Assessor has properly applied the Rules, Rulings, processes and procedures, the National Administrator must consider whether the error may have been the result of, or influenced by, a conflict of interest. This includes consideration of the advice of the Auditor, any advice of the NABERS team (where relevant), the response provided by the Assessor and any other information that the National Administrator considers relevant.

Where a conflict of interest or potential conflict of interest is found, the National Administrator must consider the nature of the relationship that gave rise to it, and whether it has influenced the NABERS Assessor's rating. If the National Administrator concludes that a conflict of interest did arise and that it may have influenced the Assessor's judgement, this will be considered when determining the appropriateness of any sanction to be applied.

9.1 What is a conflict of interest?

A conflict of interest occurs where there are circumstances which mean that:

- The NABERS Assessor, or a person assisting the Assessor in the assessment, is not capable of exercising objective and impartial judgement when conducting the NABERS rating; or
- A reasonable person, with full knowledge of all relevant facts and circumstances, would conclude that there is a real risk that the NABERS Assessor or a person assisting would not be capable of exercising objective and impartial judgment when conducting the NABERS rating.
- Circumstances which may cause a conflict of interest to arise, or could be perceived by a reasonable person as creating a real risk that it could arise, include:
 - Where the NABERS Assessor or a person assisting has, or had, a personal or professional relationship with an entity or employee connected with the ownership, management, sale or lease of the building, such as a contractual relationship for the provision of advice or services related to energy efficiency; and;
 - Where the NABERS Assessor's current employer has, or had, a professional relationship with the building owner, lessor, sub-lessor, agent or manager whose building is being assessed.

There are many other circumstances in which a conflict of interest can arise and these examples are not intended to be exclusive.

10. Appointment of Auditors

NABERS Auditors must have an excellent understanding of the NABERS Rules for Collecting and Using Data, Rulings, the NABERS Accredited Assessor Code of Practice, the NABERS Rating Auditing Policy, NABERS Rating Auditing Procedure, the NABERS Guideline for Ruling Requests and Technical Advice, and other relevant process and procedure documents. They also need to be very familiar with any superseded version of the Rules for Collecting and Using Data and Validation Protocols.

Auditors may perform audits on all or selected types of NABERS ratings according to their area of expertise including NABERS Energy, Water, Waste and Indoor Environment for different building types.

NABERS Auditors may not also perform work as NABERS Accredited Assessors (see 'Conflicts of Interest').

NABERS Auditors are appointed through a competitive tender process. The criteria for appointment include:

- Demonstrated extensive expertise and experience in conducting NABERS ratings over a period of years;
- Superior understanding of the technical issues relating to NABERS;

- Sound knowledge of the NABERS Rules, Rulings, processes and procedures; and
- Previous experience in auditing, peer review processes or similar.

11. Imposition of sanctions on NABERS Assessors

As part of the audit process, the National Administrator may impose a sanction on a NABERS Assessor who has made an error in applying the NABERS Rules, Rulings, processes or procedures. These sanctions may include the requirement to complete additional training or supervised ratings or, in cases of deliberate misrepresentation, the suspension or revocation of NABERS Assessor accreditation.

11.1 Determining whether sanctions should be applied to NABERS Assessors

The purpose of the NABERS Auditing Program is to ensure the quality and reliability of NABERS ratings and improve the NABERS Program within a framework of continuous improvement. Where an Assessor is found to have made an error in the application of the NABERS Rules, Rulings, processes or procedures, this is an opportunity to identify areas for improvement in an Assessor's skills and experience and provide direct support.

The National Administrator is responsible for determining whether a sanction should be applied and, if so, what sanction is appropriate. In determining the appropriate response, the National Administrator considers the conduct of the Assessor throughout the investigative process and any voluntary action they have taken to remedy the error or prevent its reoccurrence.

11.2 Possible sanctions

Responses to the determination that an Assessor has not properly applied the NABERS Rules, Rulings, processes or procedures include issuing a formal warning to the Assessor in relation to the error, or any of the following sanctions:

- Requiring the Assessor to undertake further training, retake the NABERS Accredited Assessor examination, perform a supervised rating, or undergo additional Level 2 Audits;
- Suspending the Assessor's accreditation as a NABERS Assessor pending further training; and
- Revoking the Assessor's accreditation as a NABERS Assessor.

The National Administrator adheres to the principles of procedural fairness. Assessors are given the right of response to the findings of the Auditor where sanctions are to be applied, and this submission is considered before finalising the determination. For more information on the sanctioning process refer to the NABERS Rating Auditing Procedure.

12. Customer notification

In cases where the star rating changes as a result of an audit, the customer will be notified and provided with a new NABERS certificate. This is to ensure the accuracy of publicly available NABERS ratings. The new rating will be displayed on the NABERS website.

13. More information

If you have any questions in relation to how auditing is conducted under the under the NABERS Auditing Program please contact the NABERS Team at nabers@environment.nsw.gov.au.