

Rule 006

Rules on Regulatory Audits

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1 Application

These rules apply to regulatory audits of the financial or operational activities of utilities, under the jurisdiction of the Commission.

2 Definitions

In these rules,

- (a) “Act” means the *Alberta Utilities Commission Act*;
- (b) “Commission” means the Alberta Utilities Commission;
- (c) “Audit and Compliance Group” means the group within the Commission responsible to carry out regulatory audits of utilities;
- (d) “regulatory audits” means unbiased examinations and evaluations conducted and reported by the Audit and Compliance Group to verify the accuracy, completeness, and regulatory compliance of utilities, for the operational or financial activity selected for audit;
- (e) “utilities” means utilities as defined under the *Gas Utilities Act*, *Electric Utilities Act*, and *Public Utilities Act*, it also includes entities providing regulated rate tariff and default rate tariff services approved by the Commission; and
- (f) “working papers” means all documentation obtained or developed during the course of an audit that is related to the audit, including draft reports, other than the final validated audit report.

3 Access to utility information

A utility must provide the Audit and Compliance Group with access to information as required during the course of a regulatory audit.

4 Audit reports

- (1) After conducting a regulatory audit, the Audit and Compliance Group drafts a formal written audit report, which conveys the final results of the examination.
- (2) The draft audit report is shared and discussed with utility management to ensure that it is accurate.
- (3) The senior officer of the utility provides a written formal response to the draft audit report.
- (4) The audit report package has three components: a cover letter, the final audit report, and the response from the utility’s senior officer.
- (5) The cover letter is addressed to the Chair of the Commission and includes the distribution list for the report, the name of the utility, a brief reference to the overall conclusion arrived at as a result of the audit work, and notes that the report and utility’s management’s response are attached,

- (6) The final audit report normally is a single, self-contained document, about three to five pages in length. If the audit scope or findings are more extensive, a more detailed report format and executive summary will be used to match the situation.

5 Distribution and publication

- (1) Audit reports are distributed to the management of the utility, the Audit and Compliance Group working paper files, and the Commission's web site.
- (2) In order to ensure the integrity of the audit processes while respecting the rights of stakeholders to access information, working papers will not be released as part of the audit reports, except if there is a statutory obligation to release them.

6 AUC use of audit information

If the Commission wishes to pursue a matter raised in an audit report, it will request related information directly from the utility, either orally in a hearing or through an information request, to enable the utility to respond.

7 FOIP requests

- (1) If a request for the release of working papers is made pursuant to *Freedom of Information and Protection of Privacy Act*, the Commission, in accordance with this act, will send a notice to the audited utility advising it that it has received a request.
- (2) The notice will include particulars as to the documents requested, together with a copy of Section 16 of the *Freedom of Information and Protection of Privacy Act*, and an information pamphlet outlining the application of Section 16.

8 Confidentiality

Subject to any obligation to disclose information pursuant to Section 7, the Audit and Compliance Group will process and maintain the documents in its custody in accordance with the Commission's audit procedures, as applicable.

9 Audit standards

The Audit and Compliance Group adheres to the generally accepted auditing standards of the Canadian Institute of Chartered Accountants and the professional standards of the Institute of Internal Auditors.

10 Role of utility audit staff

- (1) Staff in the Audit and Compliance Group will continue to provide assistance to the Commission and staff respecting matters requiring their technical expertise as directed by the Commission.
- (2) In addition to carrying out audits, Audit and Compliance Group staff have expertise in accounting and auditing, the energy industry, the utility industry, and general financial matters.

- (3) While the members of the Audit and Compliance Group do not take on the role of an advocate for a particular point of view, especially during Commission hearings, they may be asked to provide advice or assistance regarding technical, factual accounting, or auditing matters, matters not related to an audit, or matters related to other non-audit elements of the staff in the Audit and Compliance Group.

11 Audit and Compliance Group findings

- (1) The findings of the Audit and Compliance Group are not representative of the views of the Commission or of any individual Commission member.
- (2) In the event the Commission wants to follow up on audit findings for purposes of compliance, the Commission will use a separate process to determine the utility's non-compliance and consequence for its non-compliance.