

PROJECT DEVELOPER FORUM

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To Werner Betzenbichler, Chair DOE Forum
From gareth.phillips@pd-forum.net
Date 17 April 2012
Page 1/2
Subject **Impartiality of DOE audit teams**

Dear Mr Betzenbichler,

Several of our members have brought to our attention recent feedback from DOEs concerning the impartiality of audit teams, particularly in cases where the same team is performing verifications on several projects owned or operated by one PP. We were surprised and disappointed to learn that the DOE's response has been one of *mea culpa*, resulting in a move to change audit teams rather than defending their conflict of interest and impartiality procedures.

As PPs who are seeking to manage portfolios of projects in the most efficient manner, there is no doubt that it is beneficial to work with audit teams that have an understanding of our monitoring and reporting systems, especially in complex projects where we deploy customised tools such as software and analysis programs. At the same time, continuity of audit personnel benefits the DOE's understanding of the project and therefore the likelihood of detecting errors. That said, we understand the benefit of gradual change in audit teams and we are not suggesting that they are never altered.

It is our understanding that DOEs have in place a number of procedures to ensure that audit teams are impartial including:

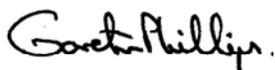
- Conflict of interest declarations
- Total independence of decision makers from audit team personnel
- Guidelines on the duration of audit engagements
- Establishment of an audit history, building knowledge of the systems over time
- Professional codes of conduct
- Procedures for declaring inappropriate gifts and entertainment

On top of these procedures, audit teams' recommendations are scrutinized by Secretariat and Accreditation team members.

In view of these kinds of safeguards, it is difficult to see how a team's impartiality could be compromised and indeed, as mentioned above, it could be argued that a team which has a good understanding of a PP's monitoring and reporting systems is likely to deliver a higher quality outcome with a lower likelihood of error.

As the forum which represents DOEs, we would like you to encourage DOEs to stand up for the systems which they have developed and implemented to date and not simply accept undue criticism from the Accreditation Team unless there is clear evidence of a failure in the systems. Familiarity does not necessarily compromise impartiality.

Kind regards,



Gareth Phillips
Chair, Project Developer Forum