

The audit shock: Why companies aren't ready for NGERS and ASRS.

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Details:

Home > Articles > The audit shock: Why companies aren't ready for NGERS and ASRS.

The audit shock: Why companies aren't ready for NGERS and ASRS.

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The article warns that companies may report comfortably under NGER without issues, but if they use the same data management approach under the new Australian Sustainability Reporting Standards (ASRS) - Australia's mandatory climate-related financial reporting rules that started on 1 January 2025 and are being phased in across three reporting groups - there is a high risk of getting caught out at audit.

Publication context: This article reflects its publication date. Market prices, program rules, reporting duties and deadlines may have changed. Confirm current official guidance before making a decision.

Summary

"Companies could be reporting comfortably under NGER without issues. However if they use the same approach to data management when reporting under new Australian Accounting Reporting Standards S2 (Climate-related disclosures) , or ASRS , there is a high risk of getting caught out at audit."

Expectations have changed.

Organisations need to invest in robust data collection and emissions reporting systems to meet these higher standards.

Key takeaways

The shift is from reporting to auditable reporting.

Auditors test data integrity, traceability, and methodology.

Most systems weren't built for validation. Some data doesn't stand up to scrutiny.

If your data can't be validated, it isn't compliant.

The shift: reporting is no longer enough

NGER reporting is a compliance task, collect data, apply factors, submit. That's no longer enough.

As ASRS rolls out, data must be traceable to source, consistently collected, transparent in calculation, and defensible under audit.

Auditors aren't just reviewing numbers, they're interrogating how they were produced.

Where companies are getting caught out

Data gaps . Fragmented spreadsheets, manual entry, and inconsistent measurement surface as risk at audit.

Lack of traceability . Reported figures often can't be linked to sources - documentation is scattered and assumptions go unrecorded.

Over-reliance on estimates . Estimates replace measured data, methodologies shift year to year, assumptions go undocumented. Auditors now test whether estimates are justified.

Systems not built for audit . Most produce reports, not withstand an audit - no version control, limited validation, disconnected sources. Retrospectively fixing systems is unreliable.

What audit-ready actually looks like

Audit readiness is built in, not bolted on. Ready organisations typically have:

Standardised methodologies and clear calculation boundaries.

End-to-end traceability - every figure linked to source, calculations reproducible.

Embedded validation - anomaly checks, reconciliation, defined review workflows.

Centralised data, version control, and transparent calculation logic.

Why this needs to be built early

Many assume audit readiness can wait until the end of the cycle. By then gaps are embedded, assumptions locked, traceability lost - forcing reactive fixes under pressure.

Building it in early reduces compliance risk, rework, and audit stress.

How Northmore Gordon supports this transition

We bridge engineering reality (how energy commodities and emissions are actually measured), knowledge of data systems (how it's read, transferred, structured and validated), and regulatory frameworks (how laws and regulations apply).

We identify where processes will fail under audit, design defensible frameworks, and build validation in from the outset.

Final thought

If your data can't be validated, it isn't compliant. Those who act early will be better placed as NGER and ASRS continue to evolve.

Talk to one of our Senior Advisors to learn more about the auditing pitfalls.

Reporting and compliance context

Confirm the reporting entity and period, current thresholds, regulator guidance, evidence boundary and assurance obligations before applying the dated discussion to a live report.

Related guidance

Carbon advisory

Scope 1, 2 and 3 emissions

Contact us

Read the original article for the source publication and its full context.

What is the main risk described in Northmore Gordon's article about NGER and ASRS reporting?

The article warns that companies may report comfortably under NGER without issues, but if they use the same data management approach under the new Australian Sustainability Reporting Standards

(ASRS)—Australia's mandatory climate-related financial reporting rules that started on 1 January 2025 and are being phased in across three reporting groups—there is a high risk of getting caught out at audit.

What is the key shift described in the article regarding reporting requirements?

The shift is from simple reporting to auditable reporting. NGER reporting has traditionally been a compliance task of collecting data, applying factors, and submitting, but as ASRS rolls out, data must be traceable to source, consistently collected, transparent in calculation, and defensible under audit.

What common issues cause companies to get caught out during audits, according to the article?

The article identifies four main issues: data gaps from fragmented spreadsheets, manual entry, and inconsistent measurement; lack of traceability where reported figures can't be linked to sources and assumptions go unrecorded; over-reliance on estimates that replace measured data with shifting methodologies; and systems not built for audit, lacking version control, validation, or connected sources.

What does 'audit-ready' data management look like according to Northmore Gordon?

Audit readiness is built in, not bolted on. Ready organisations have standardised methodologies with clear calculation boundaries, end-to-end traceability where every figure is linked to source and calculations are reproducible, embedded validation including anomaly checks and reconciliation with defined review workflows, and centralised data with version control and transparent calculation logic.

Why does the article say audit readiness needs to be built early rather than at the end of a reporting cycle?

The article explains that many companies assume audit readiness can wait until the end of the cycle, but by then gaps are embedded, assumptions are locked in, and traceability is lost, forcing reactive fixes under pressure. Building readiness in early reduces compliance risk, rework, and audit stress.

How can companies establish whether they must report under NGER and ASRS?

NGER applicability depends on facility thresholds (25,000 tonnes CO₂-e of scope 1 and 2 emissions, or 100 TJ of energy) and corporate thresholds (50,000 tonnes or 200 TJ). ASRS applicability is determined by ASIC's guidance, which links sustainability-reporting duties to Chapter 2M financial-reporting obligations with applicable corporate-size, emissions or assets tests, phased across financial years starting on or after 1 January 2025, 1 July 2026 and 1 July 2027. Applicability should be assessed separately for each framework using the correct legal entity and reporting period.

What role does Northmore Gordon play in supporting companies transitioning to auditable reporting?

We bridge engineering reality (how energy commodities and emissions are actually measured), knowledge of data systems (how data is read, transferred, structured and validated), and regulatory frameworks (how laws and regulations apply). The company identifies where processes will fail under audit, designs defensible frameworks, provides data-readiness assessments to define collection tasks and the effect of estimates, and builds validation in from the outset.

What is the difference between NGER and ASRS reporting requirements?

NGER is a greenhouse gas and energy reporting scheme administered by CER with facility and corporate thresholds, requiring submission by 31 October (moved to the next business day if that falls on a weekend or ACT public holiday). ASRS is mandatory sustainability reporting linked to financial-reporting obligations under Chapter 2M, with entity and financial-year applicability tests. They are separate regimes with different thresholds, boundaries and disclosure requirements. Data collected for one must be reconciled—not simply copied—into the other.

What practical steps should companies take to prepare for ASRS audit requirements?

Companies should first establish their applicability through entity and period assessment and create an evidence-gap list. Then document boundaries, activity data, factors and calculations for their emissions inventory. Transition planning should define options, assumptions, dependencies, ownership and financial implications. Reporting preparation must map traceable evidence to required disclosures. Finally, a data-readiness assessment should define the state of existing data, identify data owners, gaps and collection tasks, and assess the effect of any estimates on emissions reporting.

What should companies understand about the relationship between NGER data and ASRS reporting?

NGER data may be an input to ASRS work, but boundaries, methods and required disclosures must be reconciled. A facility result prepared for NGER should not be copied directly into a corporate sustainability report without checking how it was prepared, who owns it, what exclusions were applied, and whether the measurement methodology aligns with ASRS requirements. This reconciliation is essential to ensure reported figures are defensible and traceable under audit.