



**Third party validation guidance
and verification procedures for
CARBON NEUTRAL
CERTIFICATION**

VERSION 2 (20/08/2020)

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1. OVERVIEW OF REQUIREMENTS

This document sets out the third party validation requirements for carbon neutral certification against the Climate Active Carbon Neutral Standard (Standard). This includes the requirements for audits and verifications funded by the certified entity, as well as annual risk based audits of selected carbon neutral claims that will be funded by the administrator of the Climate Active initiative (Administrator).

This document is for businesses seeking to gain or maintain carbon neutral certification and the auditors or verifiers engaged to audit or verify carbon neutral claims. It covers carbon neutral claims against the Climate Active Carbon Neutral Standard for: Organisations; Products and Services; Events; and Precincts.

Section 1 of this document explains which types of verification and audit apply to which types of certifications, as well as the qualifications that verifiers or auditors must hold. Section 2 sets out the responsibilities of the audited/verified body. Sections 3 and 4 detail the requirements of an assurance audit and verification engagement respectively. Sections 5 - 8 specify the agreed-upon procedures to be followed when undertaking a verification engagement.

Box 1: Technical assessments

In addition to the third party validation requirements, most certifications are subject to a technical assessment of the carbon neutral claim on application. The technical assessment must be carried out by a registered consultant. The validation schedule in the Licence Agreement - Terms and Conditions for Certification against the Climate Active Carbon Neutral Standard and use of the Certification Trade Mark (Licence Agreement) specifies which certifications are subject to a technical assessment.

Technical assessment procedures and further information about registered consultants is available at www.climateactive.org.au

1.1 Changes to audit requirements under the former National Carbon Offset Standard

Auditors and certified bodies please note: The requirements set out in this document differ significantly from the previous audit requirements under the former National Carbon Offset Standard. Different certification types, and subcategories within each certification type, are subject to different types of validation: verification engagements for some, and assurance engagements for others. Even for those still required to have assurance audits, the scope of the audit has been reduced. Therefore, auditors must take care to familiarise themselves with the new requirements before quoting to undertake any audit or verification engagement for Climate Active Carbon Neutral certification.

1.2 Audits and verifications funded by the organisation seeking to gain or maintain carbon neutral certification

Audit and verification requirements differ by:

1. certification type (i.e. organisation, precinct, event etc.)
2. sub-category within each certification type based on factors such as the size of an organisation and its carbon footprint.

The different types and subcategories are subject to different risk proportionate data validation procedures when they apply for carbon neutral certification, and at intervals throughout the life of their certification.

Some are subject to assurance audits, and some to verifications.

The validation schedule of the Licence Agreement sets out:

- the definitions of each certification type and subtype
- which data validation (audit or verification) procedures each type is subject to and when
- the qualifications for data validators (auditors or verifiers) for each type.

Please note: The validation schedule may be updated from time to time, yet each carbon neutral client will be subject to the version they signed up to, until their Licence Agreement is renewed. The latest validation schedule is available at www.industry.gov.au/regulations-and-standards/climate-active but data validators and their clients must refer to the requirements set out in the validation schedule to the client's specific Licence Agreement.

Sections 3 - 10 of this document set out the detailed requirements for third party validation through verification engagements and assurance audits. Auditors/verifiers and their clients will need to refer to the validation schedule to determine which validation types apply.

1.3 Administrator funded, risk based verifications

In addition to the validation schedule requirements, the Administrator of the Climate Active initiative will arrange for risk based verifications of selected certifications each year. The Administrator will engage and pay the verifiers for these verifications: the verified body does not need to pay. These Administrator funded verifications may be of the entire carbon neutral claim or the Administrator may choose to commission verifications of specific aspects in specific years in order to target known common issues and identify others.

Administrator funded verifications must be carried out by:

- a registered Greenhouse and Energy Auditor ([register available here](#)) or
- an environmental auditor formally trained under international standard ISO 14001.

Administrator funded verifications will function, in part, as independent verifications of technical assessments and data validations.

Agreed-upon procedures for Administrator funded verifications will be made available at the time of the verification.

2. RESPONSIBILITIES OF AN AUDITED AND/OR VERIFIED BODY

The audited/verified body (the entity making the carbon neutral claim) is responsible for: preparing and maintaining the carbon neutral claim in accordance with the requirements of the relevant Climate Active Carbon Neutral Standard (including by engaging a Registered Consultant, where relevant); maintaining appropriate records for auditing/verification purposes; and paying for the relevant audit/verification type set out in the validation schedule of their Licence Agreement.

The responsible entity must keep records that are adequate to enable the auditor/verifier to assess the relevance, completeness, consistency, transparency and accuracy of reported data during an external audit. Records can be kept in electronic or paper form. Records should be stored in a format that is accessible to external auditors if required.

The audit/verification is performed on the basis that the audited/verified body acknowledges and understands that it has a responsibility to provide the auditor with reasonable access to:

- all information that management is aware is necessary for the performance of the engagement
- additional information that may be requested for the purpose of the engagement
- persons within the audited/verified body from whom the auditors/verifiers require co-operation in order to perform the engagement.

As appropriate to the carbon account, the auditor/verifier may need reasonable access to:

- facilities, equipment and personnel required for the operations within the organisation's emissions boundary
- records, including monitoring records, utility bills, test reports, failure reports, internal audit and management review records, customer complaints and statistics related to the activities within the emissions boundary
- any additional reporting or information source used to develop the carbon account.

Note, responsibilities of the auditor and verifier are outlined in sections 3 and 4 respectively.

3. ASSURANCE AUDIT REQUIREMENTS

This section sets out the requirements for assurance audits of carbon neutral claims against the Climate Active Carbon Neutral Standard. Only some entities are required to undergo an assurance audit, as set out in the Validation Schedule of the Licence Agreement (for further detail, see Section 1.2 above). The assurance auditor may take into account any other relevant assurance audit of the same period such as an audit conducted for NGER reporting.

The subject of the audit is the carbon neutral claim against the Climate Active Carbon Neutral Standard, with the exception of offsets which will be verified by the Administrator.

3.1 High level requirements for assurance audits

Table 1: Elements of assurance audits against the Climate Active Carbon Neutral Standard

Element	Description
Audit type:	Assurance
Minimum level of assurance required:	Limited
Audit standards:	<ul style="list-style-type: none"> • ASAE 3000 or • ISO 14064-3
Required qualifications for auditors:	<p>Auditors must be:</p> <ul style="list-style-type: none"> • included on the Register of Greenhouse and Energy Auditors, as established under section 75A of the <i>National Greenhouse and Energy Reporting Act 2007</i> (NGER Act) and maintained by the Clean Energy Regulator; or • accredited to the international standard ISO 14065:2013.
Audit criteria:	The relevant Climate Active Carbon Neutral Standard. For example, if assessing an organisation certification then this is the Climate Active Carbon Neutral Standard for Organisations. If assessing a precinct certification, then this is the Climate Active Carbon Neutral Standard for Precincts, etc.
Subject matter:	A carbon neutral claim against the relevant Climate Active Carbon Neutral Standard, with the exception of offsets.
Audited body:	The Responsible Entity for the carbon neutral claim.
Timing of audits:	As set out in the client's Validation Schedule of their Licence Agreement.

3.2 Purpose and intended users of the audit

The intended users of a Climate Active Carbon Neutral Standard audit report (Appendix 1) are the audited body, the audited body's stakeholders and the Administrator. The purpose of the report is to provide assurance to these users that a carbon neutral claim is consistent with the relevant Climate Active Carbon Neutral Standard. The Administrator uses the audit report to decide whether or not to grant carbon neutral certification to the audited body.

3.3 Responsibilities of the auditor

The auditor's responsibility is to undertake an assurance audit of the carbon neutral claim made by the audited body. The auditor must carry out the assurance engagement in accordance with either:

- ASAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information; or
- ISO 14064-3: Greenhouse gas specification with guidance for the validation and verification of greenhouse gas assertions.

The audit criteria that must be applied are the requirements set out in the relevant Climate Active Carbon Neutral Standard. The auditor may wish to contact the Administrator to discuss any issues or interpretations concerning the Standard.

The auditor must consider the evidence gathered in the course of carrying out the assurance engagement and provide an assurance conclusion (also known as an assurance statement or audit opinion) about the preparation of the Public Disclosure Statement in line with the relevant Climate Active Carbon Neutral Standard. The conclusion must be either unqualified, qualified, adverse, or a conclusion that the auditor is unable to form an opinion. An unqualified or qualified assurance statement must at minimum be expressed in terms of limited assurance. Some audited bodies may choose to commission a reasonable assurance engagement, which is also acceptable.

If the auditor identifies any Corrective Action Requests (CARs) and/or observations in the course of the audit, they must provide these to the responsible entity. The responsible entity should wherever possible be given the opportunity to resolve these prior to the closure of the audit activity. At the conclusion of the audit engagement, the auditor must provide the responsible entity with a list of any unresolved CARs and/or observations. The Climate Active Carbon Neutral Standard Assurance Audit Report template available at Appendix 1 provides further guidance on CARs and observations.

The auditor must provide the audited body with a written audit report. This report must include the assurance conclusion and, if relevant, the list of unresolved CARs and/or observations. It is optional to also include a list of CARs and observations that were resolved during the course of the audit engagement. The report must be completed using the Climate Active online certification portal, when available. In cases where the certification portal is unavailable, the Climate Active Carbon Neutral Standard Assurance Audit Report template must be used to complete the report (Appendix 1). The completed report must be submitted to the Administrator of the Climate Active initiative within the timelines specified by the Administrator.

4. VERIFICATION ENGAGEMENT REQUIREMENTS

This section sets out the requirements for verification engagements on carbon neutral claims against the Climate Active Carbon Neutral Standard. Only some entities are required to commission and pay for verifications, as set out in the validation schedule of the Licence Agreement (for further detail, see Section 1.2 above). In addition, the Administrator will commission and pay for verifications of a selection of carbon neutral claims each year (further details in Section 1.3 above). Section 4 applies to both client funded and Administrator funded verifications. Sections 5 - 10 set out agreed-upon procedures for client funded verifications.

The fundamental elements of verification engagements for Climate Active Carbon Neutral Standard are summarised in Table 2 below. Verifier qualifications are set out in the Validation Schedule.

Table 2: Fundamental elements of verification engagements for certification against the Climate Active Carbon Neutral Standard for Organisations

Element	Description
Audit framework:	National Greenhouse and Energy Reporting (Audit) Determination 2009
Audit type:	Verification
Verification standards:	ASRS 4400
Verification criteria:	The relevant Climate Active Carbon Neutral Standard. For example, if assessing an organisation certification then this is the Climate Active Carbon Neutral Standard for Organisations.
Subject matter:	<p>For organisation, simple service and event certifications, the source data underpinning the carbon neutral claim against the relevant Climate Active Carbon Neutral Standard.</p> <p>For products and complex services, the life cycle assessment model, the emission calculation methodologies and the source of activity data and the functional unit.</p> <p>For minor base year recalculations, the source data relevant to the base year recalculation of the carbon neutral claim against the relevant Climate Active Carbon Neutral Standard.</p>
Verified body:	The responsible entity for the carbon neutral certification.
Agreed-upon procedures:	See sections 5–10

Verifications of applications for carbon neutral organisation require the verification team leader to carry out specified procedures to verify the source data underpinning the carbon neutral claim, but not to provide an audit opinion.

The key steps in the verification process are:

1. An **independence and conduct declaration** is signed by the assurance practitioner.
2. **Terms of the engagement** are agreed and signed. The terms must set out the standard under which the engagement is being conducted and the agreed-upon procedures for verification, and must state that the terms have been agreed to by the assurance practitioner.
3. The **agreed-upon procedures** referred to in this document (and confirmed in the verification engagement terms) are carried out by the assurance practitioner.
4. The assurance practitioner issues a **report of factual findings** (Appendix 2) which, at a minimum must set out the result of each specific test of the agreed-upon procedures and any other findings of the verification.

Where specialist skills are required that are not possessed by the verifier, the necessary skills can be provided by an independent expert. Such experts must be independent and cannot have been involved in the development of the carbon account that is the subject of the verification.

4.1 Further guidance for verifiers

For full requirements on the conduct of verification engagements for carbon neutral claims against the Climate Active Carbon Neutral Standard, verifiers will need to refer to:

- *The National Greenhouse and Energy Reporting (Audit) Determination 2009*, Parts 1, 2 and 4, with the exceptions set out in section 1 above.
- The Clean Energy Regulator's Audit Determination Handbook Chapters 2, 3, 4 and in particular 6, with exceptions set out below (www.cleanenergyregulator.gov.au).

All verifiers are required to be familiar with the requirements set out in the above documents. These requirements are not replicated in this document.

Verifiers will need to apply the following exceptions to the Audit Determination Handbook guidance:

- References to the Clean Energy Regulator are to be read as references to the Administrator of the Climate Active initiative.
- References to the schemes administered by the Clean Energy Regulator are to be read as references to the relevant Climate Active Carbon Neutral Standard and to the administrator of the Climate Active initiative.
- References to the legislation underpinning or governing the schemes administered by the Clean Energy Regulator are to be read as references to the relevant Climate Active Carbon Neutral Standard.
- References to Part 6 audits are to be read as references to verifications that assess compliance with the relevant Climate Active Carbon Neutral Standard.
- If the verifier and/or verified body believe it is necessary to amend the agreed-upon procedures, the amendments must be discussed and agreed in writing between the verifier and the administrator of the Climate Active initiative (Climate.Active@industry.gov.au).

4.2 Responsibilities

4.2.1 Responsibility of the verifier

The verifier's responsibility is to report factual findings obtained from conducting the agreed-upon procedures set out in Section 5 - 10, as applicable. The verification engagement must be undertaken in accordance with this framework, the National Greenhouse and Energy Reporting (Audit) Determination 2009, Parts 1, 2 and 4 and the Clean Energy Regulator's Audit Determination Handbook Chapters 2, 3, 4 and 6, with the exceptions set out above. The verifier must comply with the relevant ethical requirements relating to verification engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour. Because the agreed-upon procedures do not constitute an assurance engagement, the verifier does not express any conclusion and provides no assurance on the carbon neutral claim. The verifier must report if the documentation prepared by the verified body for verification is not complete or if the data is incorrect.

4.2.2 Responsibility of intended users

The intended users of the carbon neutral verification reports are technical officers of the team administrating the Climate Active initiative. The intended users are expected to conduct their own assessment of the verifier's findings, combined with other information available to them and, if necessary, perform further procedures in order to obtain sufficient appropriate evidence on which to base their decision about whether the carbon neutral certification application or annual reporting documents should be accepted or rejected.

4.3 Verification report

The verification report must contain a statement of factual findings by the verifier in respect of each of the agreed-upon procedures. The verification report should specifically state any identified issues or discrepancies against the requirements of the relevant Climate Active Carbon Neutral Standard in relation to the agreed-upon procedures. The verification report is to be prepared using the template provided at Appendix 2 or another form containing the same information, such as in the Climate Active Certification Portal. The completed report must be submitted to the administrator of the Climate Active initiative within the timeframe specified by the administrator of the Climate Active initiative.

The verifier may wish to contact the administrator of the Climate Active initiative to discuss any issues or interpretations concerning the certification requirements of the Climate Active Carbon Neutral Standard.

4.4 Record keeping

Records kept by the verified body must be adequate to enable the verifier to ascertain whether activities have been conducted in accordance with the requirements of the relevant Climate Active Carbon Neutral Standard and associated guidance. This includes information that can be used to verify the relevance, completeness, consistency, transparency and accuracy of reported data during an external verification. Records can be kept in electronic or paper form. Records should be stored in a format that is accessible, if required, to the Administrator or external verifiers appointed by either the Administrator or the verified body.

5. AGREED-UPON PROCEDURES: ORGANISATION CERTIFICATION

Note: The source data underpinning the carbon neutral claim is the primary subject of verification.

The remaining aspects of the carbon neutral claim are checked by a registered consultant during a technical assessment and/or the Climate Active team. This includes the assumptions associated with estimating data where actual data is unavailable. The verifier is responsible for verifying the data used to create the estimate but not the calculation method. For example if hotel nights were estimated from the total amount spent on hotels, the verifier is responsible for verifying the amount spent on hotels and the Registered Consultant is responsible for checking the validity of the conversion factor used to estimate nights from dollars.

Specific tests

1. Verify activity data for emissions from stationery energy and fuel.	Verify the source data used for stationery energy and fuel consumption for: <ul style="list-style-type: none"> • all relevant stationary fuels e.g. natural gas, diesel fuel, LPG, coal • all transport fuels. Are all source data values within +/-5% of the values inputted into the online system?
2. Verify activity data for emissions from purchased electricity.	Verify the source data used for purchased or netted-off electricity including GreenPower and LGCs. Are source data values within +/-5% of the values inputted into the electricity calculator? Note: this test does not apply to 'other' electricity in the calculator.
3. Verify activity data for other emission sources.	Verify the source data used for other emissions sources not covered by AUPs 2.1 and 2.2. Verify measured data first, in descending order of the size of the emission source. Verify estimated data second, in descending order of the size of the emission source. Stop verifying when 70% of the total amount of emissions in the carbon account, measured in CO ₂ -e, has been verified. <ul style="list-style-type: none"> • Are all of the source data values checked within +/-5% of the values inputted into the inventory?
4. Verify that records of reporting documents have been kept.	Are appropriate records of how the carbon account/inventory was created being stored, for example in records management systems?
5. Verify that the reporting documents are consistent.	Is the information contained in the Public Disclosure Statement consistent with the carbon inventory/account. (Note: if reported in the online portal this will automatically be the case and the PDS does not need to be generated or checked as part of the verification.) (Items to be checked are: the list of excluded emissions, the list of non-quantified emissions, the net carbon footprint and total amount to be offset, base year and reporting year.

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6. Data sources Data sources may include the following. This is not an exhaustive list.
- Utility metering records.
 - Utility billing data covering the full 12 months of the verification period for each energy source used in the rated premises.
 - Bills for deliveries of any discrete (batch) supplies, showing quantities delivered and how they were measured. If the data does not include enough separate deliveries, then obtain any regular records of storage capacity readings.
 - Documentation of any GreenPower purchases.
 - Documentation of any Climate Active carbon neutral purchases in supply chain.
 - Documentation of any LGCs sold or voluntarily retired.
 - Financial data.
 - Inventories for travel and commuting survey data.
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Note: If the verifier and/or verified body believe it is necessary to amend the above agreed-upon procedure, the amendments must be discussed and agreed in writing between the verifier and the Administrator of the Climate Active initiative (Climate.Active@industry.gov.au).

6. AGREED-UPON PROCEDURES: SIMPLE SERVICE CERTIFICATION

Note: Simple services are defined in the validation schedule to the Licence Agreement. For simple services, **the source data underpinning the carbon neutral claim is the primary subject of verification.** The remaining aspects of the carbon neutral claim are checked by a registered consultant during a technical assessment and/or the Climate Active team. This includes the assumptions associated with estimating data where actual data is unavailable. The verifier is responsible for verifying the data used to create the estimate but not the calculation method. For example if hotel nights were estimated from the total amount spent on hotels, the verifier is responsible for verifying the amount spent on hotels and the Registered Consultant is responsible for checking the validity of the conversion factor used to estimate nights from dollars.

Specific tests

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| 1. Verify activity data for emissions from stationery energy and fuel. | Verify the source data used for stationery energy and fuel consumption for: <ul style="list-style-type: none"> all relevant stationary fuels e.g. natural gas, diesel fuel, LPG, coal all transport fuels. Are all source data values within +/-5% of the values inputted into the online system? |
| 2. Verify activity data for emissions from purchased electricity. | Verify the source data used for purchased or netted-off electricity including GreenPower and LGCs.
Are source data values within +/-5% of the values inputted into the electricity calculator?
Note: this test does not apply to 'other' electricity in the calculator. |
| 3. Verify activity data for other emission sources. | Verify the source data used for other emissions sources not covered by AUPs 2.1 and 2.2. Verify measured data first, in descending order of the size of the emission source. Verify estimated data second, in descending order of the size of the emission source. Stop verifying when 70% of the total amount of emissions in the carbon account, measured in CO ₂ -e, has been verified. <ul style="list-style-type: none"> Are all of the source data values checked within +/-5% of the values inputted into the inventory? |
| 4. Verify that records of reporting documents have been kept. | Are appropriate records of how the carbon account was created being stored, for example in records management systems? |

5. Verify that the reporting documents are consistent.	<p>Is the information contained in the Public Disclosure Statement consistent with the carbon inventory? (Note if reported in the online portal this will automatically be the case and the PDS does not need to be generated or checked as part of the verification).</p> <p>(Items to be checked are: the list of non-quantified emissions, excluded emissions, the list of non-attributable emissions, the net carbon footprint and total amount to be offset, reference unit intensity, base year and reporting year).</p>
6. Verify number of functional units reportedly sold or expected to be sold during the reporting period is plausible and, if deemed important by the verifier, are able to be checked as part of this verification.	<p>Are the number of functional units reportedly sold or expected to be sold during the reporting period plausible? Can information be provided to substantiate these figures?</p>
7. Data sources	<p>Data sources may include the following. This is not an exhaustive list.</p> <ul style="list-style-type: none"> • Utility metering records. • Utility billing data covering the full 12 months of the verification period for each energy source used in the rated premises. • Bills for deliveries of any discrete (batch) supplies, showing quantities delivered and how they were measured. If the data does not include enough separate deliveries, then obtain any regular records of storage capacity readings. • Documentation of any GreenPower purchases. • Documentation of any Climate Active carbon neutral purchases in supply chain. • Documentation of any LGCs sold or voluntarily retired. • Financial data. • Inventories for travel and commuting survey data.

Note: If the verifier and/or verified body believe it is necessary to amend the above agreed-upon procedure, the amendments must be discussed and agreed in writing between the verifier and the Administrator of the Climate Active initiative (Climate.Active@industry.gov.au).

7. AGREED-UPON PROCEDURES: PRODUCT OR COMPLEX SERVICE CERTIFICATION

Note: Complex services are defined in the validation schedule to the Licence Agreement.

Specific tests

1. Verify that the product or service has been fully described.	Has the product or service been fully described such that the process diagram can be drawn up in a verifiable manner, including its function and purpose and in accordance with Section 2.3.1 of the Product and Service Standard?
2. Verify that the functional unit has been described.	Has the functional unit of the product or service been described in accordance with Section 2.3.1 of the Product and Service Standard?
3. Verify that the emissions boundary has been clearly defined and reasonably contains all processes attributable to the product or service.	Has a process diagram been provided which clearly defines the emission boundary and is consistent with the product/service description? Has a standard emissions boundary diagram also been included that clearly identifies attributable-quantified, excluded, attributable - non-quantified and non-attributable emissions? Has the emissions boundary been clearly defined in accordance with Section 2.3.1 of the Product and Service Standard?
4. Verify that processes or emission sources classified as excluded, non-quantified or non-attributable meet the relevant conditions.	Do all excluded emission sources meet the exclusion conditions? Are all disclosed non-attributable emissions reasonably justified in accordance with the rules of Section 2.3.1 of the Product and Service Standard.
5. Verify that emission factors for stationary energy, fuel and electricity have been sourced from approved sources.	Have approved emission factors for stationary energy and fuel been used in accordance with the requirements set out in Section 2.3.5 of the Product and Service Standard? For guidance on emission factors please refer to the Climate Active Technical Guidance Manual.
6. Verify that bespoke emission factors have been sourced from appropriate sources.	Have all bespoke emission factors been sourced from appropriate sources in accordance with Section 2.3.4 of the Product and Service Standard? For guidance on emission factors please refer to the Climate Active Technical Guidance Manual.

<p>7. Verify that regional variations in emission factors have been accounted for.</p>	<p>Have the correct national, jurisdictional or regional emissions factors been applied when calculating emissions that occur in particular locations?</p>
<p>8. Verify documentation of any LGCs sold or voluntarily retired in the reporting year for the purposes of this carbon neutral claim.</p>	<p>Verify documentation of any LGCs sold or retired for the purposes of this claim. This includes LGCs purchased through a Power Purchase Agreement.</p>
<p>9. Verify that sources of activity data are appropriate and, source data for 70% of the total amount of emissions in the carbon account, measured in CO₂-e, has been checked.</p>	<p>Are sources of activity data appropriate and, if deemed important by the verifier, able to be checked as part of this verification?</p> <p>Are all of the source data values checked within +/-5% of the values inputted into the inventory?</p>
<p>10. Verify activity data and emissions per functional unit are plausible and in line with similar products or services.</p>	<p>To the best of your knowledge, is the activity data and emissions per reference unit plausible and consistent with other similar products or services where information is available for these?</p>
<p>11. Verify number of functional units reportedly sold or expected to be sold during the reporting period is plausible and, if deemed important by the verifier, is able to be checked as part of this verification.</p>	<p>Are the number of reference units reportedly sold or expected to be sold during the reporting period plausible? Can information be provided to substantiate these figures?</p>
<p>12. Verify that records of reporting documents have been kept.</p>	<p>Are appropriate records of how the carbon account was created being stored, for example, in records management systems?</p>
<p>13. Verify that the reporting documents are consistent.</p>	<p>Is the information contained in the Public Disclosure Statement consistent with the carbon inventory? (Note: if reported in the online portal this will automatically be the case and the PDS does not need to be generated or checked as part of the verification).</p> <p>(Items to be checked are: the list of non-quantified emissions, excluded emissions, the list of non-attributable emissions, the net carbon footprint and total amount to be offset, functional unit intensity, base year and reporting year).</p>

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14. Data sources
- Data sources may include the following. This is not an exhaustive list.
- Utility metering records.
 - Utility billing data covering the full 12 months of the verification period for each energy source used in the rated premises.
 - Bills for deliveries of any discrete (batch) supplies, showing quantities delivered and how they were measured. If the data does not include enough separate deliveries, then obtain any regular records of storage capacity readings.
 - Documentation of any GreenPower purchases.
 - Documentation of any Climate Active carbon neutral purchases in supply chain.
 - Documentation of any LGCs sold or voluntarily retired.
 - Financial data.
 - Inventories for travel and commuting survey data.
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Note: If the verifier and/or verified body believe it is necessary to amend the above agreed-upon procedure, the amendments must be discussed and agreed in writing between the verifier and the Administrator of the Climate Active initiative (Climate.Active@industry.gov.au).

8. AGREED-UPON PROCEDURES: EVENT CERTIFICATION

Note: The source data underpinning the carbon neutral claim is the primary subject of verification.

The remaining aspects of the carbon neutral claim are checked by a registered consultant during a technical assessment and/or the Climate Active team. This includes the assumptions associated with estimating data where actual data is unavailable. The verifier is then responsible for verifying the data used to create the estimate but not the calculation method. For example if hotel nights were estimated from the total amount spent on hotels, the verifier is responsible for verifying the amount spent on hotels and the Registered Consultant is responsible for checking the validity of the conversion factor used to estimate nights from dollars.

Specific tests

1. Verify activity data for emissions from purchased electricity.	<p>Verify the source data used for purchased or netted-off electricity including GreenPower and LGCs.</p> <p>Are source data values within +/-5% of the values inputted into the electricity calculator?</p> <p>Note: this test does not apply to 'other' electricity in the calculator.</p>
2. Verify activity data for other emission sources.	<p>Verify the source data used for other emissions sources not covered by AUPs 2.1. First verify data for attendee numbers, attendee travel, attendee accommodation, food and drink. Verify next data for significant emissions (emissions that make up more than or equal to 5% of the total amount of emissions) in descending order of the size of the emission source. Stop verifying when 70% of the total amount of emissions in the carbon account, measured in CO₂-e, has been verified.</p> <ul style="list-style-type: none"> Are all of the source data values checked within +/-5% of the values inputted into the inventory?
3. Verify that records of reporting documents have been kept.	<p>Are appropriate records of how the carbon account was created being stored, for example in records management systems?</p>
4. Verify that the reporting documents are consistent.	<p>Is the information contained in the Public Disclosure Statement consistent with the carbon inventory? (Note if reported in the online portal this will automatically be the case and the PDS does not need to be generated or checked as part of the verification).</p> <p>(Items to be checked are: the list of excluded emissions, the list of non-quantified emissions, the net carbon footprint and total amount to be offset).</p>

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5. Data sources Data sources may include the following. This is not an exhaustive list.
- Utility metering records.
 - Utility billing data covering the full 12 months of the verification period for each energy source used in the rated premises.
 - Bills for deliveries of any discrete (batch) supplies, showing quantities delivered and how they were measured. If the data does not include enough separate deliveries, then obtain any regular records of storage capacity readings.
 - Documentation of any GreenPower purchases.
 - Documentation of any Climate Active carbon neutral purchases in supply chain.
 - Documentation of any LGCs sold or voluntarily retired.
 - Financial data.
 - Inventories for travel and commuting survey data.
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Note: If the verifier and/or verified body believe it is necessary to amend the above agreed-upon procedure, the amendments must be discussed and agreed in writing between the verifier and the Administrator of the Climate Active initiative (Climate.Active@industry.gov.au).

9. AGREED-UPON PROCEDURES: COMBINED ORGANISATION + SIMPLE SERVICE(S) CERTIFICATION

Note : Simple Service is defined in the validation schedule to the Licence Agreement for both the Organisation and the Service(s) certifications, the source data underpinning the carbon neutral claim and the functional unit data is the primary subject for verification. The remaining aspects of the carbon neutral claim are checked by a registered consultant during a technical assessment and/or the Climate Active team. This includes the assumptions associated with estimating data where actual data is unavailable. The verifier is responsible for verifying the data used to create the estimate but not the calculation method. For example if hotel nights were estimated from the total amount spent on hotels, the verifier is responsible for verifying the amount spent on hotels and the Registered Consultant is responsible for checking the validity of the conversion factor used to estimate nights from dollars.

Specific tests

<p>1. Verify activity data for emissions from stationery energy and fuel.</p>	<p>Verify the source data used for stationery energy and fuel consumption for:</p> <ul style="list-style-type: none"> • all relevant stationary fuels e.g. natural gas, diesel fuel, LPG, coal • all transport fuels. <p>Are all source data values within +/-5% of the values inputted into the online system?</p>
<p>2. Verify activity data for emissions from purchased electricity.</p>	<p>Verify the source data used for purchased or netted-off electricity including GreenPower and LGCs.</p> <p>Are source data values within +/-5% of the values inputted into the electricity calculator?</p> <p>Note: this test does not apply to 'other' electricity in the calculator.</p>
<p>3. Verify activity data for other emission sources.</p>	<p>Verify the source data used for other emissions sources not covered by AUPs 2.1 and 2.2. Verify measured data first, in descending order of the size of the emission source. Verify estimated data second, in descending order of the size of the emission source. Stop verifying when 70% of the total amount of emissions in the carbon account, measured in CO₂-e, has been verified.</p> <ul style="list-style-type: none"> • Are all of the source data values checked within +/-5% of the values inputted into the online system?
<p>4. Verify number of functional units reportedly sold or expected to be sold during the reporting period is plausible and, if deemed important by the verifier, are able to be checked as part of this verification.</p>	<p>Are the number of functional units reportedly sold or expected to be sold during the reporting period plausible? Can information be provided to substantiate these figures?</p>

5. Verify that records of reporting documents have been kept.	Are appropriate records of how the carbon inventory was created being stored, for example in records management systems?
6. Verify that the reporting documents are consistent.	<p>Is the information contained in the Public Disclosure Statement consistent with the carbon inventory? (Note if reported in the online portal this will automatically be the case and the PDS does not need to be generated or checked as part of the verification).</p> <p>(Items to be checked are: the list of non-quantified emissions, excluded emissions, the list of non-attributable emissions, the net carbon footprint and total amount to be offset, functional unit intensity, base year and reporting year).</p>
7. Data sources	<p>Data sources may include the following. This is not an exhaustive list.</p> <ul style="list-style-type: none"> • Utility metering records. • Utility billing data covering the full 12 months of the verification period for each energy source used in the rated premises. • Bills for deliveries of any discrete (batch) supplies, showing quantities delivered and how they were measured. If the data does not include enough separate deliveries, then obtain any regular records of storage capacity readings. • Documentation of any GreenPower purchases. • Documentation of any Climate Active carbon neutral purchases in supply chain. • Documentation of any LGCs sold or voluntarily retired. • Financial data. • Inventories for travel and commuting survey data.

Note: If the verifier and/or verified body believe it is necessary to amend the above agreed-upon procedure, the amendments must be discussed and agreed in writing between the verifier and the Administrator of the Climate Active initiative (Climate.Active@industry.gov.au).

10. AGREED-UPON PROCEDURES: COMBINED ORGANISATION + PRODUCT(S)/COMPLEX SERVICE(S) CERTIFICATION

Note: Complex service is defined in the validation schedule to the Licence Agreement.

Specific tests

<p>1. Verify activity data for emissions from stationery energy and fuel.</p>	<p>Verify the source data used for stationery energy and fuel consumption for:</p> <ul style="list-style-type: none"> all relevant stationary fuels e.g. natural gas, diesel fuel, LPG, coal all transport fuels. <p>Are all source data values within +/-5% of the values inputted into the online system?</p>
<p>2. Verify activity data for emissions from purchased electricity.</p>	<p>Verify the source data used for purchased or netted-off electricity including GreenPower and LGCs.</p> <p>Are source data values within +/-5% of the values inputted into the electricity calculator?</p> <p>Note: this test does not apply to 'other' electricity in the calculator.</p>
<p>3. Verify activity data for other emission sources.</p>	<p>Verify the source data used for other emissions sources not covered by AUPs 2.1 and 2.2. Verify measured data first, in descending order of the size of the emission source. Verify estimated data second, in descending order of the size of the emission source. Stop verifying when 70% of the total amount of emissions in the carbon account, measured in CO₂-e, has been verified.</p> <ul style="list-style-type: none"> Are all of the source data values checked within +/-5% of the values inputted into the inventory?
<p>4. Verify that the product or service has been fully described.</p>	<p>Has the product or service been fully such that the process diagram can be drawn up in a verifiable manner, including its function and purpose and in accordance with section 2.3.1 of the Product and Service Standard?</p>
<p>5. Verify that the functional unit has been described.</p>	<p>Has the functional unit of the product or service been described in accordance with section 2.3.1 of the Product and Service Standard?</p>
<p>6. Verify that the emissions boundary has been clearly defined and reasonably contains all processes attributable to the product or service.</p>	<p>Has a process map been provided which clearly defines the emission boundary and is consistent with the product/service description?</p> <p>Has a standard emissions boundary diagram also been included clearly identify a list of attributable-quantified, excluded, attributable – non-quantified and non-attributable emissions?</p> <p>Has the emissions boundary been clearly defined in accordance with section 2.3.1 of the Product and Service Standard?</p>
<p>7. Verify that processes or emission sources classified as excluded,</p>	<p>Do all excluded emission sources meet the exclusion conditions?</p> <p>Are all disclosed non-attributable reasonably justified in accordance with the rules of section 2.3.1 of the Product and Service Standard.</p>

<p>non-quantified or non-attributable meet the relevant conditions.</p>	
<p>8. Verify that bespoke emission factors have been sourced from appropriate sources.</p>	<p>Have all bespoke emission factors for emission sources included in the product inventory (even if these are shared with the organisation boundary) been sourced from appropriate sources in accordance with section 2.3.5 of the Product and Service Standard?</p> <p>For guidance on emission factors please refer to the Climate Active Technical Guidance Manual.</p>
<p>9. Verify that regional variations in emission factors have been accounted for.</p>	<p>Have the correct national, jurisdictional or regional emissions factors been applied when calculating emissions that occur in particular locations?</p>
<p>10. Verify activity data and emissions per reference unit are plausible and in line with similar products or services.</p>	<p>To the best of your knowledge, is the activity data and emissions per functional unit plausible and consistent with other similar products or services where information is available for these?</p>
<p>11. Verify number of functional units reportedly sold or expected to be sold during the reporting period is plausible and, if deemed important by the verifier, are able to be checked as part of this verification.</p>	<p>Are the number of functional units reportedly sold or expected to be sold during the reporting period plausible? Can information be provided to substantiate these figures?</p>
<p>12. Verify that records of reporting documents have been kept.</p>	<p>Are appropriate records of how the carbon inventory was created being stored, for example in records management systems?</p>
<p>13. Verify that the reporting documents are consistent.</p>	<p>Is the information contained in the Public Disclosure Statement consistent with the carbon inventory? (Note if reported in the online portal this will automatically be the case and the PDS does not need to be generated or checked as part of the verification).</p> <p>(Items to be checked are: the list of non-quantified emissions, excluded emissions, the list of non-attributable emissions, the net carbon footprint and total amount to be offset, reference unit intensity, base year and reporting year).</p>

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14. Data sources Data sources may include the following. This is not an exhaustive list.
- Utility metering records.
 - Utility billing data covering the full 12 months of the verification period for each energy source used in the rated premises.
 - Bills for deliveries of any discrete (batch) supplies, showing quantities delivered and how they were measured. If the data does not include enough separate deliveries, then obtain any regular records of storage capacity readings.
 - Documentation of any GreenPower purchases.
 - Documentation of any Climate Active carbon neutral purchases in supply chain.
 - Documentation of any LGCs sold or voluntarily retired.
 - Financial data.
 - Inventories for travel and commuting survey data.
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Note: If the verifier and/or verified body believe it is necessary to amend the above agreed-upon procedure, the amendments must be discussed and agreed in writing between the verifier and the Administrator of the Climate Active initiative (Climate.Active@industry.gov.au).

11. APPENDIX 1: AUDIT REPORT TEMPLATE

This template is for use in assurance audits of carbon neutral claims against the Climate Active Carbon Neutral Standard for Organisations, Products and Services, Buildings, Events and/or Precincts. It cannot be used for verification engagements.

This template has been adapted from the National Greenhouse and Energy Reporting audit report in the Clean Energy Regulator's Audit Determination Handbook. The auditor must complete their report using either this template or using the form in the Climate active certification portal. Text in square brackets is to be replaced as prompted. Text in blue italics is for guidance or editing and should be deleted/edited as appropriate.

SECTION 1: Audit Statement and Audit Findings

Table 1: Audit details

Audited body	
Contact person for audited body	
Audit team leader	
Audit team's organisation	
Other audit team members	
Lead auditor's relevant qualifications, registrations and credentials	Please select: NGER registration number / Formal training against ISO 14065:2013
Type of audit	Please select: Limited/Reasonable Assurance
Relevant Climate Active carbon neutral Standard(s) (tick all applicable)	<input type="checkbox"/> Climate Active carbon neutral certification for Organisations <input type="checkbox"/> Climate Active carbon neutral certification for Precincts <input type="checkbox"/> Climate Active carbon neutral certification for Events <input type="checkbox"/> Climate Active carbon neutral certification for Products and Services <input type="checkbox"/> Climate Active carbon neutral certification for Buildings
Subject(s) of carbon neutral claim(s)	<p>E.g. 'The Australian Business Operations of Company x', or 'The opt-in x service offered by Company y'.</p> <p>If a carbon neutral claim is certified by the Administrator, the subject of certification (i.e. subject of the carbon neutral claim) is stated in the initial notice of certification: schedule of certification, and must be copied exactly here.</p>
Purpose of audit	Please select the relevant option and delete the rest: Initial application/ base year recalculation / Department risk based audit
Reporting period covered by audit	e.g. FY 2017–18, CY 2017
Total emissions (tonnes CO₂-e) relating to carbon neutral claim	
Emission sources checked	Please list all emission sources checked as part of this audit
Percentage of total inventory of emissions checked	

[Insert name of audit organisation] confirms that we are not aware of any actual or perceived conflict of interest in having completed this engagement or detail any perceived conflict of interest and how this was addressed.

[Insert name of lead auditor] confirms that he/she has not carried out more than five previous consecutive audits for [insert audited body name].

Summary of procedures undertaken

The procedures we conducted in our [reasonable/limited] assurance engagement included:

[Insert a summary of procedures undertaken. These can include such procedures as:

- interviews conducted to gather evidence
- analysis of procedures the audited body used to gather data
- testing of calculations the audited body performed, and
- identification and testing of assumptions supporting the calculations.]

Use of our [reasonable/limited] assurance engagement report

This report has been prepared for the use of [audited body], the Administrator of the Climate Active initiative, [and intended users identified in the terms of the engagement] for the sole purpose of reporting on [audited body]'s carbon neutral claim(s) against the Climate Active Carbon Neutral Standard.

Accordingly, we expressly disclaim and do not accept any responsibility or liability to any party other than the Administrator of the Climate Active initiative, [audited body] and [names of intended users] for any consequences of reliance on this report for any purpose.

Inherent limitations

There are inherent limitations in performing assurance—for example, assurance engagements are based on selective testing of the information being examined—and because of this, it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all misstatements, as an assurance engagement is not performed continuously throughout the period that is the subject of the engagement and the procedures performed on a test basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given its nature and the methods used for determining, calculating and sampling or estimating such data.

[Detail any specifics around estimates or extrapolated data used by the audited body].

[If limited assurance] The procedures performed in a limited assurance engagement vary in nature from, and are narrower in scope than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than that in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether [audited body]'s carbon neutral claim has been prepared, in all material respects, in accordance with the relevant Climate Active carbon neutral standard.

Table 2: Audit conclusions

Audit conclusion	<p>Please select from the following and delete non-relevant text:</p> <p>Unqualified conclusion: Based on the procedures performed (as described above), nothing has come to our attention that would lead to believe that the [audited body]’s carbon claim has not been prepared in all material respects in accordance with the relevant Climate Active Carbon Neutral Standard.</p> <p>Qualified conclusion: Based on the procedures performed (as described above), with the exception of the matter(s) referred to in the qualification explanation below, nothing has come to our attention that would lead to believe that the [audited body]’s carbon claim has not been prepared in all material respects in accordance with the relevant Climate Active Carbon Neutral Standard.</p> <p>Adverse opinion: In our opinion, because of the effects of the matter/s referred to in the qualification explanation below, the audited body’s carbon neutral [select as appropriate: claim has / claims have] not been prepared in accordance with the Climate Active Carbon Neutral Standard.</p> <p>Inability to form an opinion: In our opinion, because of the existence of the limitation/s on the scope of our work, as described in the qualification explanation below, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation/s not existed, we are unable to and do not express an opinion as to whether the participant’s carbon neutral claim is in accordance with the relevant Climate Active Carbon Neutral Standard.</p>
Audit conclusion qualifications	<p>If an adverse, qualified or ‘unable to form an opinion’ audit conclusion was provided above, please provide a clear description of the reasons for providing this conclusion and, where possible, a quantification of the effects of the qualification on the participant’s carbon neutral claim(s) should be provided here, otherwise just type n/a.</p>
Recommendations (details in Table 3 below)	<p><i>Number of unresolved major CARS:</i></p> <p><i>Number of unresolved minor CARS:</i></p> <p><i>Number of unresolved observations:</i></p> <p>Please list whether any of the corrections listed in Table 3, in the opinion of the audit team, must be resolved by next report.</p>
Name of lead auditor	

Position of lead auditor	
Signature of lead auditor	
Date	

Major CAR: A systematic problem, unmet requirement of the Climate Active Carbon Neutral Standard, total lack of procedure, or evidence of significant number of minor CARs in relation to a single element that represents a material misstatement or material discrepancy relating to the requirements of the relevant category or categories of the Climate Active Carbon Neutral Standard. A major CAR must be corrected before an unqualified audit opinion can be given.

Minor CAR: A deficiency in management of any element of the carbon neutral claim(s) that, if not corrected, could result in the claim(s) not meeting the requirements of the relevant category of the Climate Active Carbon Neutral Standard. A minor CAR must be corrected prior to completion of the carbon account and public report for the reporting year following the audit.

Observation: An item where clarification or improvement is appropriate.

SECTION 2: Corrective Action Requests and Observations

In this section the auditor must provide descriptions of any Corrective Action Requests and observations that were identified but not resolved during the audit activity. It is optional to also provide details of Corrective Action Requests or observations that were resolved. Types of Corrective Action Requests and observations are defined above.

Finding	Summary of CAR/ observation	Summary of action taken to address the CAR/ observation (Participant’s response and auditor’s conclusion)	Was the CAR resolved prior to the closure of the audit activity?
Choose an item.			Choose an item.
Choose an item.			Choose an item.
Choose an item.			Choose an item.
Choose an item.			Choose an item.
Choose an item.			Choose an item.

12. APPENDIX 2: VERIFICATION REPORT TEMPLATE

This template has been adapted from the Clean Energy Regulator’s Audit Determination Handbook template for a National Greenhouse and Energy Reporting audit report (verification engagement). The verifier must complete their report using either this template or using the form in the Climate active certification portal. Text in square brackets is to be replaced as prompted. Text in blue italics is for guidance or editing and should be deleted/edited as appropriate.

Verified body	
Contact person for verified body	
Verification team leader	
Verifier’s organisation	
Other verification team members	
Lead verifier’s relevant qualifications, registrations and credentials	These must be one of the qualifications set out in Section 1.2 (for client funded verifications) or 1.3 (for Administrator funded verifications) of the Verification and Audit Framework for the Climate Active Carbon Neutral Standard for Organisations.
Kind of engagement	Verification
Agreed-upon procedure for:	Please select the relevant option and delete those not relevant: Organisation / Simple Service / Complex Service or Product / Event / Organisation and Simple Service / Organisation and Complex Service or Product
Reporting period covered by engagement	e.g. FY 2017–18, CY 2017
Total emissions (tonnes CO₂-e) relating to carbon neutral claim	
Emission sources checked	Please list all emission sources checked as part of this verification
Percentage of total inventory of emissions checked	

[Insert name of verifier’s organisation] confirms that we are not aware of any actual or perceived conflict of interest in having completed this engagement or detail any perceived conflict of interest and how this was addressed.

Report of factual findings

This is a [please select: client funded verification / Administrator funded verification]. The procedures set out below have been applied to the documentation that forms and supports the carbon neutral claim. Where the carbon neutral claim is used as a basis for certification against the Climate Active Carbon Neutral Standard (Standard), the Administrator of the Climate Active initiative determines whether the factual findings provide a reasonable basis for certification. We do not express any conclusion, nor do we provide any assurance regarding the carbon neutral claim or certification. If we had performed additional procedures, a reasonable assurance engagement to a limited assurance engagement, other matters might have come to our attention which would have been reported.

Other matters to be reported

Aspects impacting on the verification engagement.

[Insert any details of aspects of the matter being verified that particularly impacted on the carrying out of the verification engagement.]

Other matters

[Insert any details of any matter related to the matter being verified that the verification team leader has found during the carrying out of the verification engagement that he or she believes amount to a contravention of the Climate Active Carbon Neutral Standard for Organisations.]

Restriction on use of report

This report is intended for solely for the use of the verified body and the Administrator of the Climate Active initiative, solely for use to verify carbon neutral claims under the Climate Active Carbon Neutral Standard for Organisations. Accordingly, we expressly disclaim and do not accept any responsibility or liability to any party other than these intended users for any consequences of reliance on this report for any purpose. The procedures performed and the factual findings obtained are as follows:

This table to be populated (by the Climate Active portal or verifier) based on the AUPs listed in sections for the specific engagement.

Conclusions (details against the AUP are in Table 3)	Passed/Failed. Note a pass is only possible where all specific tests within the relevant agreed upon procedures were passed.
Name of lead verifier	
Position of lead verifier	
Signature of lead verifier	
Date	

SECTION 2: Specific tests against the Agreed-upon procedures

Table 3: Agreed-upon procedures

Agreed-upon procedures	Factual findings	Errors, exceptions or contraventions identified
Insert the first test of the relevant agreed upon procedures for the subject of verification.	Passed/Failed	[None/detail the exceptions]
Further rows to be inserted for each specific test of the relevant agreed upon procedures.	Passed/Failed	[None/detail the exceptions]