Deloitte.

Carbon Neutral Government Symposium – Data collection and reporting

December 3, 2014

DRAFT – for discussion only

Agenda

Topic	Time allotted
Welcome and introductions	5 mins.
GHG assurance: overview and levels of assurance	10 mins.
What can you expect during verification?	10 mins.
What can you do to get ready?	15 mins.
Q&A	20 mins.

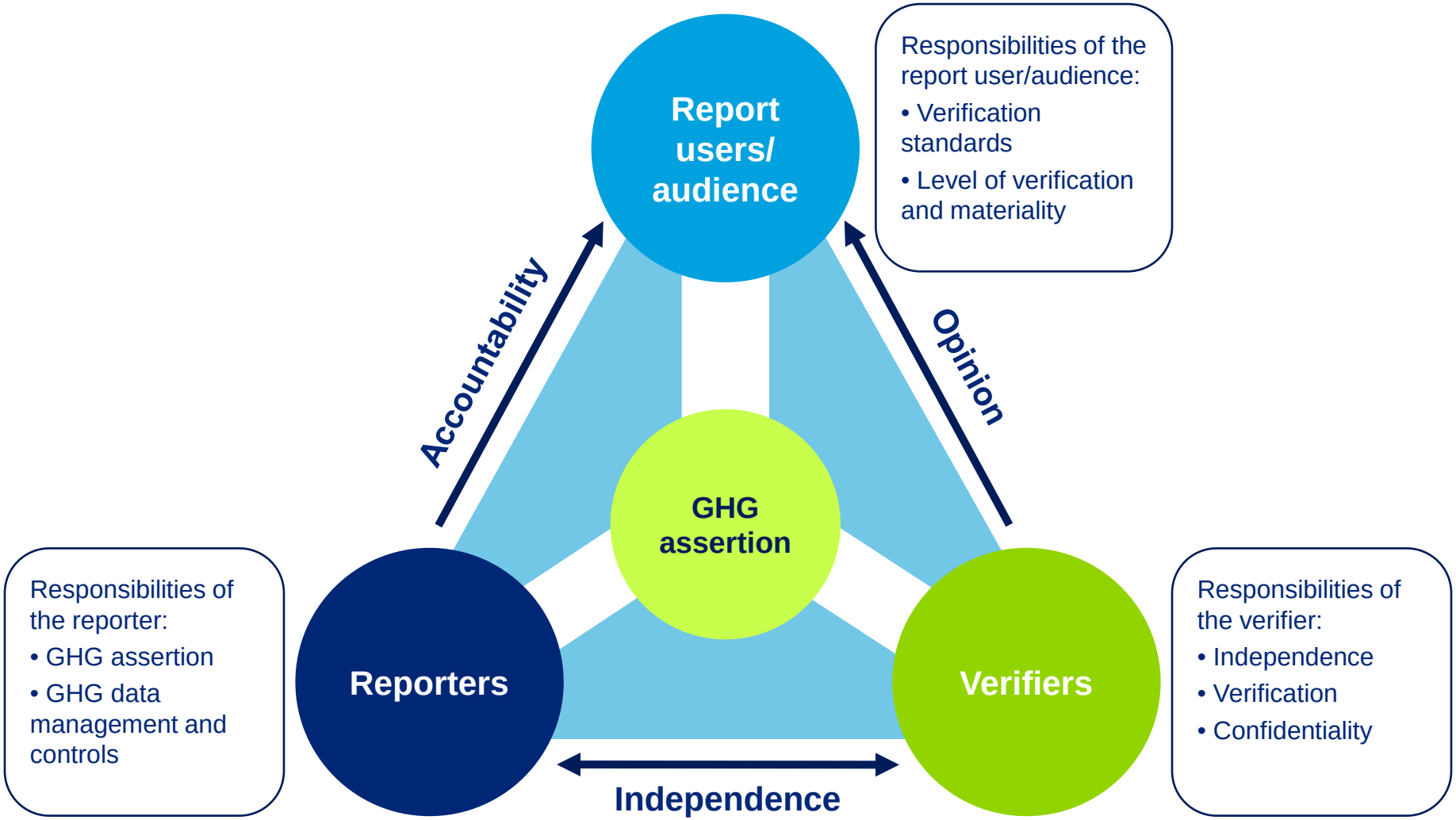
Overview of GHG assurance

Introduction to assurance
What is it?

"An engagement in which a practitioner expresses a **conclusion** designed to enhance the degree of **confidence** of the **intended users** […] about the evaluation or measurement of a **subject matter** against **criteria**." *(ISAE 3000)*

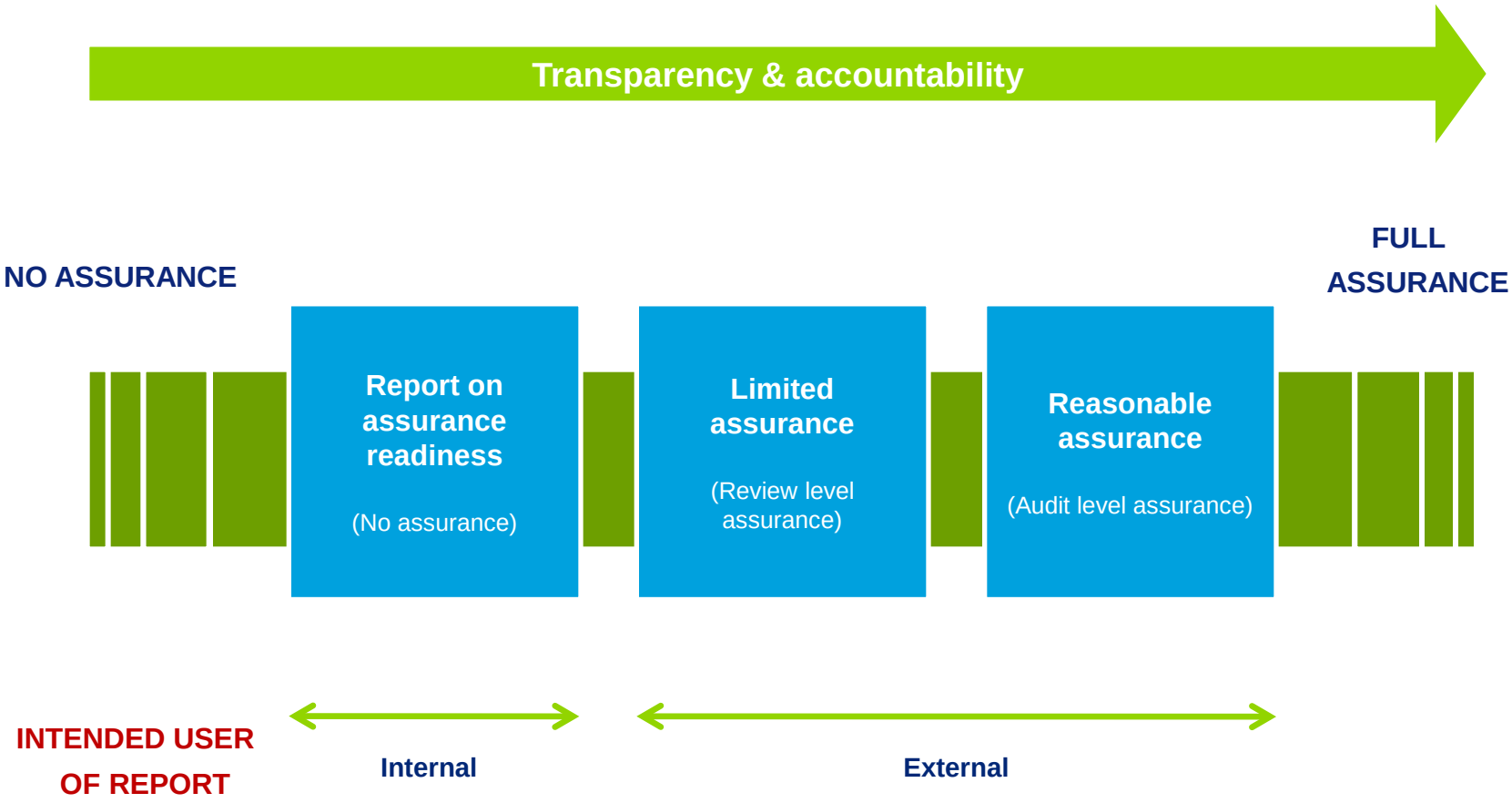
Assurance is all about enhancing confidence in a particular subject matter

Overview of GHG assurance



Levels of GHG assurance

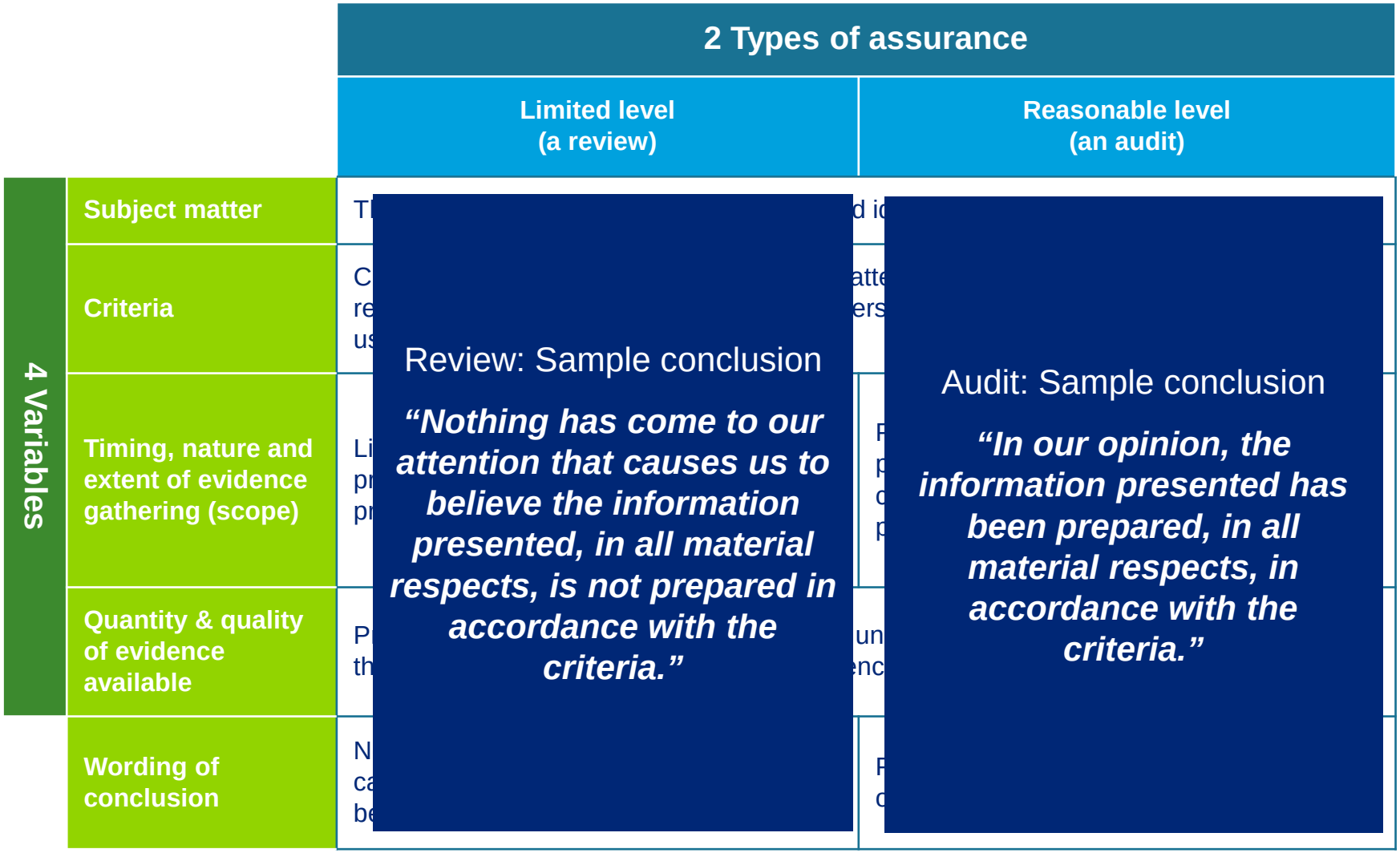
Assurance can take many forms along a continuum of transparency and accountability



Two types of independent assurance

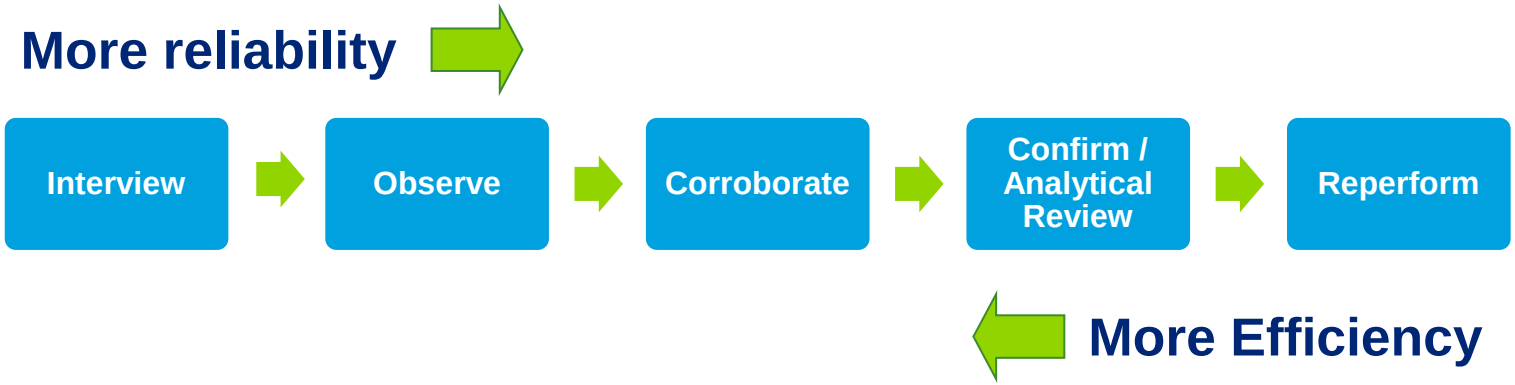
		2 Types of assurance	
		Limited level (a review)	**Reasonable level (an audit)**
4 Variables	**Subject matter**	The subject matter should be meaningful and identifiable (GHG inventory).	
	Criteria	Criteria needed against which the subject matter can be tested. These criteria shall be relevant, complete, reliable, neutral and understandable. Criteria should be accessible to users.	
	Timing, nature and extent of evidence gathering (scope)	Limited compared to audit level, focused primarily on inquiry and analytical procedures.	Procedures likely to include analytical procedures, inquiry, inspection, observation, confirmation, recalculation and re-performance.
	Quantity & quality of evidence available	Provision of an assurance conclusion, or an unqualified assurance conclusion requires that appropriate quality and quantity of evidence is available.	
	Wording of conclusion	Negative form of expression e.g.: “Nothing came to our attention that causes us to believe that …..”	Positive form of expression e.g. “In our opinion, in all material respects...”

Two types of independent assurance



Level of testing

Balance between reliability and efficiency



The choice of the testing method depends on the **objective of assurance**. A limited assurance engagement does not require the same extent of testing as a reasonable assurance engagement.

What you can expect during a verification?

Our approach to public sector GHG assurance
Pragmatic and straightforward

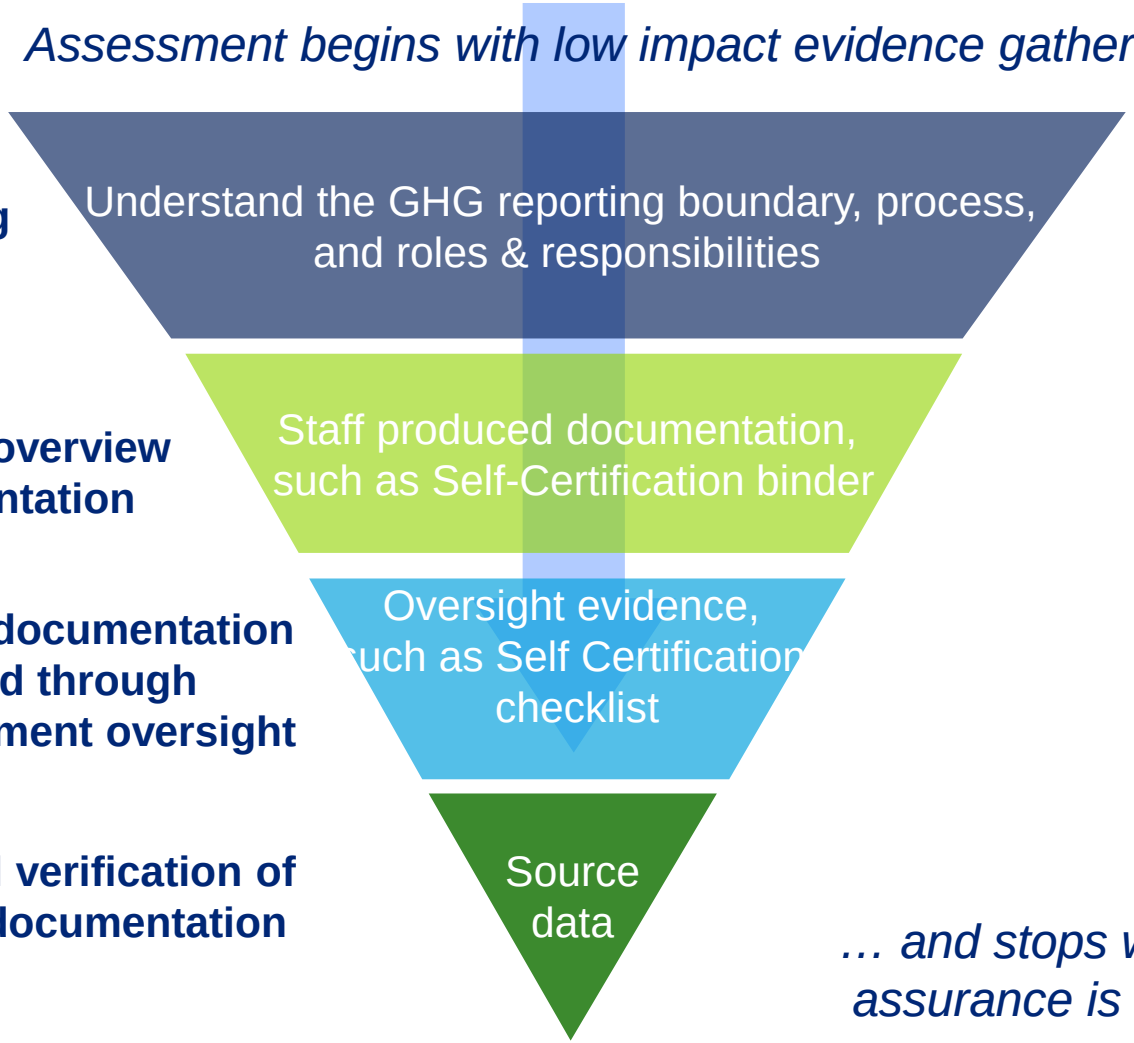
Assessment begins with low impact evidence gathering…

Planning call

Review overview documentation

Review documentation produced through management oversight

Physical verification of source documentation



… and stops when adequate assurance is reached.

Our approach to public sector GHG assurance

Step-by-step assurance project delivery for each PSO

- Conduct kick-off with all PSOs
- Conduct planning call with GHG Coordinator to understand the design of the GHG reporting boundary, process and roles and responsibilities
- Customize risk-based review procedures
- Send out documentation request to PSO
- Determine site visit schedule
- PSO sends information
- Conduct review of documentation provided

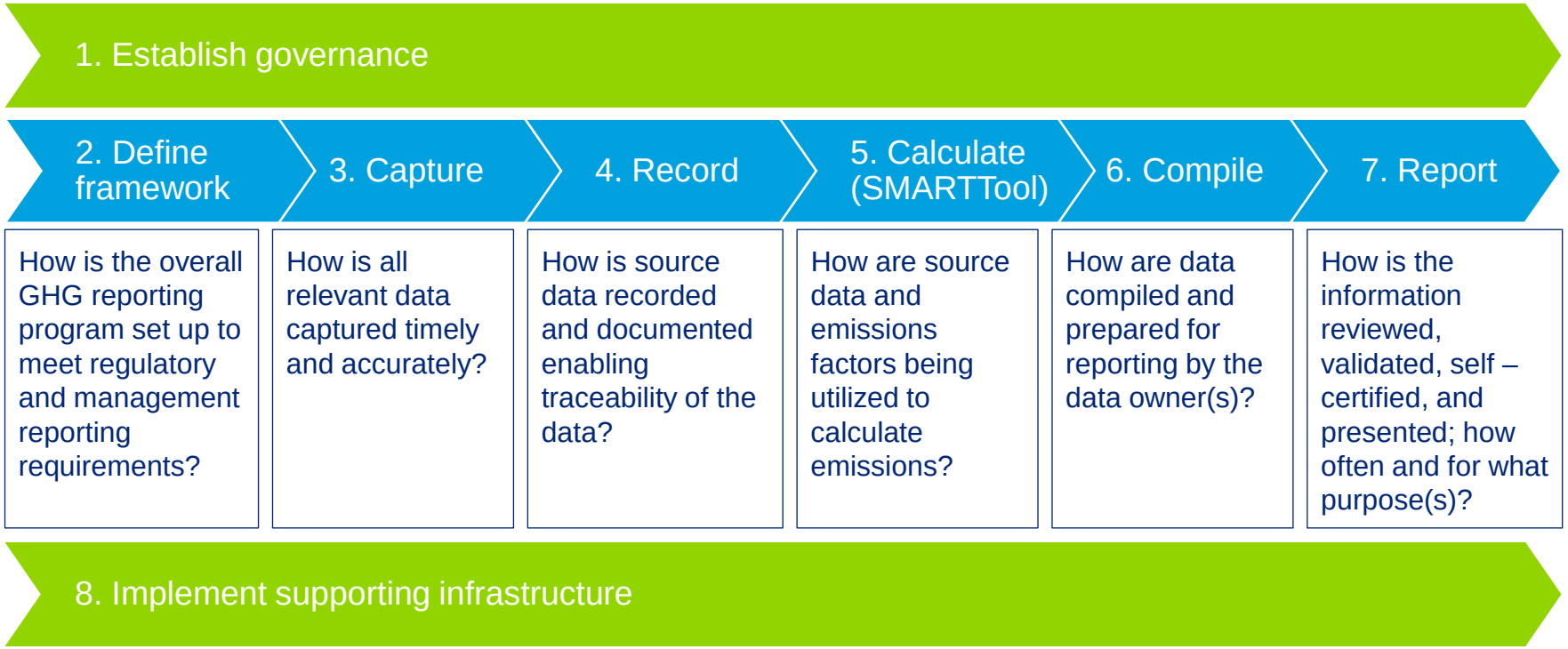
- Conduct planned review procedures:
  - Inquiry and observation
  - Walkthroughs
  - Selected data analysis for material scopes
- Review and confirm our findings with PSO management
- Evaluate results and draw conclusions

- Draft the Assurance Report to PSO
- Draft the Management Report to PSO, summarizing key points of feedback for continuous improvement
- Draft the Management Report to CAS, summarizing the results and general patterns for continuous improvement across all PSOs
- Validate with PSO management and CAS
- Issue final reports

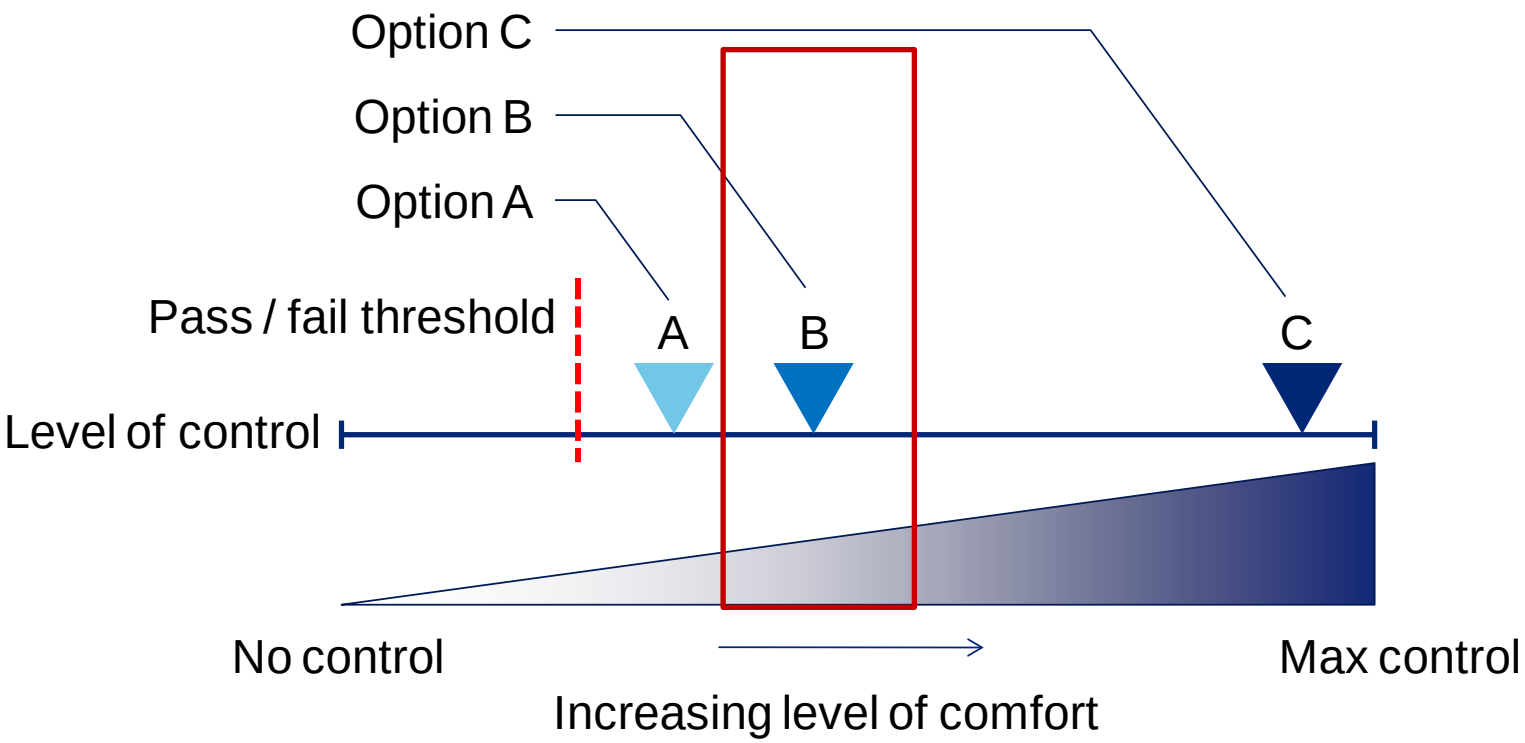
Continuous communication with CAS and the selected PSOs

What can you do to prepare?

GHG reporting controls – Design a structured approach



Determine the level of control desired



Controls illustration

Domain / levels of controls	Unacceptable	Satisfactory	Strong
Design	**The ultimate accountability for GHG reporting is not defined**	Responsibilities for the GHG reporting process are defined and documented. Oversight is in place, however, evidence of the oversight may not be documented.	Responsibilities for the GHG reporting process are defined and documented. Oversight takes place and is documented.
Capture	**Not capturing a complete list of sources of emissions in the categories required in the SMARTTool (buildings, fleet and paper)**	The process to keep the asset list current and complete is not formalized.	The process to keep the asset list current and complete is formalized and the GHG reporting team is kept up to date with any changes YOY.
Record	**Consumption data is not reviewed for accuracy and completeness prior to entry into SMARTTool**	Source data is reviewed and assessed for reasonableness by the data owner. Evidence of the review exists.	Source data is reviewed and validated month over month, year over year, and/or against expected or historic values the data owner prior to recording into SMARTTool. Evidence of the review is retained.

What we've seen for the last three years

Key observations

- Roles and responsibilities
- GHG reporting boundary
- QA/QC processes
- Process documentation
- Document retention/audit trail

What can you do to get ready?

1. Engage your Designated Representative
2. Roles and responsibilities should be clearly defined and documented.
3. Provide CNGR and SMARTTool training to all data-owners and SMARTTool users.
4. Design processes to capture, record, calculate and report GHG data.
5. Develop complete, current and consistent documentation of the GHG data management processes.
6. Design a QA/QC process and maintain evidence of internal testing and version controls applied to IT systems (Excel files, shared folders etc.).
7. Involve the Internal Audit group if possible

Q&A

Contacts

Kasia Sell Manager	604-640-4983 kasell@deloitte.ca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