



Future Perfect

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Framework for Consistent Risk Assessment

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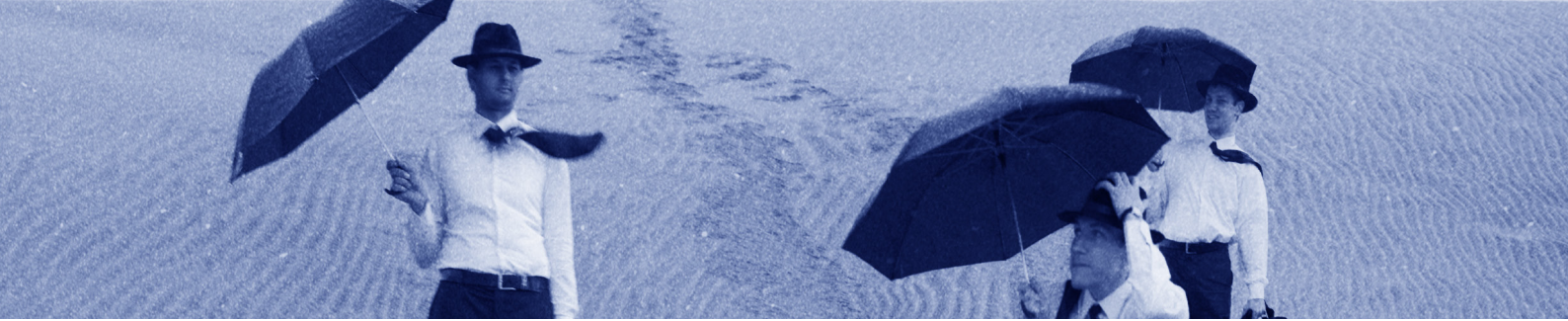
Framework for Consistent Risk Assessment

The basics

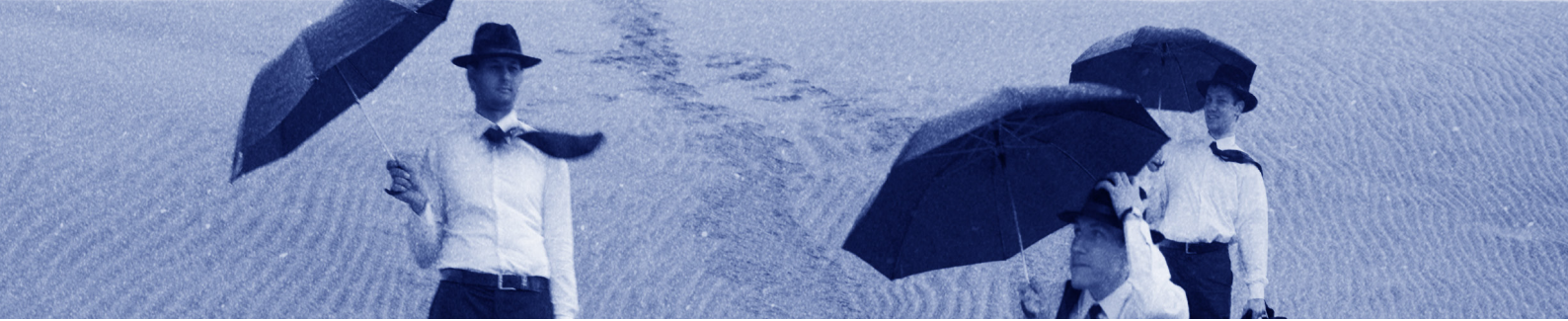
GHG Verification is generally based upon the strategic analysis of the emissions accounting process to determine the risks of mis-statement, and then planning the focus of detailed work and testing to be undertaken (under the CA Regulation this is termed the Sampling Plan).

The precise approach to risk assessment may be determined within the work papers prescribed by the accredited verification system under which you work; or that system may require you to undertake a risk assessment but not provide an approach that ensures consistency of approach across audit teams and projects.

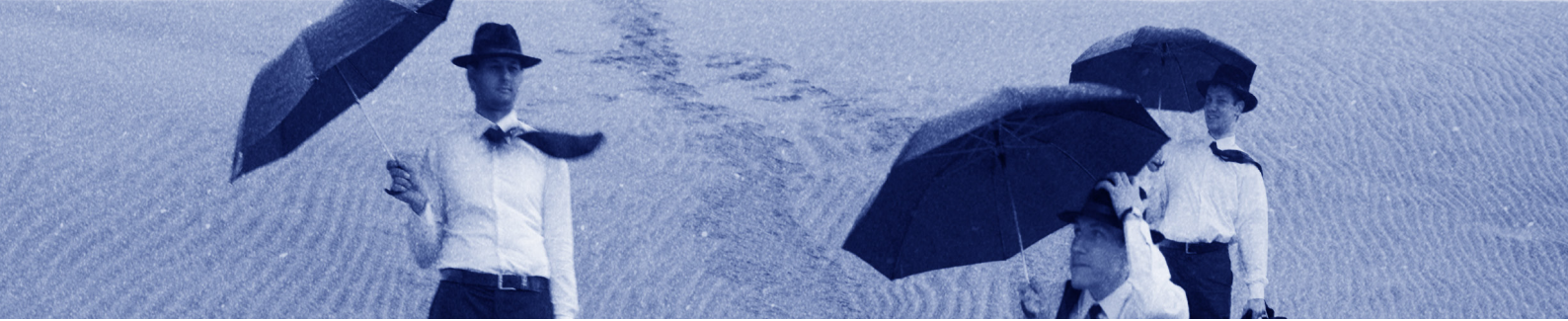
Outlined below are suggestions for key risk areas and sub elements that may be considered to ensure that the assessment covers the broad range of activities that may affect data accounting in a consistent manner. Note, these are a 'starter' and not a complete, definitive listing.



Key Risk Area	Element	Potential Controls (Strong or Weak?)
Boundary	Ownership and Operational Control	<ul style="list-style-type: none"> Clearly Defined? Logical based on evidence seen
	Facility and Technical Units	<ul style="list-style-type: none"> Clearly Defined? Logical based on evidence seen
	Scope 1, 2 and 3	<ul style="list-style-type: none"> Clearly Defined? Logical based on evidence seen
Acquisition of Data	Source Input/Stream Data	<ul style="list-style-type: none"> Clearly Defined?
	Acquisition/Masurement Procedure/Process(es)?	<ul style="list-style-type: none"> Clearly Defined?
	Measurement/Analytical Equipment?	<ul style="list-style-type: none"> Clearly identified? “Fit for Purpose”? Properly calibrated & Maintained? Properly Operated?
	Maintenance Process(es)/ Procedures(s)?	<ul style="list-style-type: none"> Clearly identified? Responsibilities assigned? Traceable to recognised standards? Records readily available?
	Calibration Process/Procedures(s)	<ul style="list-style-type: none"> Clearly identified? Responsibilities assigned? Traceable to recognised standards? Records readily available?
Handling of Data	Data and Information	<ul style="list-style-type: none"> Readily available? Appears ‘reliable’?
	Management Mechanism(s)?	<ul style="list-style-type: none"> Simple or complex? Automated or manual? Few hands or many hands?
	Data Handling Process(es)	<ul style="list-style-type: none"> Clearly defined? Responsibilities assigned? Periodically checked/internally verified?



Key Risk Area	Element	Potential Controls (Strong or Weak?)
Data Manipulation/ Emissions Calculations?	Interface between Input Data and Calculated Data	<ul style="list-style-type: none"> Clearly defined?
	Calculation Process(es)?	<ul style="list-style-type: none"> Clearly defined? Responsibilities assigned? Periodically checked/internally verified? Protected from unauthorised access
	Emissions/Oxidation etc Factor Calculation Process(es)?	<ul style="list-style-type: none"> Clearly defined? Sampling/analysis controlled? Sampling/analysis representative? Quality checked?
	Information sources (Defaults, estimates etc)?	<ul style="list-style-type: none"> Clearly defined? Justified?
Data Reporting?	Reporting Process(es)?	<ul style="list-style-type: none"> Clearly defined? Responsibilities assigned? Simple or complex? Automated or manual? Few hands or many hands?
	Final Data Reported?	<ul style="list-style-type: none"> Checked/ internally verified before release?
Data Trends and movements Analysis?	On-Going Data Analysis?	<ul style="list-style-type: none"> Sense checks done regularly against appropriate proxy? Trends and anomalies spotted regularly and timely?
	Movements Analysis?	<ul style="list-style-type: none"> Identifies Real Reductions vs Reductions from method change etc Analyses and records Material Movements resulting from method changes etc (i.e. non-Real Reductions)
	Method change has occurred	<ul style="list-style-type: none"> Resulting in a Material difference in the reported data?
General Management Environment?	Awareness of emissions accounting and trading?	<ul style="list-style-type: none"> Strong awareness? Commitment to good quality reporting?



Key Risk Area	Element	Potential Controls (Strong or Weak?)
General Management Environment?	Management control and commitment?	<ul style="list-style-type: none"> • Responsibilities assigned? • Range of 'teams' involved (technical, operational, financial, governance etc) • Good level of "resource" provided? • Formal management systems for accounting and reporting? • Internal assurance and governance processes applied?
	Awareness of Verification needs?	<ul style="list-style-type: none"> • Prior Experience of verification • Prepared for verification
	Information security and control?	<ul style="list-style-type: none"> • IT integrity and security considered? • Archive, storage and retention integrated with corporate requirements?
General Business Environment?	Internal/External drivers to mis-state?	<ul style="list-style-type: none"> • Structures, markets or incentives encourage fraud? • Good internal control/governance minimises mis-statements