



Rethinking Findings

**Auditing & Accreditation
(A&A) Team**



Housekeeping rules

House
Rules!

- ✓ This session is being recorded.
- ✓ You are welcome to turn your camera on.
- ✓ Please mute your microphone.
- ✓ Questions are welcomed.
- ✓ Quizzes and poll
- ✓ Contact information: auditing@verra.org

Your presenters



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Agenda



- ✓ Why rethink findings?
- ✓ Proposed completeness and VVB quality Check
- ✓ Quality Validation/Verification Reports
- ✓ Benefits and Implications of Completeness and VVB Quality Check
- ✓ Pilot/implementation
- ✓ Findings by Verra (new format)
- ✓ Next steps/Summary
- ✓ Q&A session

Why rethink findings?

- ✓ Verra conducting ~100% project reviews
- ✓ Always issue findings/multiple rounds review
- ✓ Long project review cycle
- ✓ Market scrutiny (*Verra, VVB, project*)
- ✓ Focus on integrity (*Verra, VVBs, projects*)
- ✓ New denials process
- ✓ Data analysis shows clear pattern with 'findings' Verra is issuing to VVBs
- ✓ PMP launch Jan 2024
- ✓ Analysis illustrates urgent need for change



Document Quality: Poor, Incorrect, Incomplete

ISO 17029:2019	Principle
4.2.1 Evidence-based approach to decision making	The process deploys a method for reaching: <ul style="list-style-type: none">• Reliable and reproducible v/v conclusions and• Based on sufficient and appropriate objective evidence and• The v/v statement is based on evidence collected through an objective validation/verification of the claim.
4.2.2 Documentation	The v/v process is documented and establishes the basis for the conclusion and decision regarding conformity of the claim with the specified requirements.
4.2.3 Fair presentation	V/V must ensure the truthful and accurate reflection of: <ul style="list-style-type: none">• Activities• Findings• Conclusions and Statements

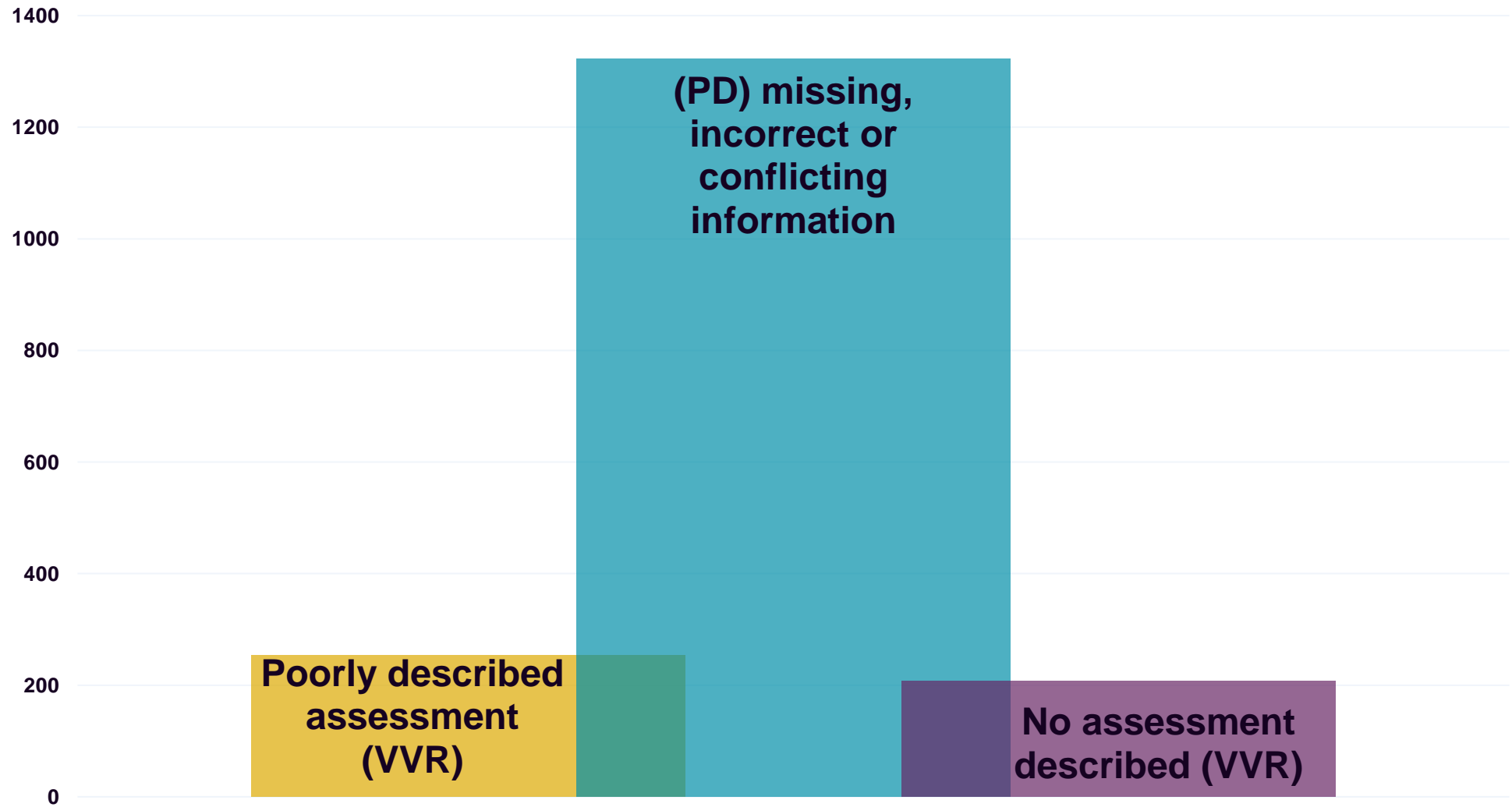
Document quality is poor, incorrect, or incomplete where VVBs do not truthfully, **accurately document and describe** in the **VVR** the activities conducted, the evidence collected and objectively assessed to support assessment of conformance of **all requirements**.

Poor Quality Project Documents: A VVB issue

- ✓ PD template instructions **require project proponents to adhere to all instructions**, as set out in the program standard(s). Instructions relate back to the rules and requirements set out in the program standard(s) and accompanying program documents.
- ✓ **It is the responsibility of the VVB** to assess if the information in the PD, along with any additional supporting evidence, demonstrates conformance of the project with the applicable program rules.
- ✓ The **VVB has not met Verra requirements** the project's conformance with the full set of program rules where:
 - ✓ The VVB has not **fully assessed** the project proponent adhered to all instructions in the PD template.
 - ✓ The VVB **has not identified** where PD:
 - ✓ Does not conform to all program rules and requirements.
 - ✓ Contains inaccurate, incomplete or missing required information.
 - ✓ Contains information conflicting with/contradicting other evidence the VVB assessed.

The Data: Project Review Findings

- 189 PRRs
- 1832 Findings
- ~10 Findings/PRR



New Project Request Denials Procedure (VCS V4.5 Update, August 2023)

To provide a more formal structure for handling reviews that may not be accepted, project request denials process updated. Denials of project requests are rapidly increasing (*Registration and Issuance Process, v4.4, Section 4.3*)

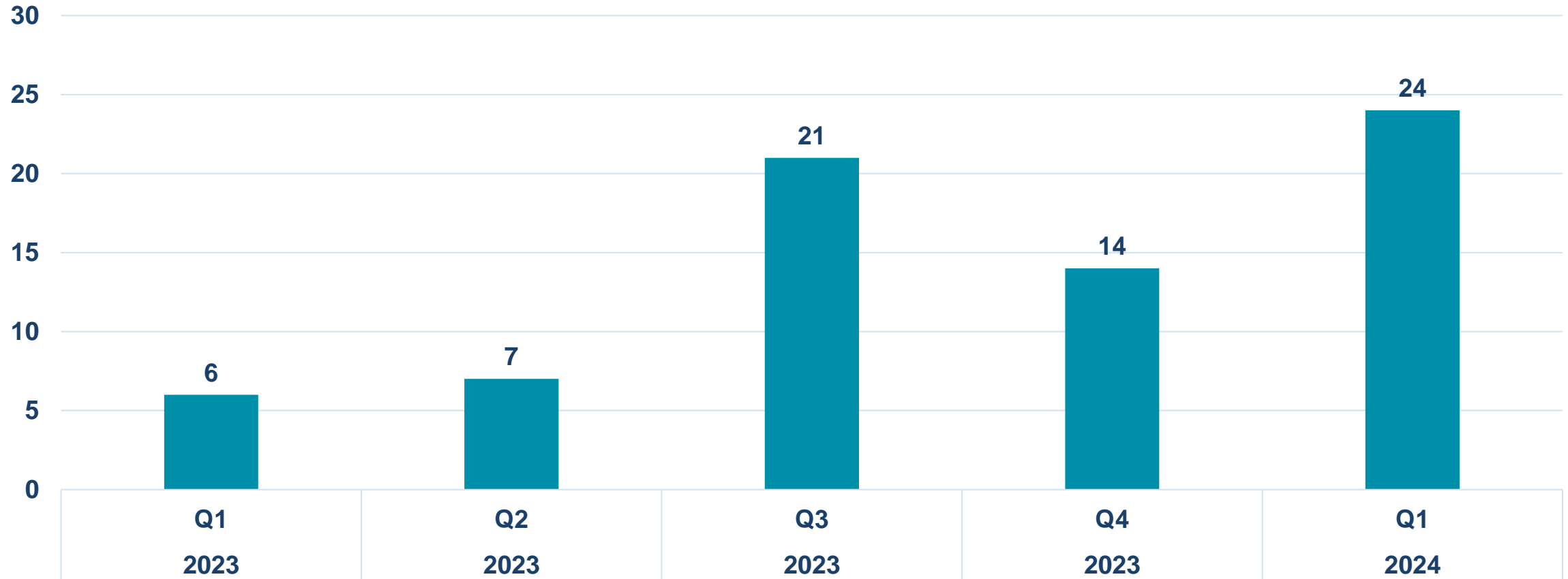
During completeness check:

- ✓ Verra determines the (PD, VVR) **document quality is poor, incorrect, or incomplete** (RIP, 4.3.5) and/or:
 - VVB rotation violation (VCS 4.1.27), VVB PCP violation (VCS 4.1.5), or site visit violation (VCS 4.1.11)
 - Findings with VVB are unresolved after 3 rounds (RIP, 4.3.7(4))
 - No VVB response within 60 days (RIP, 4.3.7(6))
- ✓ If denied:
 - Registry status updated to request denied
 - Denial letter published on Verra registry
 - 90 Days before new project requests can be submitted
 - After second denial, projects are rejected

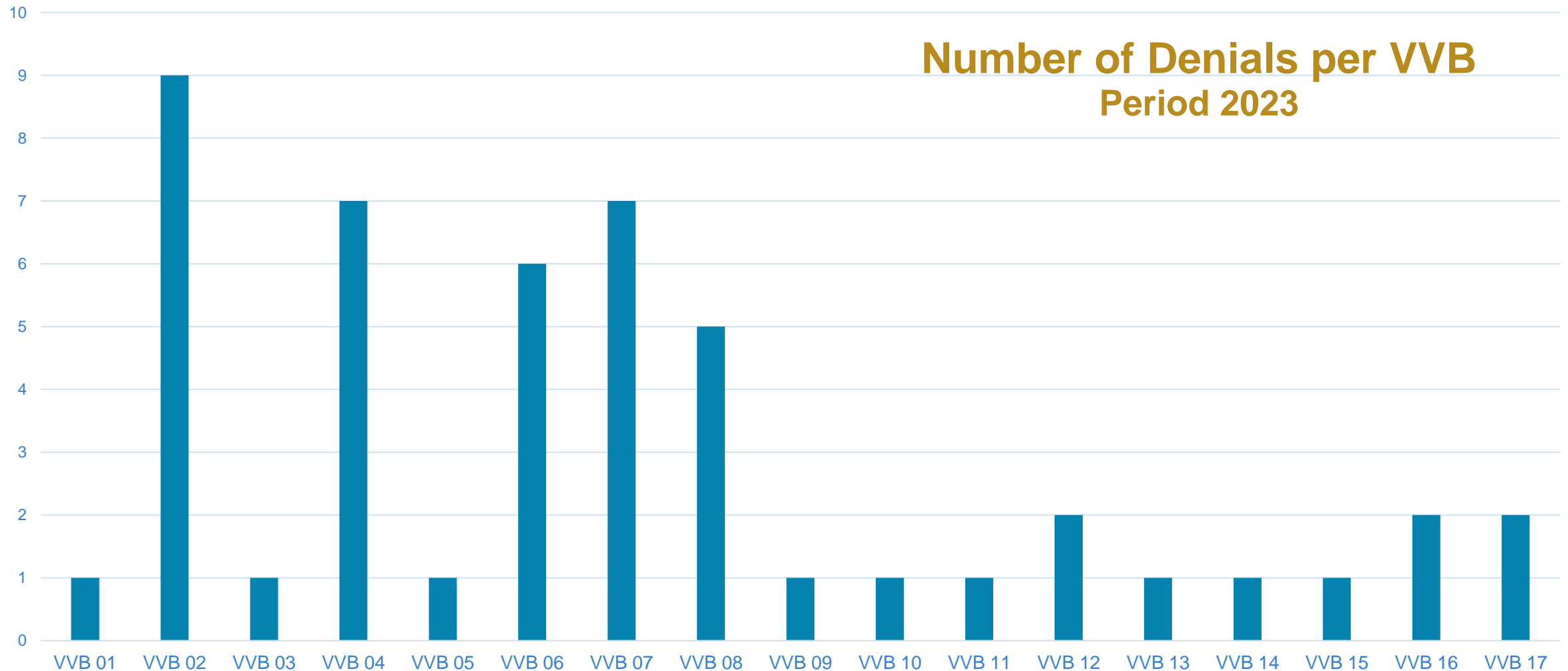
NOTE: Project requests may be denied at any time during Verra project review process

Project Request Denials: Historical Information

Project Requests Denied



Project Request Denials: VVB Comparison

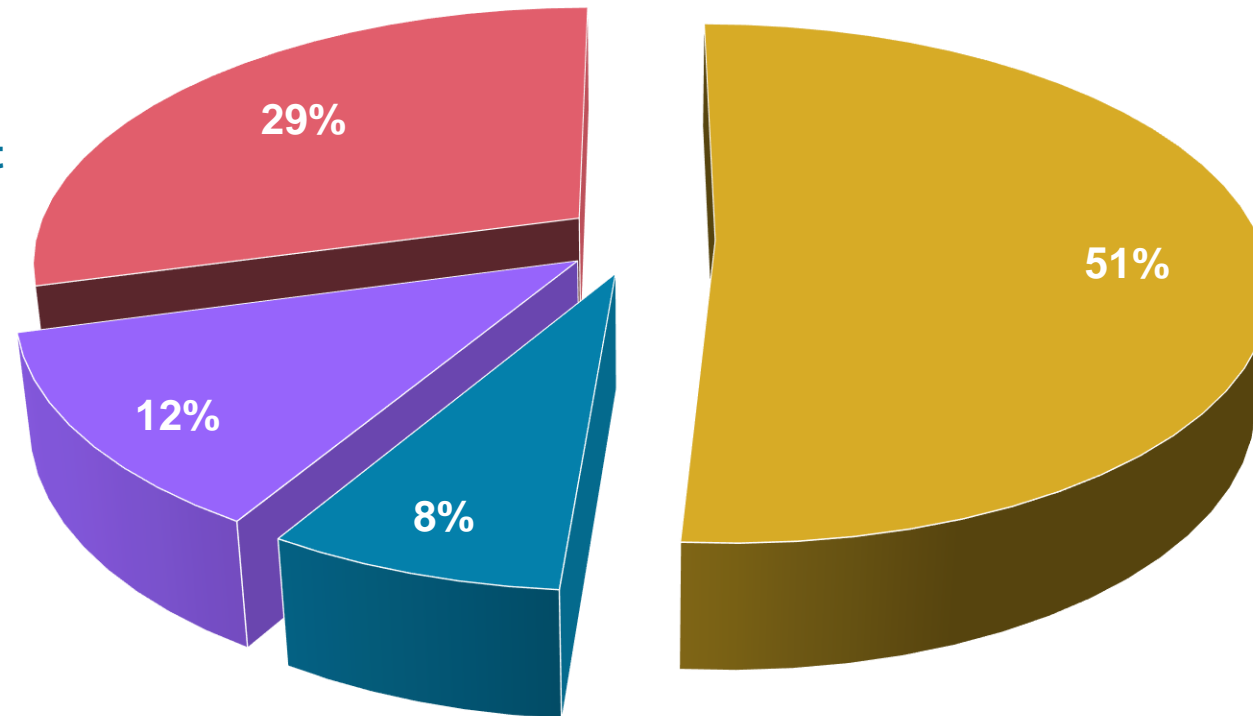


Project Requests Denied: VVB Quality

Denials Distribution

Period: 2023

- Poorly described assessment
- (PD) missing, incorrect or conflicting information
- No assessment described
- Other reasons



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Rethinking Findings

Outcome:

Completeness and VVB Quality Check

Completeness and VVB Quality Check

VVB Rule Violations

- If any rule is violated, non-conformity issued

PD Quality Issues

- If two or more issues identified, non-conformity issued

VVR Report Quality Issues (insufficient description)

- If two or more issues are identified, non-conformity issued

VVR Report Quality Issues (no description of assessment)

- If two or more issues are identified, non-conformity issued

Completeness and VVB Quality Check

+		Non-conformity #	Date Issued	Click or tap to enter a date.	Status	Choose an item.
		Rule/Requirement &	VCS Standard 4.5, 4.10.2: VVB Rotation Rule Violation.			

Choose an item

VCS Standard 4.5, 4.10.2: VVB Rotation Rule Violation.

VCS Standard 4.5.X: VVB PCP Violation

VCS Standard 4.5.Y: VVB Site Visit Violation

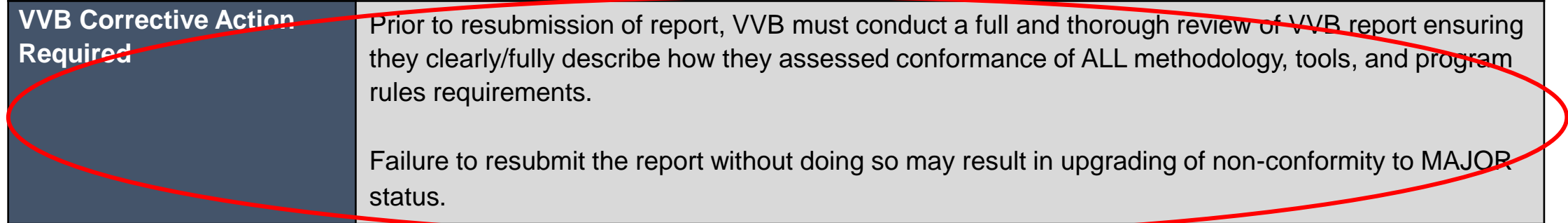
ISO 17029:2019, section(s) 4.2.1, 4.2.2 & 4.2.3: VVB Report does not provide sufficiently documented information on the validation/verification process to support finding conclusions for conformity of specified requirements.

ISO 17029:2019, section 9.5.4: PD missing or conflicting information and VVB did not detect the issues.

ISO 17029:2019, section(s) 4.2.1, 4.2.2 & 4.2.3: VVB Report does not have a description of how the VVB assessed specific requirements

		Why the VVB rule violation occurred and respond with explanation.			
WB Response		Click or tap here to enter text.			
Revised Documents Submitted		List of revised documents:	Date Submitted	Click or tap to enter a date.	
		Click or tap here to enter text.			
Verra Assessment of WB Response		Click or tap here to enter text.			
Review Decision		Choose an item.	Decision Date	Click or tap to enter a date.	

Non-conformity #		Date Issued	Click or tap to enter a date.	Status	Open
Rule/Requirement & Quality Issue Identified	ISO 17029:2019, section(s) 4.2.1, 4.2.2 & 4.2.3: VVB Report does not provide sufficiently documented information on the validation/verification process to support finding conclusions for conformity of specified requirements.				
Evidence Observed	Validation and/or Verification Report Section(s) Section 3.1, 4.5, 6.2				
VVB Corrective Action Required	<p>Prior to resubmission of report, VVB must conduct a full and thorough review of VVB report ensuring they clearly/fully describe how they assessed conformance of ALL methodology, tools, and program rules requirements.</p> <p>Failure to resubmit the report without doing so may result in upgrading of non-conformity to MAJOR status.</p>				
VVB Response	Click or tap here to enter text.				
Revised Documents Submitted	List of revised documents: Click or tap here to enter text.	Date Submitted	Click or tap to enter a date.		
Verra Assessment of VVB Response	Click or tap here to enter text.				
Review Decision	Choose an item.	Decision Date	Click or tap to enter a date.		



Quality Validation and Verification --- Reports

Example 1: Poor or Acceptable Project Documentation?

<p>VCS Standard v.4.4, Section 3.7</p>	<p><u>The project description shall</u> be accompanied by one or more of the following types of evidence establishing project ownership accorded to the project proponent(s) as the case may be (see the VCS Program document Program Definitions for definitions of project ownership and program ownership). To aid the readability of this section, the term project ownership is used below, but should be substituted by the term program ownership, as appropriate:</p> <ol style="list-style-type: none"> 1) Project ownership arising or granted under statute, regulation, or decree by a competent authority. 2) Project ownership arising under law. 3) Project ownership arising by virtue of a statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership). 4) Project ownership arising by virtue of a statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership). 5) An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals which vests project ownership in the project proponent. 6) An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions or removals which vests project ownership in the project proponent. 7) Project ownership arising from the implementation⁵ or enforcement of laws, statutes or regulatory frameworks that require activities be undertaken or incentivize activities that generate GHG emission reductions or removals.
<p>Joint PD/MR 1.7</p>	<p>“ABC Company Ltd. is the owner of the VCS grouped project activity.”</p>
<p>VVR</p>	<p>“The project proponent is ABC Company Ltd., which will be holding the carbon credits generated form the project activity as per section 1.7 of VCS joint PD & MR.”</p>

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Example 1: Improved Document Quality

Revised PD/MR
1.7

ABC Company Ltd is the owner of the VCS grouped project activity. During the distribution of the improved cookstoves, the participating households sign an end user agreement between customer and *ABC Company Ltd*. The end user agreement has customer information, unique identification number, product details etc. The agreement follow the requirements of para 3.7.1 of the VCS Standard 4.4 which states the evidence to establish project ownership should be “An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals which vests project ownership in the project proponent.” The agreement confirms that the ownership rights of the VERRA project and the carbon assets generated from this project lie with the project proponent. The customer under the End User Agreement “releases all rights to the greenhouse gas reductions and carbon credits produced by the use of the clean energy product in the favour of *ABC Company Ltd* and agree to not sell or transfer the GHG or carbon credits to any other third party or use these credits for any other purposes.

Revised VVR

“During the distribution of the improved cookstoves, the participating households sign an end user agreement between customer end-user and *ABC Company Ltd*. The end user agreement has customer information, unique identification number, product details etc., and confirms that the ownership rights of the project and the carbon assets generated lie with the project proponent. Also, the VVB witnessed the *ABC Company Ltd*. stickers pasted on each ICS visited during acceptance sample to confirm the ownership.



Example 2: Poor or Acceptable Project Documentation?

<i>VCS Standard v4.4, Section 3.14.1</i>	The project shall demonstrate regulatory surplus at validation and each project crediting period renewal. Regulatory surplus means that project activities are not mandated by any law, statute, or other regulatory framework, or for UNFCCC non-Annex I countries, any systematically enforced law, statute, or other regulatory framework.
PD Section 3.5	No information describing how project demonstrates regulatory surplus at all.
VR Section 3.3.5	In accordance with the rules and requirements regarding regulatory surplus set out in the latest version of the VCS Standard and it can be confirmed that the project is not mandated by any law, statute, or other regulatory framework, or for UNFCCC non-Annex I countries, any systematically enforced law, statute or other regulatory framework.

Example 2: Improved Document Quality

Revised PD	<p>The proposed project activity is a voluntary coordinated action by PP. There is no mandatory law or requirement in COUNTRY for the installation of water purification technologies/measures (SDWPs). Further to mention that in terms of local laws, statutes and other regulatory frameworks or for UNFCCC non-Annex I countries, any systematically enforced law, statute or other regulatory framework, specific to the project type, there is no specific laws/policies available for water purifier projects. The distribution and implementation of water purifier technology is not subject to any environmental impact assessment in accordance (detail in section 1.14 of this project description). Therefore, this voluntary coordinated action would not be possible in the absence of the grouped project, due to the cost associated with it.</p>
Revised VR	No revisions made to VR

Example 3: Poor or Acceptable Project Documentation?

<i>VCS Standard v4.4, Section 3.8,3.8.1</i>	The project start date of a non-AFOLU project is the date on which the project began generating GHG emission reductions or removals.
PD Section 1.8	01 – October – 2022
VR Section 3.3.5	The date of the first LED distribution has been regarded as the start date of the project activity; the first Project instance LED distribution occurred on 01/10/2022, as confirmed by the LED distribution database and the beneficiary agreement. This is also confirmed as the start date for the project activity group.
Revised PD	The project activity start date is 01-October-2022 with distribution of 9W and 12 W LEDs, serial numbers 123456 and 654321 recorded in the distribution database respectively.

Example 1: Project Request Denial Letter

Example 1 - Project request denied due to poor quality documentation (PD)

Verra undertook a completeness check per Section 4.3.1 of the Registration and Issuance Process, v4.3, and has determined that the following project documents are incomplete for the following reasons:

Project Description (PD):

- ✓ Section 1.7 of the PD does not provide evidence to demonstrate project ownership in accordance with Section 3.7.1 of the VCS Standard, v4.4.
- ✓ Section 2.2 of the PD does not provide information or evidence of the local stakeholder consultation conducted prior to undertaking the validation process (VCS Standard, v4.4, Section 3.18.3).
- ✓ Section 2.5 of the PD does not demonstrate compliance with the AFOLU-Specific Safeguards (VCS Standard, v4.4, Sections 3.18.13, 3.18.14, 3.18.17(1)) or demonstrate that the project activities do not impact local stakeholders.

Example 2 : Project Request Denial Letter

Example 2 - Project request denied due to poor quality documentation (PD)

Verra undertook a completeness check per Section 4.3.1 of the Registration and Issuance Process, v4.3, and Section 4.3 of the CCB Program Rules, v3.1 and has determined that the project does not conform with the VCS Program and CCB Program rules for the reasons below:

- ✓ The project description incorrectly describes the heterogeneous land cover that exists before the project's start date. A substantial portion of the project area in the KML file polygon contains tree cover that is dense enough to qualify as a forest before the project start date, with significant implications on eligibility and GHG accounting.
- ✓ The additionality of the climate, community, and biodiversity project benefits is unclear, given the presence of dense tree cover prior to the project start date.
- ✓ The KML file does not support the description of the most likely land use scenario without the project.

Example 3: Project Request Denial Letter

Example 3 - Project request denied due to quality of project documentation (PD and VR)

The Project Document and Validation Report does not reflect the “Relevance, Transparency, and Completeness” principles of the VCS Program required per Section 2.2 of VCS Standard 4.

- ✓ It is not clear how the VVB has assessed the criteria for different project instances included in the grouped project; a) methodology requirements, b) baseline scenario, and c) the additionality.
- ✓ VVB has not justified how it could achieve a reasonable level of assurance in the validation, given that it did not perform a site visit to check and assess the baseline situation of the farms and industries that form part of the project.
- ✓ Information in the project documents and VR is not consistent.
- ✓ Section 3.1 of the VR mentioned the start date of the project is 30 September 2022. However, the table on page 14 of the VR states that the start date was in 2020.

Example 4: Project Request Denial Letter

Example 4 - Project request denied due to PCP rule violation

Verra undertook a completeness review following Section 4.3.7 of the CCB Program Rules, v3.1, and Section 4.3.1 of the Registration and Issuance Process, v4.3, and has determined that the project does not conform with the CCB Program and VCS Program rules for the following reason:

- ✓ The project did not undergo a CCB verification public comment period prior to verification (Sections 4.3.11, 4.6.6 and 4.6.7, CCB Program Rules, v3.1)

Helpful References for “Quality Project Documents”

- ✓ ISO 17029, 14065 and 14064
- ✓ VCS standards and methodologies
- ✓ VVB Validation and Verification Manual
- ✓ PRR review checklist
- ✓ PD Report Template with Instructions
- ✓ VVR templates (v 4.3) with instructions/prompts
 - ✓ Evidence gathering activities
 - ✓ Evidence checked
 - ✓ Assessment conclusion

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Benefits and Implications of Completeness and VVB Quality Check

Benefits: Completeness and VVB Quality Check

- ✓ Non-conformities, when properly used by VVBs can be one of the most effective and helpful “TOOLS” to strengthen their systems/performance
- ✓ Structured, consistently written findings based on same fundamental auditing requirements highlight specific areas of improvement needed; corrective actions have wide reaching benefits
- ✓ Systematically define, detect and document non conformances during VVB completeness check that are essential to and directly tied to real time VVB performance monitoring
- ✓ Non-conformity reports linked to specific ISO requirements facilitates easy information sharing with Accreditation Bodies, further strengthening system
- ✓ Verra no longer issuing detailed findings identifying all the issues missed by VVBs
- ✓ Signal to all stakeholders poor quality submissions are not acceptable
 - ✓ PPs pay with extra resubmission costs, 90-day resubmission wait time, and risk of project rejection after multiple denials
 - ✓ VVBs face risk of sanctions and public scrutiny of project requests denied to poor quality
- ✓ This can be an effective process to support VVBs who face pressures to do audits at lower cost.
- ✓ Improved project cycle review timelines – improved quality submissions = less findings, less rounds of review, and happier stakeholders.

Implications: Completeness and VVB Quality Check

Request Type	Resubmission Outcome	Implication	Registry Status
Verification	Denied	None (unlimited denials)	On Hold
Registration	Denied	Rejected (no further requests)	Rejected by administrator
Crediting Period Renewal	Denied	Inactive (can submit ver request for previous CPs but no longer eligible for CPR)	Inactive

- ✓ Increased denials in the short term
- ✓ Denials allow public to assess “VVB quality”
- ✓ VVB quality has direct potential impact on project resubmissions/outcomes
- ✓ PPs are going to pay (fees, wait time for resubmission, possible rejections where VVBs submit poor quality documentation)
- ✓ Repeated denials will lead to VVB sanctions
- ✓ VVBs must start considering the need to contract/charge PPs adequately for audits to improve quality

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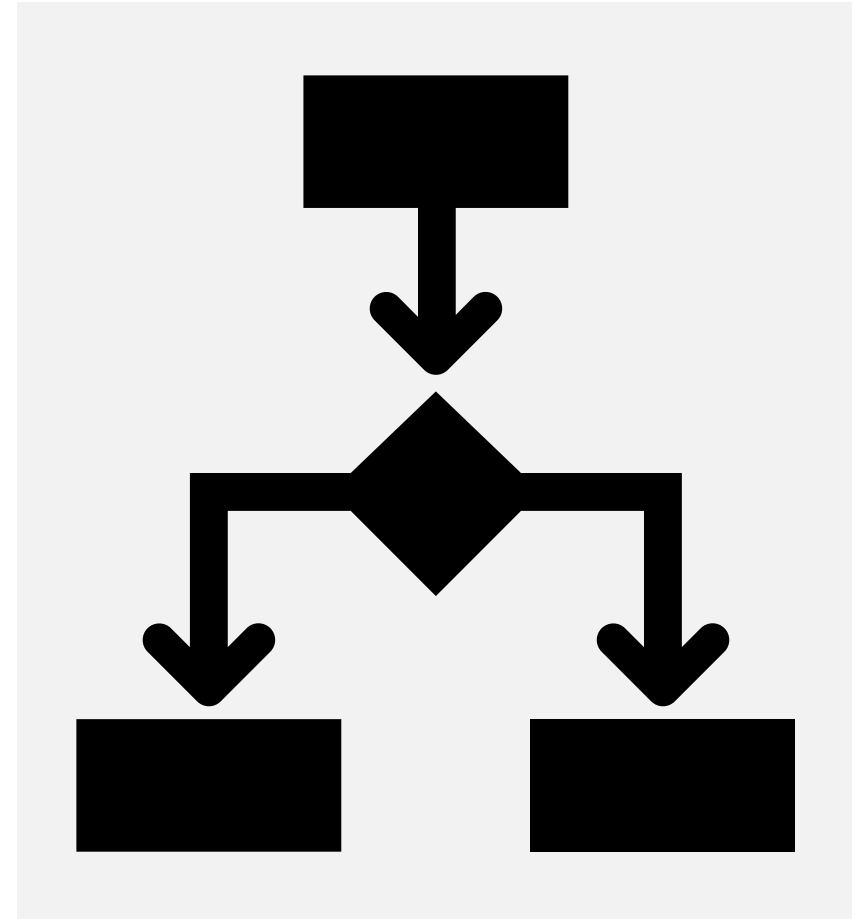
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QUIZ

Pilot / Implementation

Pilot/Implementation

- ✓ When will Verra implement the proposed process?
- ✓ How will we implement it (pilot vs broadcast implementation)?
- ✓ Sanctions, PMP and denials not affected during pilot (grace periods)
- ✓ Use pilot period to inform thresholds (# issues detected to warrant NCR issuance and project denial), how quickly VVBs would reach # denials warranting sanctions etc.
- ✓ Should the review only look at certain sections of PD/VVB for material issues and/or targeted sections based on past VVB performance issues etc.
- ✓ Pilot phase useful for real time training/feedback of staff on process



Findings by Verra – a new format

Technical findings (PRR)



According to ISO 19011:2018, an audit finding shall be written in a **clear**, **concise**, and **objective** manner. The following elements should be included:

- ✓ **Criteria:** The reference to the requirement, standard, or procedure against which the finding is issued.
- ✓ **Description:** Finding description should be concise, but still provide enough details so that anyone reading the finding is able to understand it.
- ✓ **Scope:** The scope of a finding refers to the spatial extension.
- ✓ **Evidence:** The objective evidence that supports the finding, such as records and documents related to the finding.

Proposed changes

No.	Status	Open/Closed
Subject		
Program rule(s)		
Description (issue)		
Evidence observed		
Round 1	<u>VVB Response</u>	
	<u>Verra Response (Pending)</u>	
Round 2	<u>VVB Response (Pending)</u>	
	<u>Verra Response (Pending)</u>	
Round 3	<u>VVB Response (Pending)</u>	
	<u>Verra Response (Pending)</u>	



Criteria



Description + Scope



Evidence



'Action required' section is removed

Proposed changes

1	Compliance with FPIC requirements			No.	1	Status	Open
<p><u>Issue</u> According to Section 4.3.1 of the verification report, the first introductory meeting between the project proponent and the local communities occurred after the project start date. It is unclear how the project obtained free, prior and informed consent if the project started before consultations occurred. .</p> <p><u>Action Item</u> The VVB must update section 4.3.1 of the verification report to explain how the project is complying with free, prior and informed consent requirements, considering the first introductory meeting with the local communities occurred after the project start date.</p> <p><u>Program rule</u> Climate, Community & Biodiversity Standards, v3.1, Section G5.2</p>	Round 1	Open	Subject	Compliance with FPIC requirements			
	<u>VVB Response</u>		Program rule(s)	Climate, Community & Biodiversity Standards, v3.1, Section G5.2			
	<u>Verra Response</u> (Pending)		Description (issue)	The VVB report states the first introductory meeting between the project proponent and the local communities occurred <u>after</u> the project start date, while the standard requires the project to obtain free, prior and informed consent of those whose property rights are affected by the project (Prior meaning sufficiently in advance of any authorization or commencement of activities and respecting the time requirements of their decision-making processes). It is unclear how the VVB determined the project conformed to this requirement.			
	Round 2		Evidence observed	Verification report, section 4.3.1			
	<u>VVB Response</u> (Pending)		Round 1	<u>VVB Response</u>			
	<u>Verra Response</u> (Pending)		Round 1	<u>Verra Response</u> (Pending)			
	Round 3		Round 2	<u>VVB Response</u> (Pending)			
	<u>VVB Response</u> (Pending)		Round 2	<u>Verra Response</u> (Pending)			
	<u>Verra Response</u> (Pending)		Round 3	<u>VVB Response</u> (Pending)			
			Round 3	<u>Verra Response</u> (Pending)			

Feedback on proposed changes

Changes to the PRR findings table are still under discussion and we would like your feedback:

- ✓ What do you like about the current finding table?
- ✓ What are the main challenges you have when reading Verra's PRR findings?
- ✓ What are your thoughts on the proposed changes to the findings table?
- ✓ Do you have other ideas to improve the way Verra presents the PRR findings?





Q&A + Comments

Any questions on the changes Verra will be implementing?

Your feedback

- ✓ You are a key stakeholder in this process
- ✓ Please scan the QR code on right to complete a brief post-webinar survey, OR
- ✓ Follow this link: <https://forms.office.com/r/zQuyh2RLTV>
- ✓ You can also send you input to Auditing@verra.org



Thank you!

We welcome further engagement. Please send any questions or suggestions to:

The A&A Team - auditing@verra.org

