



Department  
for Transport

# Renewable Transport Fuel Obligation: Third-Party Assurance Guidance

Valid from 01/01/24

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# Executive summary

## Requirements of the RTFO Order

The purpose of this guidance document is to:

1. Explain the process through which individual verifiers can be recognised by the RTFO Administrator.
2. Provide assistance for verifiers undertaking assurance of reporting parties' data under the Renewable Transport Fuel Obligations (RTFO) Order 2007 No 3072 (as amended).
3. Explain the process through which voluntary schemes can be recognised by the RTFO Administrator under the Renewable Transport Fuel Obligations (RTFO) Order 2007 No 3072 (as amended).

Articles 16A and 16B of the RTFO require that:

- The verification must meet the requirements of ISAE 3000 or an equivalent standard. ISAE 3000 defines two levels of assurance: limited and reasonable. The RTFO Order states that the level of assurance required for most data submitted under these regulations is 'limited', including all Carbon and Sustainability (C&S) information
- The assurance provider is not 'the supplier' and is not a 'connected person' of the supplier
- The verifier's assurance procedures must be undertaken by a person with appropriate expertise

From April 2018 the RTFO Order was amended to implement elements of [Directive 2015/1513](#) (known as the 'Indirect Land Use Change (ILUC) Directive'). These elements include: updated GHG savings thresholds for renewable fuels; a requirement to report on ILUC values for land-based (crop) biofuels; and introduction of definitions for wastes and residues. A definition for dedicated energy crops is also provided.

The 2018 amendments also introduced a crop cap for Year 11 of the RTFO (from 15 April 2018) and a target for a specific sub-set of advanced fuels termed 'development fuels' was introduced in 2019 of the RTFO (from 1 January 2019).

In addition, renewable fuel targets are set out to 2032 and beyond, and several new fuel types are made eligible for support under the RTFO, including aviation fuel, hydrogen and other renewable fuels of non-biological origin (RFNBOs).

These changes have meant that additional verification procedures are required and are outlined below.

- **Introduction of support for development fuels.** The Administrator will have powers to request assurance that fuels rewarded with development fuel RTFCs meet the qualifying criteria (See Chapter 4 of the RTFO Compliance Guidance)
- **Introduction of support for fuels without a suitable duty point, such as renewable aviation turbine fuels and renewable fuels of non-biological origin (RFNBOs).** For fuels without a suitable duty point, or where an alternative to the duty point is specified in the RTFO Order, the Administrator is not able to validate quantities with HMRC in the same way as for fuels with a duty point. The Administrator therefore has powers to validate this data, or to request independent verification

The Administrator will check fuel quantities on a case-by-case basis following the introduction of support for these fuels. Where independent verification is required, the Administrator has discretion to require verification to either a 'limited' assurance level or the higher 'reasonable' assurance level.

## The assurance process

Figure 1 below describes the key steps involved in the assurance process.

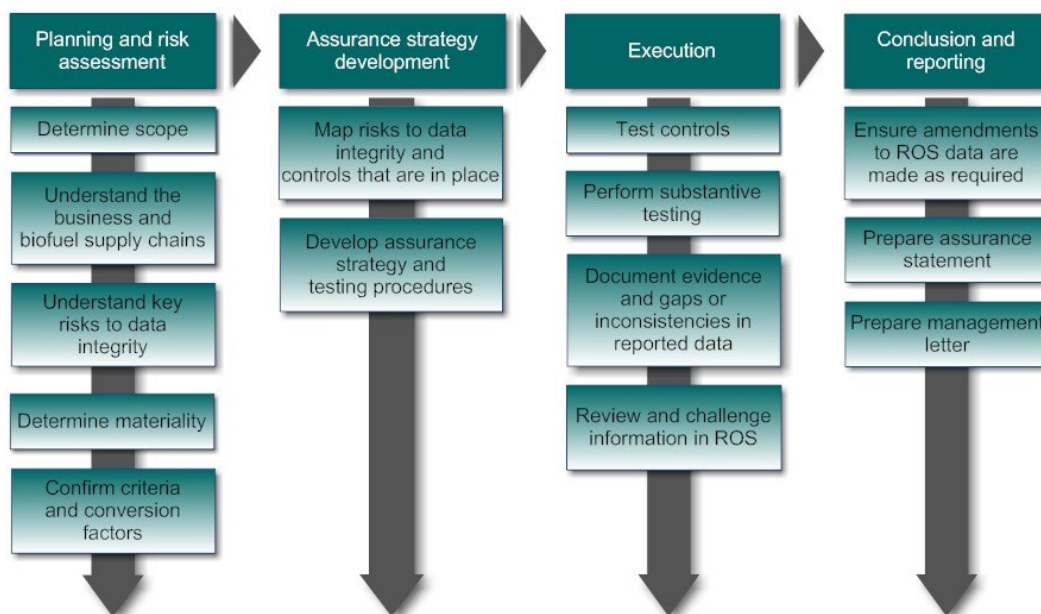


Figure 1 A typical assurance process<sup>1</sup>

<sup>1</sup> Source: Ernst & Young LLP

## Planning and risk assessment

The first stage in the assurance process involves engagement with the reporting party to determine the scope of the assurance engagement. It will then be necessary to understand the business, its processes and supply chains and gain a familiarity with the data in the reporting party's application for Renewable Transport Fuel Certificates (RTFCs). The verifier then assesses the engagement risk, identifying any known risks to data integrity (such as particular sources of information where there may be doubts over the reliability). Using this information, the verifier will determine materiality and agree the criteria against which the information will be tested. This part of the process is covered in Chapter 44.

## Assurance strategy development

The second stage is the design of the assurance strategy. This will involve verifiers mapping out the risks of data being materially misstated in the application for RTFCs, based on the information gathered during the planning and risk assessment phase. Verifiers will then develop the testing procedures which will be carried out against the criteria to reduce engagement risk to an acceptable level.

The nature and extent of any systems or controls to mitigate risks of errors in collecting, collating and reporting information will also be mapped. Where controls are in place and verifiers intend to rely on them in forming their conclusion, they must develop testing procedures to enable them to determine whether the controls are operating effectively. It is expected that substantive procedures will be undertaken on the data reported as well as any controls testing which may be performed. Further details on testing procedures are provided in Chapter 55.

## Execution

The third phase is the execution of the testing activities. This will include testing controls for recording and handling of information and performing substantive testing of the reliability of information down the chain(s) of custody. The verifier will document evidence found during the testing process and identify where there are any material errors in the reported data. This is discussed in Chapter 66.

## Conclusion and reporting

In the final stage of the assurance process the verifier will discuss any proposed adjustments to the data with the reporting party. Once any necessary changes have been made, the verifier will issue an assurance statement. Chapter 7 discusses this part of the process and some of the key requirements for assurance statements under ISAE 3000.

# 1. Introduction

## Chapter summary

This chapter outlines the purpose of this document and provides an overview of the context and relevant legislation. It outlines how this document relates to the other parts of the RTFO Guidance

## Overview

- 1.1 This document (Chapters 1-7) provides guidance for verifiers wishing to be recognised by the RTFO Administrator and how to undertake assurance of reporting parties' data under the RTFO. It also serves as a useful resource for reporting parties preparing for verification.
- 1.2 This document (Chapters 8-10) explains the process through which voluntary schemes can be recognised by the RTFO Administrator under the RTFO. It also describes the process for considering evidence reported through a voluntary scheme, to assist in demonstrating RTFO compliance.
- 1.3 Data submitted by suppliers to the Administrator that is subject to verification includes all carbon and sustainability data (C&S), such as greenhouse gas (GHG) intensity values, information on voluntary schemes used, or land-use and other relevant data such as country of origin. It also includes quantity data for fuels without a suitable duty point, where HMRC does not already collect data. The Administrator also has powers to require verification that development fuels supplied under the RTFO meet the necessary criteria (see the RTFO Compliance Guidance).
- 1.4 This document highlights the key requirements relating to the reporting and assurance information related to fossil fuels, and renewable transport fuels supplied under the RTFO. It is not intended to provide details of all possible activities that verifiers and voluntary schemes may need to carry out to provide assurance.
- 1.5 This document has been updated to reflect revised ISAE 3000, in force from 15 December 2015.



## Context

- 1.6 The RTFO Order is a legal instrument that encourages reductions in greenhouse gas emissions in the UK by substituting some of the fossil fuels used in road transport<sup>2</sup> and gas oil used in non-road mobile machinery (NRMM)<sup>3</sup> with sustainably sourced renewable transport fuels, which includes both biofuels and renewable fuels of non-biological origin (RFNBOs).
- 1.7 The RTFO includes mandatory carbon and sustainability criteria for renewable transport fuels in the UK. Reporting parties must demonstrate that their renewable transport fuels meet these criteria for them to count towards their obligations.
- 1.8 Data submitted to the Administrator is subject to independent verification to provide assurance of its accuracy.

## About the *Third-Party Assurance Guidance*

- 1.9 This document provides guidance for verifiers of renewable transport fuel data under the RTFO and also describes the process for recognition of verifiers and voluntary schemes to assist in demonstrating compliance under the RTFO.
- 1.10 It provides details of the verification process with particular focus on the steps that must be undertaken to be recognised by the Administrator and the issues relating to the assurance of renewable fuel sustainability data. It is also applicable to verifiers of fuel quantity data, which may be required for fuels with no suitable duty point, and verifiers of development fuel eligibility criteria.
- 1.11 The Executive Summary gives an overview of the process that verifiers are likely to follow. Following this, there is a chapter describing the purpose of verification under the RTFO and what is required. The document is then divided into chapters dedicated to each of the major process steps described in the Executive Summary. This includes a chapter on verifier recognition under the RTFO.
- 1.12 Any updates made in-year will be available on the RTFO guidance webpages on Gov.uk where guidance for earlier reporting periods can also be found.
- 1.13 This document forms one of three documents making up the RTFO Guidance. It should be viewed alongside the RTFO Compliance Guidance. Queries or comments should be directed to the Administrator (DfT's RTFO Unit) at [rtfo-compliance@dft.gov.uk](mailto:rtfo-compliance@dft.gov.uk).

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<sup>2</sup> From 15 April 2018, renewable aviation fuel is also eligible to claim support under the RTFO, although aviation fuel suppliers are not obligated.

<sup>3</sup> In addition to fuels used in road transport, the RTFO covers liquid fuel used in non-road mobile machinery, agricultural and forestry tractors, inland waterway vessel and recreational craft when not at sea. These end uses are collectively termed 'NRMM' in the Guidance.

## Terminology

- 1.14 In order to distinguish between the final supplier of renewable fuel across the UK duty point and other suppliers of renewable fuel, or pre-cursors, in the supply chain, the final supplier is referred to as the 'reporting party'<sup>4</sup> throughout this document.
- 1.15 While the RTFO Order refers to verification and verifiers, ISAE 3000 uses the word 'practitioner' for a person who provides assurance. 'Verifier' and 'practitioner' are used interchangeably in this document and should be understood to mean the same thing.
- 1.16 ISAE 3000 refers to the engagement partner - this is the partner or person in the firm who is responsible for the engagement and its performance, and for the assurance report that is issued on behalf of the firm. This may or may not be the same person as the practitioner who is the individual conducting the engagement.

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<sup>4</sup> For fuels without a suitable duty point, this 'reporting party' is the owner of the fuel at the point of sale to a retail customer (for gases in NRMM and hydrogen in fuel cell electric vehicles), or at the point of certification of the fuel (for avtur).

## 2. The purpose of verification and what is required

### Chapter summary

This chapter outlines the purpose of verification and the roles and responsibilities of reporting parties, verifiers and the Administrator. It also sets out the requirements for independence of verifiers, professional competence and quality control.

### The purpose of verification

- 2.1 To provide the Administrator with assurance over the information provided by reporting parties, data is required to be independently verified. Renewable Transport Fuel Certificates (RTFCs) will only be issued where the required data has been verified. The data that requires verification is outlined later in this chapter.
- 2.2 Assurance is to be provided on the reporting party's data. Inevitably this will involve testing the systems and processes that generated the information, but the systems and processes themselves are not the sole focus of the verification.
- 2.3 Verification of data is required to be undertaken independently and in accordance with the ISAE 3000 standard. This is with exception to quantity data for fuels that do not have a suitable duty point and for development fuel eligibility, where the Administrator has powers to either validate the data itself or request independent assurance in accordance with the ISAE 3000 standard.

### Assurance standards - ISAE 3000

- 2.4 ISAE 3000 is an international standard developed by the International Auditing and Assurance Standards Board (IAASB). It is a standard for assurance engagements other than audits or reviews of historical financial information.

- 2.5 ISAE 3000 was revised in 2013 with the new version applicable for all assurance statements dated on or after 15 December 2015. This guidance has been updated to reflect the latest standard.
- 2.6 ISAE 3000 defines two levels of assurance: limited and reasonable.
- 2.7 The level of assurance relates to the level of engagement risk. This is the risk that the verifier expresses an inappropriate conclusion. As limited assurance involves limited evidence gathering activities the assurance opinion is expressed in the negative form, for example:
- *"...nothing has come to our attention to cause us to believe there are errors in the data."*<sup>5</sup>
- 2.8 Reasonable assurance requires a higher level of evidence gathering and as such the assurance opinion is expressed in a positive form, for example:
- *"... based on our assessment, the data is free from material misstatement."*<sup>6</sup>
- 2.9 By expressing the conclusion in one of these ways, the verifier is indicating the level of confidence users of the assurance statement can place on the conclusion, by highlighting the nature and extent of evidence gathering that the verifier has undertaken and described in the report.
- 2.10 At the time of writing, the Administrator is not aware of any equivalent standards to ISAE 3000. If a verifier would like to use an alternative standard, they should contact the Administrator (by emailing [rtfo-compliance@dft.gov.uk](mailto:rtfo-compliance@dft.gov.uk)) to discuss this as soon as possible, and in any event, before instructing a verifier to report on the basis of an equivalent standard.

## What needs to be verified

- 2.11 The following data is subject to verification under the RTFO:
- C&S data
  - Quantity data for fuels that do not have a suitable duty point, or where there is a duty point but the use of an alternative assessment time is specified in the RTFO Order - where requested by the Administrator
  - Eligibility of development fuels against the relevant criteria, where requested by the Administrator
- 2.12 It is mandatory that C&S data for all renewable transport fuels is independently verified. The RTFO Compliance Guidance describes the mandatory sustainability criteria in detail and the data that needs to be reported. This includes the chain of custody systems that reporting parties should establish to provide C&S information in their reports to the Administrator. All C&S data reported is subject to verification. The

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<sup>5</sup> This example is intended to illustrate the concept of the negative form, not an entire assurance conclusion.

<sup>6</sup> This example is intended to illustrate the concept of the positive form, not an entire assurance conclusion.

level of assurance required for C&S data submitted under the RTFO is 'limited' as specified in Article 16A of the RTFO Order (as amended).

- 2.13 Verification is also required for all fuels that do not have a suitable duty point, which include avtur, hydrogen used in fuel cell electric vehicles (FCEVs) and renewable gaseous fuels used in NRMM. The Administrator retains powers to verify fuel quantity data for such fuels itself, or to request independent verification. Where independent verification is required, the Administrator has discretion to request assurance to either a 'limited' or 'reasonable' level.
- 2.14 The Administrator also has the power to request independent verification of development fuels against their eligibility criteria, to ensure development fuel RTFCs are not incorrectly awarded to fuels that do not meet the necessary requirements. The RTFO Compliance Guidance describes the eligibility criteria for development fuels in detail, outlining the relevant restrictions on feedstock, pathway and fuel types. Where independent verification is required, either the 'limited' or the higher 'reasonable' level of assurance may be required.
- 2.15 A reporting party applying for RTFCs for biomethane (or fuels for which the biomethane is a precursor) which has been transported in pipelines and other means of transport, should complete a Pipeline (and other) Transport Information Form. The form should provide a summary of the evidence for the transport of the quantities from the point of production for which RTFCs are being claimed. This form must be checked by the appointed verifier prior to an application for RTFCs being submitted.
- 2.16 All verification requirements required under the RTFO are summarised in Table 1.

Data type	Verification data	Fuels covered	Verification requirements
C&S data	Compliance with sustainability criteria and required GHG savings, for example: Feedstock classification (e.g. product, waste, residue) Renewable fuel production process GHG intensity (in gCO <sub>2</sub> e/MJ) Land use compliance Country of origin Renewability (for partially renewable fuels)	All renewable transport fuels	Independent verification for all renewable transport fuels 'Limited' level of assurance
Fuel quantity data*	Litres of renewable liquid fuel supplied Kg of renewable gaseous fuel supplied	Fuels without a suitable duty point, development fuels	Validation by Administrator or independent verification (at discretion of the Administrator) 'Limited' or 'reasonable' level of assurance (at discretion of the Administrator)
Development fuel eligibility data*	Feedstock type Pathway type Fuel type	Development fuels	Independent verification where requested by Administrator 'Limited' or 'reasonable' level of assurance (at discretion of the Administrator)

**Table 1** Verification requirements for renewable transport fuels (\* Only requires verification at the request of the Administrator).

## Roles and responsibilities

2.17 The following paragraphs outline the responsibilities for the key steps in the verification process.

2.18 Reporting parties are responsible for:

- Preparing their data and submitting accurate data in their application for RTFCs<sup>7</sup>
- If necessary, preparing their additional information and submitting it in an annual report
- Ensuring that they have evidence (or that it exists in the chain of custody) to support the information in their application for RTFCs and annual report
- Appointing an independent verifier who is competent to undertake assurance engagements under ISAE 3000 and has sufficient understanding of the issues relating to the data they will be reviewing
- Checking that their verifier meets, and continues to meet all of the requirements set out in ISAE 3000 and this guidance
- Letting the Administrator know which verifier they have appointed so that they can be given the appropriate access to the RTFO Operating System (ROS), if the verifier is not already on ROS
- Indicating which consignments are to be verified in the period in question and submitting the data to the verifier using ROS
- Providing supporting information and evidence to the verifier as necessary and hosting any visits
- Assisting the verifier in contacting and accessing other organisations in the supply chain
- Correcting any data which the verifier finds to be misstated or insufficiently supported by evidence
- Checking the verification statement issued by the verifier to ensure that it meets the RTFO requirements and does not contain any errors
- Submitting their application for RTFCs to the Administrator including the verification statement
- Informing the Administrator if errors are discovered in their data after the application for RTFCs or annual report has been submitted

2.19 Verifiers are responsible for:

- Demonstrating to the reporting party that they have the necessary expertise to undertake the work for which they are being commissioned
- Planning and carrying out evidence gathering and testing activities to form an opinion on the data
- Informing reporting parties of any changes to data which must be made and of any consignments which should be withdrawn from the application

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<sup>7</sup> There is a civil penalty liability in the case that a reporting party has not taken reasonable steps to ensure the data is accurate. RTFCs may be revoked where the C&S information is materially inaccurate. See the *RTFO Compliance Guidance* for details.

- Providing an assurance opinion, or, if necessary, a modified opinion or disclaimer of opinion, in accordance with ISAE 3000 or an equivalent standard, to the reporting party
- Uploading the C&S assurance opinion to ROS and returning the application to the reporting party for final submission to the Administrator<sup>8</sup>

2.20 The Administrator is responsible for:

- Specifying the nature, form and content of the reports to be submitted by reporting parties (see the RTFO Compliance Guidance)
- Receiving the assurance opinions and reviewing against the requirements of the RTFO Order and this guidance
- Informing the reporting party of acceptance or rejection of the assurance opinion

2.21 Verifiers are appointed by, and are responsible to, the reporting parties. Consequently, the assurance opinion is addressed to the management of the reporting party. However, as the Administrator is a user of the data, verifiers need to be aware of the specific requirements laid out in this document.

## Independence of verifiers and ethical requirements

2.22 ISAE 3000 requires that "The practitioner shall comply with Parts A and B of the IESBA (International Ethics Standards Board for Accountants) Code related to assurance engagements, or other professional requirements or requirements imposed by law or regulation that are at least as demanding."<sup>9</sup> This Code provides a framework of principles that members of assurance teams, firms and network firms use to identify and safeguard against any threats to independence.

2.23 Compliance with these specific ethical requirements is not optional, and therefore compliance with ISAE 3000 cannot be claimed unless they are in place. An organisation's internal standards or procedures alone are not considered to fulfil this requirement.

2.24 The IESBA Code does not preclude a professional accountant within the supplier's organisation (such as an internal auditor) from providing assurance. However, Article 16A of the RTFO Order requires that the assurance provider is not the 'supplier', and as such for the purposes of the RTFO, verification by a professional accountant within the supplier's organisation is not considered to be independent assurance.

2.25 The RTFO Order also requires that the assurance provider is not a 'connected person' of the supplier. This references the definition in section 1122 of the Corporation Tax Act 2010<sup>10</sup>.

2.26 Threats to independence may exist where a verifier is independent of the supplier, but has been engaged by them in another capacity relating to the relevant

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<sup>8</sup> Verifiers may not themselves be required to upload other assurance opinions to ROS.

<sup>9</sup> <http://www.ethicsboard.org/iesba-code>

<sup>10</sup> <http://www.legislation.gov.uk/ukpga/2010/4/section/1122>

information. For example, if a verifier has worked with a supplier to design or implement controls over that information.

## Professional competence and capability

2.27 ISAE 3000 requires that:

- "The practitioner shall accept or continue an assurance engagement only when...The practitioner is satisfied that those persons who are to perform the engagement collectively have the appropriate competence and capabilities". This includes both the work of the practitioner themselves, and any expert that they may engage to provide specialist technical input to the assurance activity
- "The practitioner shall have an understanding of the entire text of an ISAE, including its application and other explanatory material..."
- "The engagement partner shall: ... Have competence in assurance skills and techniques developed through extensive training and practical application; and have sufficient competence in the underlying subject matter and its measurement or evaluation to accept responsibility for the assurance conclusion."

2.28 Article 16A of the RTFO Order also requires that the verifier's assurance procedures must: "...be undertaken by a person with appropriate expertise"<sup>11</sup>. Chapter 3 sets out how a verifier can demonstrate 'appropriate expertise' to the Administrator in order to be recognised as competent in undertaking verification work under the RTFO.

2.29 The extent to which expert skills and knowledge relating to sustainability information for renewable fuels are required will depend on the complexity of the fuel supply. For example, in the case of a reporting party which supplies only renewable fuel made from locally sourced used cooking oil (UCO), and which reports the default value for the carbon emissions, a significantly lower level of expertise would be needed than for verification of data relating to a supply chain sourcing multiple feedstocks from multiple countries and relying on land use and actual carbon emissions information being accurately passed through the chain of custody. In addition, verification of processes producing partially renewable fuels may require the verifier to understand both renewable and non-renewable supply chains.

2.30 If faced with verifying actual carbon data, verifiers will need to consider whether they have the necessary expertise to verify such information including a detailed understanding of the specified lifecycle analysis methodology. The verifier can either consider partnering with an appropriately competent organisation or will only be able to provide assurance relating to the reporting party's use of default values for carbon emissions.

2.31 Verifiers should be prepared to demonstrate their competence to reporting parties as part of the appointment process.

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<sup>11</sup> See Article 16A(1)(b) of the RTFO Order (as amended)



## Quality control

- 2.32 ISAE 3000 states that "The engagement partner shall... Be a member of a firm that applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1".
- 2.33 Under ISQC 1, a firm of professional accountants has an obligation to establish a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and regulatory and legal requirements, and that the assurance reports issued by the firm or engagement partners are appropriate in the circumstances. In addition, elements of quality control that are relevant to an individual engagement include leadership responsibilities for quality on the engagement, ethical requirements, acceptance and continuance of client relationships and specific engagements, assignment of engagement teams, engagement performance, and monitoring.
- 2.34 Compliance with these quality control requirements is not optional, and therefore compliance with ISAE 3000 cannot be claimed unless they are in place. An organisation's internal standards or procedures alone are not considered to fulfil this requirement.

## Accepting an assurance engagement

- 2.35 When accepting a new assurance engagement, verifiers should ask the reporting party about any previous verifiers of their data. If a previous verifier was appointed, the new verifier should send a letter of professional courtesy to the previous verifier to enquire as to whether there is any reason why they should not accept the appointment. This is because a change of verifier is an indicator of potential risk.

## 3. Recognition of verifiers under the RTFO

### Chapter summary

In order for a verifier to undertake work under the RTFO, they are required by the Administrator to demonstrate that they have 'appropriate expertise'. This chapter sets out the process by which a verifier may be recognised as competent in this field. This process includes the provision of a 'written attestation' and subsequent engagement with the Administrator to ensure the on-going credibility and accuracy of carbon and sustainability data being reported to the Administrator by fuel suppliers.

### Written attestation

- 3.1 In order for verification entities to provide the Administrator with assurance over the information provided by reporting parties, data is required to be independently verified.
- 3.2 To demonstrate their expertise in undertaking this task, verifiers will be required, as of July 2024, to complete and submit a written attestation to the Administrator. The attestation must include (but not be limited to) professional references and documentary evidence of relevant qualifications. The attestation will allow the verifier to provide details relating to their individual qualifications, training, experience, and overall expertise in relation to the data they will be reviewing. The Administrator may require the verifier to produce the relevant qualification certificates for scrutiny.
- 3.3 It is expected that verifiers shall complete and submit an attestation every two years. The attestation form will be available from the Administrator upon request (email: [rtfo-compliance@dft.gov.uk](mailto:rtfo-compliance@dft.gov.uk)).

### Administrator/verifier engagement

- 3.4 To facilitate an on-going sharing of knowledge between the RTFO Administrator and verifiers, a collaborative approach will provide an opportunity to share 'live' issues, discuss areas of potential risk (that the Administrator and verifier alike has identified) and identify opportunities for future improvement.

- 3.5 Verifiers will be required to participate frequently in this reciprocal process with a view to promoting the sharing of knowledge and best practice.

### **List of approved verifiers**

- 3.6 Subject to the Administrator being satisfied that the verification entity has been able to demonstrate appropriate expertise, by the provision of a written attestation and ongoing engagement with the Administrator, the verifier will be included on a list of approved verifiers.
- 3.7 The list will be published as a separate document and available via the RTFO guidance pages.

### **Period of transition**

- 3.8 It is expected that the approach identified above will be in place by July 2024. From then on, for a verifier to become recognised by the RTFO Administrator and remain on the published positive list, the above process must be followed.

## 4. Planning and risk assessment

### Chapter summary

The first stage in the assurance process involves determining the scope of the assurance engagement and gaining familiarity with the business, its supply chains, and the data in the application for RTFCs. The engagement risk is then assessed, materiality determined and the criteria agreed.

### Determining the scope

- 4.1 Verification of the relevant data (See Chapter 2) is required as part of the reporting party's application for RTFCs. If a supplier is required to produce an annual report containing additional sustainability information, this must also be verified.

### Applications for RTFCs

- 4.2 The reporting party's application for RTFCs is made up of a number of lines of data on ROS. Each line represents an Administrative Consignment (AC). The reporting party will choose which consignments they wish to submit for verification, and arrange them into Administrative Consignment Groups (ACGs). Each group is required to have an individual verifier's statement. Once the reporting party has submitted the data to the verifier, the data will be 'locked' so that the reporting party is unable to amend it. The verifier can access the data directly on ROS and download the data to a spreadsheet for their own use. The data will remain locked unless the verifier requires, and allows, the supplier to amend it.
- 4.3 The verification requirements are outlined in Chapter 2 and summarised in Table 1. Further information on data reporting requirements, and hence the scope for verifications, can be found in the RTFO Compliance Guidance.
- 4.4 If a supplier can provide evidence that fuel has already been certified to meet some or all of the sustainability criteria by a voluntary scheme recognised by the Administrator, it is not necessary for a verifier to re-verify the information provided through the scheme. Verifiers may also rely on independent assurance outside a

recognised voluntary scheme where it is conducted to an appropriate standard using appropriate criteria. See Chapters 7 & 8 of this Guidance, plus the RTFO Compliance Guidance for more information on the evidence required when relying on the work of other auditors, and on voluntary schemes.

- 4.5 The reporting party will be required to provide a formal 'sign-off' of their data when submitting it to the Administrator. This necessarily happens after verification. If the verifier requires a sign-off of the data from the reporting party, this must be arranged between the two parties as part of their agreement.

## Annual reports

- 4.6 Where all of the information required for annual reporting has been provided and verified as part of the application for RTFCs, reporting parties will not be required to provide a separate annual report on their C&S information. However, if certain information has not been provided as part of the application, this will be required to be submitted and verified separately. See the RTFO Compliance Guidance for more details.

## Timing

- 4.7 Reporting parties may choose how often to apply for RTFCs and therefore how often they require their data to be verified.
- 4.8 The Administrator issues RTFCs on a monthly cycle. Please see the RTFO Compliance Guidance for full details of the timing. Applications for RTFCs received after the cut-off date will be processed the following month. The cut off-date for the previous obligation year is the 14 May of the following year (or a later date if specified by the Administrator). Applications received after the relevant date for final applications may not be processed.
- 4.9 Reporting parties may therefore require verification to be carried out as frequently as monthly or as infrequently as annually.
- 4.10 Verifiers should ensure that reporting parties are aware of the time needed for assurance activities and that expectations are managed appropriately.

## Understanding business and supply chains

- 4.11 A key aspect of understanding the business relating to renewable fuel supply will be for the verifier to gain an understanding of the reporting party's renewable fuel supply chain(s). This will include understanding the nature and extent of processes and controls to collect, collate and report information, identifying any known risks to data integrity (such as particular sources of information where the reporting party has doubts over the information's reliability), and confirming any conversion factors which may have been used.
- 4.12 The extent of the verification activities required will depend on the type(s) of data in the reporting party's application for RTFCs and the variations between individual

consignments. For example, it is likely to be a significantly shorter exercise to assure data associated with UK-sourced used cooking oil (UCO) where all consignments have the same data, than for renewable fuel from a range of agricultural feedstocks sourced from all over the world. For businesses using novel technologies and supply chains, there will be new processes and controls to collect, collate and report information, likely requiring a more detailed assurance exercise as the verifier gains an understanding of the reporting party's supply chain. This might apply to fuels without a suitable duty point, renewable fuels of non-biological origin, and partially renewable fuels with variable renewability.

### Initial examination of the C&S data

- 4.13 For C&S data, verifiers will be able to examine the reporting party's data online using ROS, which suppliers use to report their data. An indication of whether the data is in principle sufficient to satisfy the mandatory sustainability criteria is provided for each administrative consignment. Within ROS there are four indicative flags which will show a green 'Y' (yes) for compliance or a red 'N' (no) for non-compliance. The first three fields represent the mandatory sustainability criteria: biodiversity, carbon stock and greenhouse gas saving; the final field will only show indicative RTFO compliance when all of the other three fields do so.
- 4.14 The population of these fields is automated and is based on the data which the reporting party has entered. This does not involve any testing of the evidence supporting the data or the accuracy of the data entered, so verifiers should not rely on a positive result. However, if a negative result is shown for any consignment, it is unlikely that assurance should be given. Any negative results should be discussed with the reporting party immediately and the consignment withdrawn from the verification process by the reporting party if necessary.

### Understanding risks

- 4.15 The reported sustainability characteristics of the renewable fuels supplied into the UK by a reporting party are a key input into the verifier's assessment of risk when verifying C&S data or development fuel eligibility. Some renewable fuel feedstocks have a significantly greater inherent sustainability risk than others. The determination of inherent sustainability risk will be down to the professional judgement of the verifier. These judgements need to be guided by the likelihood of a feedstock being produced in a manner that is inconsistent with the sustainability criteria of the RTFO. This may be impacted by such factors as:
- The biome in which the feedstock is produced and, in turn, the biodiversity values and environmental sensitivities that may typically be associated with that biome
  - The nature of the production process for the feedstock
  - The availability of recognised voluntary schemes for the feedstock
  - The magnitude of supply quantities is also likely to provide a key input into a verifier's assessment of risk of material misstatement when providing assurance of fuel quantities for fuels without a suitable duty point

4.16 There are a number of factors which may increase the risk of misstatement in the data; these include but are not limited to:

- The length and complexity of the renewable fuel supply chain - due to the increased chance of incorrect data being passed on
- C&S data reported outside of a recognised voluntary scheme
- Field auditing undertaken outside of a recognised voluntary scheme
- Actual carbon intensity values being reported as opposed to defaults
- Carbon intensities close to the emission saving threshold being reported
- Non crop-derived biofuels being reported, due to the limit imposed on crop-derived biofuels giving an incentive not to define materials as crops
- Double-counted feedstocks and development fuels being reported - due to increased financial incentives and any exemption from meeting the land criteria
- C&S data which is maintained or allocated outside of a robustly controlled IT system, i.e. where incorrect changes to data could be made deliberately or accidentally, without detection
- Partially renewable fuel chains, due to their likely added complexity, including potentially variable renewable proportions and the ability to balance this between quantities of the same fuel product, giving increased incentives for quantities with higher renewable proportions
- RFNBO conversion processes that source their electricity from a mix of off-grid renewables and grid power (particularly where the national grid carbon intensity is high), or those that use waste fossil CO<sub>2</sub> streams (due to the incentive for the CO<sub>2</sub> source to also claim EU ETS credits)
- Quantity data for any fuels that do not have a suitable duty point (i.e. aviation turbine fuel, hydrogen in fuel cell electric vehicles, and renewable gases in NRMM)
- Use of gas grid distribution systems for fuels such as biomethane

## Determining materiality

4.17 Since ISAE 3000 requires an assessment of the risk of **material** misstatement, an assessment of materiality is required.

4.18 Verifiers may consult with the reporting party when making their determination of materiality; however, verifiers are responsible for making an independent assessment of the material issues for their testing procedures.

4.19 Information becomes material if its presence or absence will impact the decisions, actions or performance of the reporting party or the users of the report. Under the RTFO, the Administrator will be using the assurance statements to help determine whether RTFCs should be issued for the group of consignments in the application. Information is therefore material if it would be likely to influence this decision.

4.20 The market value of RTFCs and the significance of the value of them to the reporting party must be considered as part of the assessment of materiality.

4.21 The nature of the data being reported under the RTFO will also influence materiality. Four key factors are discussed below.

## Fuel quantities

- 4.22 Each report submitted under the RTFO will comprise consignments of renewable fuel with one or more sets of sustainability characteristics. Verifiers should consider the proportion of the overall quantity at which a set of sustainability characteristics becomes material.
- 4.23 Note that the Administrator checks fuel quantities against data reported to HMRC for duty purposes. For fuels without a suitable duty point, the Administrator has discretion to request fuel quantities to be independently verified (to either a 'limited' or 'reasonable' level of assurance), or to validate fuel quantities itself.

## Compliance with sustainability criteria

- 4.24 Under the RTFO, reporting parties will only be awarded RTFCs for renewable fuels which meet the mandatory sustainability criteria. The materiality of any misstatement in the data which could affect whether a consignment of fuel meets the criteria must be carefully considered. See the RTFO Compliance Guidance for full details of the mandatory sustainability criteria.

## Carbon saving

- 4.25 A minimum carbon saving is one of the mandatory sustainability criteria under the RTFO. However, reporting parties may wish to report higher carbon savings in order to meet their own savings goals as part of their business or corporate social responsibility strategy. The RTFO Compliance Guidance sets out full details of the methodology which must be used for calculating actual carbon savings.
- 4.26 Where a reporting party has chosen to report actual carbon saving data rather than reporting the default value, the materiality of the carbon savings claimed must be considered.
- 4.27 The minimum carbon saving is dependent upon when the 'biofuel processing installation' began operating, as set out in Chapter 8 of the RTFO Compliance Guidance. Materiality of the application of these exemptions must also be considered. Verifiers and suppliers will be informed when a change in the greenhouse gas threshold is due to occur.

## Wastes, residues, RFNBOs, dedicated energy crops and development fuels

- 4.28 Renewable fuels derived from certain waste or residue feedstocks are awarded double the RTFCs per litre or kilogram supplied.
- 4.29 The Administrator will award double RTFCs where it believes it is appropriate to do so in light of the 'effects' set out in the Energy Act (2004) Section 126(4), produced by that fuel. These are the effects of the production, supply, or use of fuel derived from such feedstocks on: carbon emissions; agriculture; other economic activities; sustainable development; or the environment generally. When making a decision to award double RTFCs the Administrator must consider any alternative uses and



alternative disposal outcomes which could have been adopted or used for the relevant residue or waste.

- 4.30 Biofuels derived from dedicated energy crops and RFNBOs are eligible for double reward per litre or kilogram supplied.
- 4.31 From 1 January 2019, the Administrator introduced a specific target for 'development fuels'. Feedstocks and fuels that count towards that development target will be awarded double 'development fuel' RTFCs. See the RTFO Compliance Guidance.
- 4.32 Biofuels from wastes and residues (with the exception of agricultural, aquacultural, fisheries and forestry residues) and RFNBOs will also be considered to have automatically met the land use criteria required by the RTFO. Their carbon intensity must still be reported, and defaults may be used where available. Dedicated energy crops are land using and therefore have to demonstrate compliance with the land use criteria. The RTFO Compliance Guidance sets out details of the definitions of wastes, residues, RFNBOs, dedicated energy crops and development fuels and the criteria which they must meet under the RTFO. DfT also publishes a list of materials and their categorisation for the purposes of the RTFO, including the level of reward, alongside the guidance.
- 4.33 Given the potential benefits of reporting a renewable fuel feedstock which is categorised as being eligible for double reward, or claiming development fuel RTFCs for a renewable fuel, the materiality of the feedstock and fuel type claims must be considered. This requires verifiers to consider whether the feedstock and fuel type is being correctly reported as well as whether that feedstock or fuel type is correctly identified in a double counted category.

### Partially renewable fuels and gas grids

- 4.34 A partially renewable fuel is one where part of that fuel was derived from renewable feedstocks and part from non-renewable feedstocks. A part RFNBO, part non-RFNBO is a fuel where part of the fuel was derived from (non-bioenergy) renewable process energy inputs, and part from fossil/nuclear/bioenergy process inputs. Provided sustainability criteria are met, the renewable portion of partially renewable fuel is eligible for RTFCs and can count towards meeting the supplier's obligation. Suppliers must calculate the quantity of renewable fuel produced from a partially renewable process using the method set out in the RTFO Compliance Guidance.
- 4.35 Additionally, when reporting quantities of partially renewable fuels, suppliers can assign renewability between different consignments of the same product (but not between different products), as set out in the RTFO Compliance Guidance. Ensuring that fuels sold into the UK transport market have the correct renewability value requires verification that the products sold elsewhere have the correct renewability claims.
- 4.36 Given the increased value of renewable fuel compared with non-renewable fuel, the materiality of the renewability claims must be considered.

4.37 The RTFO Compliance Guidance sets out when gas grids can be used for the supply of renewable transport fuels. Regard must be given to the circumstances and particular rules that apply to this form of fuel movement.

## Determining criteria

4.38 Criteria are defined by the IAASB as the benchmarks used to evaluate or measure the subject matter of an assurance engagement including, where relevant, benchmarks for presentation and disclosure.

4.39 The RTFO Compliance Guidance sets out the requirements for the reporting of C&S information which are the criteria against which the data in question should be measured. Verifiers will need to have a detailed knowledge of the requirements in that document to ensure that they comply with Article 16A(1)(e)(i) of the RTFO Order (as amended). The guidance also sets out the requirements for reporting of fuel quantities and for classification of development fuels.

4.40 When assessing a report against the C&S criteria, particular consideration should be given to the following issues:

- the **traceability** of information down the supply chain to the origin
- the **completeness** of the reported data i.e. the extent to which all of the information known about the fuels has been reported
- the **consistency** of methodologies used in reporting and calculations (e.g. determining actual carbon data and operating a mass balance system)
- the **accuracy** of the reporting party's collation and reporting of information

4.41 Some of the reference information for reporting may change within an obligation period. This includes, for example, carbon intensity default values, recognition of voluntary schemes, categorisation of a feedstock as a waste or residue and classification of a renewable fuel as a development fuel.. Verifiers and reporting parties must ensure that the criteria they are applying are the correct ones for the month in which the renewable fuel was supplied (and against which the data is reported).

## 5. Assurance strategy development

### Chapter summary

During the 'assurance strategy development' stage of the process verifiers will need to map the risks and obtain an understanding of the nature and extent of the control systems for information that are in place within the reporting party and its supply chain(s). Where controls are in place, verifiers will need to develop procedures to test whether they are accurate, reliable and protected against fraud. Where information is being provided, but no controls are in place, verifiers will need to develop procedures for substantive testing to understand the robustness of this information.

### Mapping risks

- 5.1 Based on the assessment of risks undertaken in the previous phase, the verifier will map the risks.

### Mapping controls and systems

- 5.2 Controls over non-financial information are frequently not as well established as controls for financial information. Where existing controls are in place over the information being reported, verifiers should review them.
- 5.3 If verifiers intend to place reliance on systems or controls, they must perform an appropriate level of testing. The reliance that verifiers place on existing controls over information needs to be considered in the light of the materiality of that information and the inherent risks of misstatement. It is a verifier's professional judgement whether or not a system or control can be relied upon - this judgement needs to be made following a consideration of the evidence that a control is effective.
- 5.4 A statement of whether or not a reporting party's systems, or controls over information, have been relied upon in forming the conclusion must be included in the verifier's assurance statement.

- 5.5 There are three main categories for the controls over information that may be in place: internal systems, internal assurance mechanisms and external assurance mechanisms.

### Internal systems

- 5.6 Internal systems are those developed and operated by the reporting party or one of their suppliers. These are set out below.

### Supplier selection

- 5.7 Verifiers should understand the processes used by the reporting party during their selection and pre-qualification of suppliers to build confidence that the suppliers they select are equipped to provide the information the reporting party requires.

### Contractual requirements

- 5.8 Verifiers should consider whether suppliers are contractually obliged to provide certain information; whether there are penalties for failing to provide such information or providing inaccurate information; whether the supplier is obliged to put in place appropriate quality assurance mechanisms for the information it provides; and whether the reporting party has established rights of audit over its suppliers.
- 5.9 In the attitude of professional scepticism required by ISAE 3000, verifiers must not assume that a contractual requirement for a supplier to provide information to a reporting party means that the information is reliable.

### Documentation to support claims

- 5.10 Documentation to support C&S, fuel quantity and development fuel eligibility claims, such as a declaration from a supplier, is a form of control over C&S or quantity information used by many reporting parties. Verifiers need to understand the availability of this documentation across the reporting party's supply chains and develop procedures to assess the reliability of such documentation and determine whether it provides sufficient appropriate evidence to support the C&S or quantity information being provided, or whether further substantive testing is required. Supplier declarations are discussed in more depth in Chapter 11 of the RTFO Compliance Guidance.
- 5.11 As the Administrator requires C&S information to be traceable back to the original source of that information, a declaration from a supplier relating to a previous step in the fuel chain is not likely to be sufficient evidence of chain of custody.
- 5.12 Reporting parties may have a system for preparing their data, for example a database or spreadsheet that is populated with information obtained from procurement records. Where this is the case, verifiers should expect to test the reliability of such systems (for example, confirming that the database has been accurately populated).

5.13 The information from bills of lading and related documentation will often be tracked on a reporting party's data systems linked to their processes for financial transactions. These systems may be subject to audit and review, for example, by the company's financial auditors.

### Internal assurance mechanisms

5.14 These include the extent to which the reporting party's internal assurance processes extend to reviewing its suppliers as well as the reporting party's own internal assurance mechanisms. Evidence of internal assurance would include audit reports that have examined the controls around information provision. In order to build confidence in internal assurance mechanisms, verifiers will need to ensure they understand the scope of any assurance activities and the competencies of those undertaking the assurance.

5.15 Where internal assurance mechanisms are in place, verifiers will need to develop testing procedures to assess the reliance that can be placed on the outputs of the internal assurance (e.g. audit reports). Where such internal assurance mechanisms are mature and functioning effectively, verifiers may be able to place a significant degree of reliance on this assurance. However, where such systems are relatively immature or are not functioning effectively, verifiers will be unable to rely on the assurance and will have to undertake substantive testing in order to obtain sufficient appropriate evidence.

### External assurance mechanisms

5.16 The third category of controls that reporting parties may have over information is external assurance. External assurance over supplier declarations is likely to play an important role in enabling suppliers to demonstrate the reliability of the information they provide to their customers.

5.17 External assurance may be provided in the form of proof of compliance with a recognised voluntary scheme, or it may be in the form of a third-party audit over aspects of the supply chain. Verifiers should not seek to duplicate other forms of third-party assurance that an organisation has in place, though they do need to develop procedures that enable them to test whether the third-party assurance can be relied upon. Further information is provided in the RTFO Compliance Guidance.

### Developing testing procedures

5.18 Verifiers will develop testing procedures based on the outcomes of the 'Planning and risk assessment' phase of the assurance process and the mapping of risks and controls in this phase. They will specify the nature, timing and extent of evidence gathering procedures to be performed and the reasons for selecting them. The testing procedures will be designed to obtain sufficient appropriate evidence to enable the engagement risk to be reduced to a level whereby an assurance opinion can be provided.

5.19 The testing procedures must be focused on those aspects of the report that have the highest risk of material misstatement. Data should be more rigorously tested where they could have more impact or where there are weak audit and verification controls in place.

5.20 Table 2 provides examples of the types of assurance activities verifiers may seek to undertake at different levels of the supply chain, for the case of C&S data.

Chain of custody level	Possible assurance activities
Data collation and reporting	Review of quantity data Review of records of C&S information Review of mass balance system
Reporting party control environment	Supplier pre-qualification and selection processes Contractual information provision requirements Supplier audit activities Quality review and documentation management
Supply chain control environment	Review of C&S records held by suppliers Review of suppliers' data controls around the provision of C&S information Review of compliance with contractual sustainability information provisions
Source of C&S information	Review of C&S information collection processes Physical inspection/interviews with producers and third parties

**Table 2** Potential assurance activities in the chain of custody (using C&S data as an example)

5.21 The exact testing procedures developed by a verifier will vary depending upon the nature of the reporting party's supply chains, the renewable fuel feedstock and the information being reported. However, in designing these procedures there are common considerations that all RTFO verifiers should take into account. These are set out below.

## Traceability

5.22 In seeking to assess traceability verifiers should consider the following questions:

- Is the reported information traceable back to the party or parties that generated the original source information through an appropriate chain of custody?
- If a voluntary scheme has been used to confirm compliance with sustainability criteria, is there appropriate evidence of compliance with the rules of the scheme, e.g. a valid proof of sustainability (PoS) issued by a party with a valid certificate under the scheme?

5.23 In developing procedures for assessing the traceability of reported information, verifiers need to be mindful of the complexity of the reporting party's supply chains. The complexity of renewable fuel supply chains varies significantly between different feedstocks and also between different reporting parties.

5.24 Access to the supply chain will be a key factor in determining the assurance conclusions that verifiers are able to provide. It is expected that reporting parties will engage with other suppliers within their supply chain to obtain access for their verifiers. However, in some instances there may be difficulties in obtaining this access, such as where rights of audit have not been written into contracts between the reporting party and their suppliers. In these instances, verifiers may not be able to

obtain sufficient appropriate evidence that information can be traced down the chain of custody to the originator of the information.

- 5.25 Where there is insufficient evidence to support the data entered on ROS, the reporting party must change the data to reflect this or withdraw the consignment(s) in question from their current application for RTFCs<sup>12</sup>. If the reporting party believes that they may be able to secure this information at a later date, they can return it under a future claim. It is not necessary to issue an opinion covering consignments which have been withdrawn from verification, as an application for RTFCs cannot be submitted.
- 5.26 Mass balance systems are designed to contain information about direct suppliers and direct customers and do not contain information about the whole chain of custody. As set out in the RTFO Compliance Guidance, there is no requirement to pass physical evidence along the supply chain, and verifiers may expect to work back up the supply chain using chain of custody records. Sampling a proportion of mass balance records at each stage in the chain, and ultimately a proportion of the potential pool of farmers, plantations or sites at which a waste arises, would allow verifiers to express a level of confidence about the accuracy of the information reported by the reporting party. In practice, suppliers to reporting parties and their subsequent supply chains may not operate mass balance systems, in which case, the C&S data must match the physical supply of product and actual deliveries must be able to be identified and traced back up the supply chain.
- 5.27 Traceability through the chain of custody to the original source of information is a requirement of the RTFO. It is not affected by the type of feedstock, or whether a verifier is providing limited or reasonable assurance - the difference between reasonable and limited assurance is in the amount and nature of evidence gathering that is done.

## Completeness

5.28 In seeking to assess completeness, verifiers should consider:

- Has all of the relevant information known about the administrative consignments been reported in full?
- Have any calculations of 'actual' carbon intensity accounted for all of the emissions contributing over one percent to the fuel chain value?

## Consistency

5.29 In seeking to assess consistency, verifiers should consider:

- Are the methodologies used for calculation and reporting of carbon data consistent with those set out in the RTFO Compliance Guidance?

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<sup>12</sup> Once the C&S data has been submitted to the verifier it is not permitted to swap the C&S data set for a set of data from another consignment of biofuel - see the *Compliance Guidance* for rules on mass balance.

- Are the methodologies used for operating the mass balance system consistent with those set out in the RTFO Compliance Guidance?
- Are the methodologies used for calculation and reporting of carbon data consistent across the reporting party's administrative consignments?<sup>13</sup>
- Are the methodologies used for operating the mass balance system consistent across the reporting party's administrative consignments?<sup>13</sup>
- Are any conversion factors used consistent with those required to be used by the RTFO Compliance Guidance?
- Are the methodologies used for calculation and reporting of quantity data consistent with those set out in the RTFO Compliance Guidance?
- Are the methodologies used for determining the eligibility of development fuels consistent with the criteria set out in the RTFO Compliance Guidance?

## Accuracy

5.30 In seeking to assess accuracy, verifiers should consider:

- Have carbon saving defaults been accurately applied?
- Has the information been accurately transcribed along the supply chain and from the reporting party's systems into ROS?
- Have calculations been performed accurately?

5.31 Testing procedures in respect of the accuracy of the collated information will include an examination of the systems, processes and controls used by the reporting party in collating information for RTFC applications. This will be informed by the maturity of the controls and will also include an element of recalculation to verify the accuracy of reported data. The amount of recalculation required is likely to be informed by the effectiveness of the reporting party's control framework.

5.32 An additional accuracy test relates to the use of conversion factors as feedstock moves through the supply chain. These factors may relate to the conversion of inputs to outputs (e.g. rapeseed to rapeseed oil) and would be relevant to the assurance process when C&S information is being tracked on a mass balance basis from the farm along the supply chain. For example, if a reporting party claimed a quantity of biodiesel from rapeseed, the verifier would need to determine that the quantity of rapeseed oil and biodiesel reported was consistent with the quantity of rapeseed sourced from the farm. However, if the feedstock met the requirements of a recognised voluntary scheme which covered the chain of custody, this check would not be necessary.

5.33 Verifiers will need to establish whether conversion factors are relevant for the information they are reviewing and, if necessary, develop testing procedures that enable them to determine if an appropriate methodology has been followed for calculating conversion factors.

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<sup>13</sup> It is accepted that there may be valid reasons for using different methodologies in certain cases. 'Cherry picking' of methodologies to produce the best outcome in all cases is not acceptable.



## 6. Execution

### Chapter summary

This chapter covers the execution of testing activities when verifying renewable fuel information.

### Performing testing (quality and nature of evidence)

- 6.1 For the RTFO, verifiers will be seeking evidence that supports or undermines the information in the reporting party's application for RTFCs.
- 6.2 ISAE 3000 requires verifiers to obtain 'sufficient appropriate evidence' upon which to base their conclusions. Sufficiency is the quantity of evidence needed to reach a conclusion, and appropriateness is the relevance and reliability of this evidence. This standard states that verifiers must use their professional judgement and exercise professional scepticism in evaluating the quantity and quality of evidence, and thus its sufficiency and appropriateness, to support the assurance conclusions.
- 6.3 ISAE 3000 defines professional scepticism as: "An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement, and a critical assessment of evidence".
- 6.4 The International Framework for Assurance Engagements provides some generalities about the reliability of evidence whilst recognising that some important exceptions exist:
  - Evidence is more reliable when it is obtained from sources outside the appropriate party(ies)
  - Evidence that is generated internally is more reliable when the related controls are effective
  - Evidence obtained directly by the practitioner (for example, observation of the application of a control) is more reliable than evidence obtained indirectly or by inference (for example, inquiry about the application of a control)

- Evidence is more reliable when it exists in documentary form, whether paper, electronic, or other media (for example, a contemporaneously written record of a meeting is more reliable than a subsequent oral representation of what was discussed)
- 6.5 The RTFO Compliance Guidance specifies the information that reporting parties are required to report for each administrative consignment. This comprises a wide range of information such as fuel type, feedstock, country of origin, previous land use, carbon intensity and whether a voluntary scheme has been used.
- 6.6 The RTFO Compliance Guidance specifies the reporting requirements for fuel quantities and eligibility criteria for development fuels.
- 6.7 Suppliers may find that evidence for some of this information is easier to obtain than for others. Evidence for fuel type, renewable fuel feedstock and fuel quantities supplied should be readily obtainable. Information on previous land use or evidence that the use of a feedstock for a development fuel is eligible for double reward may be more difficult to source, particularly for long and complex supply chains; however, evidence is required to support all reported data.
- 6.8 The need to obtain management representation letters from the reporting party is fundamental to reinforcing management's responsibility for preparing data that meets the requirements. However, management representations are not a substitute for obtaining sufficient appropriate evidence.
- 6.9 Chapter 11 of the RTFO Compliance Guidance provides detail on evidence requirements under the RTFO. It outlines the types of evidence which may be available to demonstrate compliance with the sustainability criteria. It also considers the different types of documentation with guidance on the level of reliance that should be placed on them. This includes the reliance that can be placed upon second and third-party audits in the supply chain.

## Reviewing and challenging information

- 6.10 If, during the course of their activities, a verifier finds evidence that some of the reporting party's reported data is incorrect, or that there is insufficient evidence to support the claim, they should discuss this with the reporting party. Information which is incorrect or insufficiently supported by evidence must be amended by the reporting party. If the amendment means that the renewable fuel no longer meets one or more of the mandatory sustainability criteria, the reporting party must withdraw the consignment from verification. The process and requirements for this are set out in the RTFO Compliance Guidance.
- 6.11 In the event of a verifier being notified of a change in the evidence supporting an application for RTFCs, the verifier should assess that change, taking into account the opinion of any relevant certification body (where reliance is being placed upon a voluntary scheme for all or part of the information submitted and/or the chain of custody, the relevant certification body is the last point in the chain of custody that was covered by a voluntary scheme). The verifier should also provide a statement as to the materiality of that change and how it bears on the assurance statement issued

for the relevant ACG, stating, where relevant, that the opinion of any relevant certification body upon that change has been taken into account.

- 6.12 If the amendment of evidence supporting an application does not result in a new assurance statement, the verifier should provide a statement that the change is not material to the original assurance.

## **Ensuring changes are made**

- 6.13 If the verifier has requested that the reporting party makes changes to their data, they should ensure that the changes have been correctly and completely entered into ROS before issuing their assurance opinion.
- 6.14 If the reporting party is unable or unwilling to make the changes, the verifier should set out any outstanding issues in their assurance opinion.

## 7. Conclusion and reporting

### Chapter summary

This chapter covers the requirements for assurance statements.

### The assurance statement

- 7.1 Verifiers need to ensure that their assurance statements comply with the ISAE 3000 standard<sup>14</sup>. Applications with non-compliant assurance statements will not be accepted. Some of the requirements which have particular relevance to the RTFO are described below along with some additional requirements from the RTFO Order:
- 7.2 A **title** - including the words 'independent assurance statement' or 'independent assurance report'.
- 7.3 An **addressee**<sup>15</sup> - the addressee is the party or parties to whom the statement is addressed.
- 7.4 A statement that the engagement was performed *in accordance with ISAE 3000* (N.B. not simply 'with reference to'), and the assurance level provided.
- 7.5 A description of the **subject matter** and for attestation engagements, the subject matter information. This should include a reference to the Administrative Consignment Group (ACG) name. Whilst verifiers can list all of the consignment ID numbers for the consignments covered by the assurance opinion, the Administrator discourages this practice as it has been proven to be likely to result in errors.
- 7.6 The **assurance criteria** against which the reporting party's data has been assessed. For verification of C&S data this should be the version of the RTFO Compliance Guidance relevant at the time the renewable fuel was supplied. For verification of development fuel eligibility and quantities of fuels without a suitable duty point, this

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<sup>14</sup> The assurance statement is referred to as the verifier's assurance report in the RTFO Order.

<sup>15</sup> This will be the management of the reporting party that has commissioned the verifier.

should be the version of the RTFO Compliance Guidance relevant at the time the renewable fuel was supplied. The correct version number must be specified.

- 7.7 A statement to identify the **responsible party and the measurer or evaluator** if different, and to describe their **responsibilities** and the **practitioner's responsibilities**.
- 7.8 A statement that the firm of which the practitioner is a member applies **ISQC1**, or other professional requirements or requirement in law or regulation that are at least as demanding as ISQC1. If the practitioner is not a professional accountant, the statement should identify the requirements applied.
- 7.9 A declaration that the verifier has **appropriate expertise** and is not the supplier or a connected person of the supplier.
- 7.10 A statement that the practitioner complies with the **independence and other ethical requirements**, or requirement in law or regulation, that are at least as demanding as the IESBA Code parts A and B. If the practitioner is not a professional accountant, the statement should identify the requirements applied.
- 7.11 A **summary of the work performed**, as the basis for the practitioner's conclusion, including the nature, timing and extent of evidence-gathering procedures. This needs to be sufficiently detailed for readers of the assurance statement to readily understand what work the verifier performed and must include a description of what activities have been undertaken at the level of the reporting party and how the evidence for information from the supply chain has been tested. For example:
- Conducted interviews with \_\_\_\_\_ to obtain an understanding of \_\_\_\_\_
  - Conducted a review and testing of data measurement, collection and reporting systems and processes, including \_\_\_\_\_
  - Reviewed chain of custody information, including \_\_\_\_\_
  - Conducted interviews with suppliers to determine \_\_\_\_\_
- 7.12 A statement of whether any **reliance** has been placed **on the reporting party's systems or controls** over data in forming the conclusion.
- 7.13 The assurance **conclusion** and any **modifications** to that conclusion. The language used must be appropriate to at least a limited assurance engagement or to a reasonable assurance engagement where the higher level of verification is required. Note that assurance statements with modified conclusions will be carefully assessed by the Administrator but may not be accepted as fulfilling the requirements to issue RTFCs.
- 7.14 In the event of resubmission of an application for RTFCs for an Administrative Consignment (AC) that has previously been considered by the Administrator, a statement that the verifier has taken the changes into account in providing a **new assurance statement** for an AC that has been the subject of a prior application and that the verifier has been provided with assurance that any relevant certification body is aware of the changes and has confirmed that the new information is accurate.

- 7.15 The practitioner's **signature**, which can be the name of the practitioner's firm, the personal name of the individual practitioner or both.
- 7.16 The **date** of the assurance report.
- 7.17 Any emphasis of Matter or Other Matter paragraphs or additional information should be clearly separated from, and worded such that they do not affect, the conclusion.
- 7.18 Assurance statements that fail to address all of the above requirements sufficiently will not be accepted as providing an adequate level of assurance. Where evidence is not available for a particular requirement, a statement explaining the reasons for its absence should be provided.
- 7.19 Reporting parties are responsible for ensuring that the verifier's assurance statement is provided to the Administrator. However, the content of the assurance statement is the sole responsibility of the verifier.

## Concluding the process

- 7.20 The verifier will send the completed assurance opinion, along with any accompanying documentation to the reporting party. ROS allows verifiers to indicate the consignments for which C&S assurance has been provided and to directly upload the opinion. The opinion is automatically submitted to the Administrator when the reporting party submits their application for RTFCs.

## 8. Recognition of voluntary schemes

### Chapter summary

This chapter describes the process for recognising voluntary schemes and other national systems as providing evidence of compliance with the RTFO carbon, sustainability and mass balance requirements. The current list of voluntary schemes recognised for demonstrating RTFO compliance can be found on the DfT [website](#).

### The role of voluntary schemes under the RTFO

- 8.1 Many fuel suppliers use voluntary schemes to support the sustainability claims they make when applying for certificates under the UK's Renewable Transport Fuel Obligation (RTFO). In 2021, 98% of claims for RTFCs under the RTFO involve fuel that has been certified through a voluntary scheme.
- 8.2 A list of recognised voluntary schemes under the RTFO is [published on gov.uk](#).
- 8.3 Certification through a voluntary scheme provides strong evidence of compliance with the RTFO's carbon, sustainability and mass balance requirements. However, the Administrator is able to request further evidence from suppliers on the occasion(s) they are not satisfied with the evidence that has been provided to us through a scheme.
- 8.4 Before documentation from a given voluntary scheme can be used in support of RTFC applications, that voluntary scheme must first have been recognised by the RTFO for the aspects of the RTFO which it is being used to demonstrate compliance with. The recognition process from January 2024 onwards is outlined below.<sup>16</sup>

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<sup>16</sup> The recognition process outlined in this chapter is different to previous arrangements where recognition of voluntary schemes was primarily handled by the EU. This new recognition process is expected to be

## Initial recognition process for voluntary schemes

- 8.5 Voluntary schemes can apply to be recognised under the RTFO by contacting the RTFO Administrator at [rtfo-compliance@dft.gov.uk](mailto:rtfo-compliance@dft.gov.uk). They will then be asked to complete an application form.
- 8.6 The RTFO Administrator will acknowledge the receipt of the request within 10 working days. The RTFO Administrator will then begin the technical review of the certification scheme (i.e. benchmark of sustainability Principles and Criteria, Audit quality etc.).
- 8.7 The requirements for recognition will depend on the aspects of the RTFO for which recognition is requested and any similar regulatory systems under which the voluntary scheme already has recognition.

## Evidence requirements

- 8.8 Where a voluntary scheme has already been recognised under a similar regulatory system, and the RTFO Administrator has already performed benchmarking of the RTFO against that system, further evidence will not be required for the aspects where the RTFO Administrator has identified the requirements to be substantially equivalent. However, the Administrator may request copies of the documentation which supports the recognition under the similar system.
- 8.9 For aspects where there is not substantial equivalence between the similar system and the RTFO, the voluntary scheme can either decide not to be recognised for those aspects or to apply for their standard to be benchmarked against one or more of the relevant aspects.
- 8.10 In the absence of substantial equivalence, or where a scheme is not already recognised by a similar system, voluntary schemes will need to provide information on their scheme standard in order for it to be benchmarked against the requirements of the RTFO. The following information should be provided:
  - the formal description of the standard
  - the most recent version of the standard's criteria and indicators
  - the most recent version of the standard's procedures and requirements for the auditing/certification process
  - the most recent version of the standard's accreditation procedures and requirements for certification bodies

## Ongoing recognition under the RTFO

- 8.11 Voluntary schemes will be required to pursue re-recognition at least every five years. Re-recognition will also be required if significant changes be made either to the

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implemented iteratively throughout 2024, starting with recognition where there is substantial equivalence to similar regulatory systems (see paragraph 8.8) and then proceeding to provide routes to recognition for areas where there is not substantial equivalence (see paragraph 8.10).



RTFO or to the relevant scheme standard. The RTFO Administrator will inform voluntary schemes if such changes are expected and outline the process for re-recognition, which will only focus on areas where there are differences to where there was previous benchmarking. Voluntary schemes are required to notify the RTFO Administrator should there be significant changes to their standard so that the Administrator can determine whether re-recognition is required.

8.12 Certification by voluntary schemes plays a crucial role in ensuring the integrity of renewable fuel supply chains. Therefore, as part of the process of ongoing recognition under the RTFO, voluntary schemes are expected to participate in regular dialogue with the RTFO Administrator to discuss and address areas of mutual interest and/or concern.

8.13 This dialogue may include the following activities:

- submitting an annual report on the scheme's activities
- participation in annual discussions which will explore areas of mutual interest challenges and concerns, and ways to address them
- participating in working groups on topical or emerging issues

8.14 The activities in paragraph 8.13 are not intended to be overly onerous on voluntary schemes and expectations will be proportionate to the size and resource of the relevant voluntary scheme. However, a complete unwillingness to participate is likely to adversely impact a voluntary scheme's recognition under the RTFO.

8.15 Voluntary schemes are expected to communicate any changes in their standards with stakeholders, including the Administrator.

## Use of other national schemes

8.16 Many countries other the UK have individual systems (their 'national system') which are used to incentivise the supply of renewable transport fuel in that country.

8.17 The RTFO is the UK's national system. As the UK RTFO operates at the duty point, it is not permitted to verify renewable fuel as complying with the RTFO, gain evidence of that compliance from the Administrator (i.e. be awarded RTFCs), and then export the renewable fuel for additional reward in another country. Most country's national systems also operate at the duty point and are not therefore relevant for reporting under the RTFO.

8.18 In some cases, reporting under another national system may provide relevant evidence to demonstrate compliance with the RTFO. For renewable fuel supplied under a country's national system to be relevant for reporting under the RTFO it should have the following features:

- Consignments of renewable fuel should be verified to be RTFO-compliant, or compliant with an equivalent set of regulations
- This verification should occur before the renewable fuel crosses the duty point
- There should be appropriate evidence in place e.g. official documentation issued by the country's authorities

- 8.19 Such a national system therefore operates in a similar way to a voluntary scheme as the renewable fuel is verified as RTFO-compliant and then sold on/passed down the supply chain with evidence/documentation of that compliance<sup>17</sup>.
- 8.20 In order for evidence from another national system to be recognised as providing evidence in support of evidence of compliance with the RTFO's carbon, sustainability and mass balance requirements, it must first have been recognised by the RTFO Administrator and benchmarked against the requirements. However, the RTFO Administrator will only consider benchmarking other national schemes in exceptional circumstances, where not to do so would hinder the effective administration of the RTFO or would cause significant commercial problems for a significant number of fuel suppliers.

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<sup>17</sup> Note that whilst similar, there are important differences between such a national system and a voluntary scheme.

# Annex A: Summary of changes (since January 2022 version)

<b>Location</b>	<b>Description</b>
Chapter 3, paragraph 3.1-3.8	The inclusion of a new chapter setting out the process by which a verifier may be recognised as competent by the Administrator.
Chapter 8, paragraph 8.1-8.20	A heavily updated chapter setting out the role of voluntary schemes under the RTFO, the recognition process for voluntary schemes and guidelines for the use of other national schemes. This chapter replaces previous chapters on the submission of evidence through voluntary schemes and recognition of other national systems.