Australian Government
Clean Energy Regulator

Key risk areas for auditors

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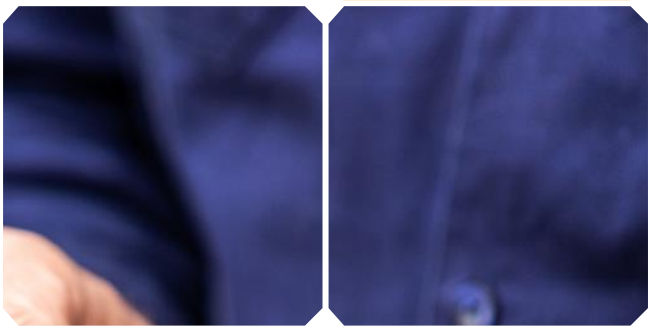

CLEAN ENERGY REGULATOR

Contents

Purpose

This document provides guidance to greenhouse and energy auditors on which risk areas to focus on when conducting audits under the schemes we administer.

It should be used in conjunction with the compliance and enforcement priorities[1] we publish annually, and any other guidance we provide. Auditors must ensure they are aware of legislative requirements for audits under the schemes and comply with them.

This document does not provide an exhaustive list of all risks auditors are expected to address. It focuses on what we believe are the key risks that should be addressed as part of audit procedures.

Key risks are provided for audits under the following schemes:

- Australian Carbon Credit Unit (ACCU) Scheme
- National Greenhouse and Energy Reporting (NGER) Scheme
- Renewable Energy Target (RET)
- the Safeguard Mechanism.

Auditors should use their professional judgement in determining which risks to address when conducting audits, and what procedures to undertake to address those risks. This may entail auditors addressing risks not included in this and other Clean Energy Regulator guidance.

As part of exercising their professional judgement, auditors are expected to determine whether visits to facilities and other sites subject to audit are required as part of conducting audits, and to determine the nature of any such visits. We reserve the right to provide guidance on the necessity for and nature of site visits.

[1] https://cer.gov.au/about-us/our-compliance-approach/compliance-and-enforcement-priorities/compliance-and-enforcement-priorities-2026-27

ACCU Scheme: mandatory and CER-initiated audits

Methodology	Key risks
All	• Project activities have been undertaken in accordance with method requirements. • Inputs and net abatement calculations are accurate, and calculations have been undertaken in line with method requirements. • Offsets report is complete and accurate in accordance with requirements of the *Carbon Credits (Carbon Farming Initiative) Act 2011*[2] (the CFI Act), Carbon Credits (Carbon Farming Initiative) Rule 2015[3] (CFI Rule) and methods. • False or misleading information has not been submitted. • Record keeping systems and processes are maintained in accordance with the CFI Act, CFI Rule and relevant method requirements. • Applicable monitoring requirements under the method are met. • Restricted activities, activities that must not be undertaken, and excluded activities have not occurred in the project area during the relevant reporting period, unless the applicable method permits them. • Legal right is obtained and maintained. » Changes to land title boundaries over time should be monitored. If changes in the land title boundary result in the project area falling outside the area in which they have legal right for, the proponent should query if the change is valid with the relevant land title office. If valid, the proponent will need to either remove the area or obtain legal right. • Projects submitting initial offsets reports accompanying a claim for a certificate of entitlement must have received consent from all relevant Eligible Interest Holders.

[2] https://www.legislation.gov.au/C2011A00101/latest/versions
[3] https://www.legislation.gov.au/F2015L00156/latest/text

Methodology	Key risks
Human-induced regeneration (HIR)	• For initial offsets reports, eligibility requirements have been met and are supported by appropriate evidence. » The nominated suppression mechanism has been verified for each carbon estimation area (CEA). » One or more HIR activities have been undertaken on eligible land in a manner that can reasonably be expected to result in the area becoming native forest and attaining forest cover through regeneration. » Land included in CEAs does not have forest cover at the relevant time and has forest potential. • Stratification requirements have been met, including: » CEAs only include eligible land » baseline forest and land with no forest potential are excluded » stratification is consistent with Guidelines on stratification, evidence and records[4] (2019). » map accuracy assessments have been completed and support the project area and CEA boundaries. • If applicable, regeneration checks have been completed when required and meet the requirements of the CFI Rule and relevant guidelines, including evidence that regeneration is progressing towards forest cover. • FullCAM modelling and abatement calculations have been undertaken in accordance with method and guideline requirements, including: » model points are representative of CEAs » plot files, model points and modelling commencement dates are supported by appropriate evidence » modelling commencement date reflects when regeneration towards forest cover began » changes in carbon stock and relevant emissions have been calculated correctly. • Initial and subsequent offsets reports include the information required under the applicable method and relevant guidelines. • Forest cover attainment checks, including any required forest cover audit, have been completed when required and meet the requirements of the CFI Rule and relevant guidelines. • Permanence plans have been prepared or updated when required, including at year 8 and year 24.

[4] https://cer.gov.au/document/guidelines-stratification-evidence-and-records-hir-and-nfmr

Methodology	Key risks
Native forest from managed regrowth	• For initial offsets reports, eligibility requirements have been met and are supported by appropriate evidence. » At least one comprehensive clearing event has occurred in each CEA. » When the decision was made to implement the project mechanism, the land had forest potential, contained native vegetation and did not have forest cover. » Cessation of clearing is the applicable project mechanism. • Stratification requirements have been met, including: » CEAs only include eligible land » forest cover that existed when the decision was made to implement the project mechanism is excluded » land without forest potential is excluded » stratification is consistent with the Guidelines on stratification, evidence and records » map accuracy assessments have been completed and support the project area and CEA boundaries. • If applicable, regeneration checks have been completed when required and meet the requirements of the CFI Rule and relevant guidelines, including evidence that regeneration is progressing towards forest cover. • FullCAM modelling and abatement calculations have been undertaken in accordance with method and guideline requirements, including: » model points are representative of CEAs » plot files, model points and inputs are supported by appropriate evidence » Disturbances affecting carbon sequestered in the project area have been monitored, detected and reflected in modelling where required. » Changes in carbon stock and relevant emissions have been calculated correctly. • Initial and subsequent offsets reports include the information required under the applicable method and relevant guidelines. • Project activities have been implemented in each CEA in a manner that contributes to achieving forest cover. • Cessation of clearing has been maintained in each CEA, and grazing, if any, has not affected the regrowth of native forest. • Forest cover attainment checks, including any required forest cover audit, have been completed when required and meet the requirements of the CFI Rule and relevant guidelines. • Permanence plans have been prepared or updated when required, including at year 8 and year 24.

Methodology	Key risks
Soil carbon projects	• Stratification requirements have been met. » CEAs to ensure identification of eligible land (including requirements relating to soil depth and land use) » Emissions accounting areas and exclusion areas exclude ineligible land and structures within the project areas. • Restricted activities and activities that must not be undertaken have been identified, verified and applied in accordance with the applicable method. • Calculations have been undertaken in accordance with method and supplement requirements. » Inputs from soil lab data have been accurately determined and entered correctly. » Calculations of emissions are accurate (including correct emissions factors, livestock parameters, years for baseline and reporting periods, carbonate content of lime, incorporation of previous reporting period emissions in net abatement, consistency of baseline calculations). • Sampling has been conducted in accordance with the supplement, including: » sampling design » independence and suitability of samplers and sample preparers » locations (including consistency with sampling plan) » sampling depths » offsetting or reserve points for inaccessible sampling points (including process, plan and evidence) » compositing » sample preparation and analysis » timing (start, median and end date of sampling rounds). • Initial offsets reports must evidence that baseline management activities and project implementation in the project area meet project eligibility and newness requirements. • Evidence that project activities have continued to be undertaken. » Verification of the identified start date of each eligible activity (and that these commenced after the project declaration date). » Confirmation that at least one eligible management activity has been undertaken across all land within each CEA. » If applicable, confirmation that the Land Management Strategy has been updated in response to any changes to eligible management activities and in line with the method requirements.

Methodology	Key risks
Savanna fire management methods	• Project area and vegetation fuel maps meet relevant mapping requirements. • For initial offsets reports and following revisions to vegetation fuel map, mapping requirements are met. » Creation and validation of the vegetation fuel map was conducted in accordance with applicable requirements (e.g. Savanna 2026 technical guidance document[5] and the Savanna 2018 Technical guidance document[6]). » Pixels have been classified appropriately, including site visits to confirm the map accurately reflects vegetation types on the ground. » Mapping has been undertaken using a 'centrist approach', such that any pixel with a centroid that is inside the project area is considered valid, and pixels with a centroid outside the project area are considered ineligible or removed entirely, to ensure the vegetation fuel map falls within the project area. • Calculations have been undertaken in accordance with method and supplement requirements. » Inputs to SavBat or SavCAM are correct (including baseline years uncertainty buffer carried forward). » The baseline period must end immediately before the relevant area became part of the project (unless it is a 'transferring project' or as otherwise specified in the method). » Emissions factors for fuel use have been applied correctly. • Confirmation that the density of livestock has not increased as a consequence of the project. • Evidence that project activities were carried out, including: » Descriptions of fire management activities and evidence were carried out within the relevant permit period. » Relevant fire permits were obtained. • Fossil fuel use records have been maintained and accurate (where required). **For projects registered under the 2018 and 2026 methods** • Project management plan is compliant with method requirements. • Monitoring requirements are met for relevant weed species and, where identified, evidence of management or removal in accordance with the relevant method.

[5] https://www.dcceew.gov.au/sites/default/files/documents/technical-guidance-2026-savanna-methods.pdf

[6] https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.dcceew.gov.au%2Fsites%2Fdefault%2Ffiles%2Fdocuments%2Fsavanna-technical-guidance.docx&wdOrigin=BROWSELINK

Methodology	Key risks
	• Changes to vegetation fuel types have been identified, documented and reflected in the vegetation fuel map and abatement calculations, in accordance with the applicable method. • Subdivision requirements have been addressed in the offsets report, including any required identification, mapping and reporting of relevant subdivisions. **For projects registered under the 2026 method** • Air quality requirements have been considered and addressed in accordance with the applicable method and technical guidance.

Landfill gas, alternative waste treatment and source-separated organic waste	**Landfill gas** • Regulatory baseline has been determined in accordance with method requirements. • Calculations have been undertaken in accordance with method requirements, including: » equations are applied correctly » methane combusted from the amount of electricity generated was calculated in accordance with method requirements » default factors applied correctly » methane concentration applied correctly. • If applicable, flare operation has been conducted in accordance with method requirements. • Monitoring and metering requirements have been met. » Calibration has been performed in accordance with manufacturer's specifications. **Alternative waste treatment** • Eligible waste types have been identified and treated in accordance with method requirements. • Eligible waste treatment technologies have been used in accordance with method requirements. • Calculations have been undertaken in accordance with method requirements. » Baseline emissions have been calculated in accordance with method requirements. • Waste data is complete, accurate and supported by appropriate records. • Weighbridge accuracy has been verified and supported by calibration and maintenance records. **Source-separated organic waste** • Eligible waste types have been identified and treated in accordance with method requirements. • Eligible waste treatment technologies have been used in accordance with method requirements. • Calculations have been undertaken in accordance with method requirements, including baseline and abatement calculations. • Monitoring evidence demonstrates the quantity and type of source-separated organic waste diverted from landfill. • Waste data is complete, accurate and supported by appropriate records. • Weighbridge or other measurement data is accurate, reliable and supported by calibration and maintenance records, where applicable.

Methodology	Key risks
Blue carbon	• Initial offsets reports and following area variations or changes to the eligible activities. » Project operations and maintenance plans and hydrological assessments (including project extent mapping) have been prepared or revised in accordance with the method and the supplement. » The requirements to identify impacted land, disclose information to landholders for areas that will become impacted, and obtain consent for land not in the project area becoming impacted land have been met. » Each tidal restriction mechanism that is the subject of eligible project areas was legally installed or constructed under the relevant Commonwealth, State or Territory or local government laws, when first installed or constructed. » Acid sulfate soil and mosquito management plans have been prepared and implemented. » Regulatory approvals for the project have been obtained. • Eligible project activities have been conducted. • Restricted activities and activities not to be conducted have been identified, verified and applied in accordance with the applicable method. • Stratification requirements have been met. » Each CEA identifies eligible land of a single or dominant type within a single BlueCAM region. » Digitally time and date-stamped geolocated images for land in each CEA evidence the land type, and any changes occurring during the reporting period have been obtained. » Impacted land within a project area is included in a new carbon estimation area by the end of the reporting period in which it became impacted. • Calculations have been undertaken in accordance with method and supplement requirements. » Inputs to BlueCAM are correct, including carryover of negative abatement. » Fuel emissions are recorded and reported on correctly (including record-keeping such as invoices or evidence of contractual arrangements, of each fuel type and quantity used). • The project proponent has met the monitoring requirements of the method, including monitoring each project area to identify and record the year that a coastal wetland ecosystem began to establish, in accordance with the method.

Methodology	Key risks
Animal effluent method	• Eligible material and eligible animal facilities have been identified in accordance with method requirements. • Listed animal types have been identified and applied correctly. • Calculations have been undertaken in accordance with method requirements, including baseline and abatement calculations. • Where applicable, electricity generation records are complete, accurate and supported by appropriate evidence.
Industrial methods	**For both the industrial electricity and fuel efficiency (IEFE) and industrial commercial emissions reduction (ICER) methods** • Baseline regression models have been developed and applied in accordance with method requirements. » Independent variables are appropriate and supported by relevant evidence. » Statistical requirements have been met. » The baseline period has been selected in accordance with method requirements. » Static factors have been identified and considered to confirm the continued validity of the baseline model. • Abatement calculations have been undertaken in accordance with method requirements. » The correct electricity emissions factor has been applied. » Independent variable data is within the effective range of the baseline model. » The improvement factor, relative precision and accuracy factor have been calculated correctly. **For ICER only** • Statements of activity intent are in place for all implementations. • Engineering and regression baseline models have been developed and applied in accordance with method requirements. » Independent professional sign-off has been obtained, where required. » Non-routine adjustments have been identified, verified and applied correctly. » Any new baseline emissions model has been developed in accordance with method requirements. • Industrial process emissions have been calculated in accordance with the NGER Measurement Determination[7].

[7] https://www.legislation.gov.au/F2008L02309/latest/versions

Methodology	Key risks
Beef cattle herd management	• Project activities have been verified for each reporting year. • Beef cattle herd calculator inputs and outputs are complete, accurate and supported by appropriate records. » Raw herd data and third-party data is used for calculator inputs. » Emissions intensity outputs in the 'Results' tab are reasonable across reference years and the reporting year. » The lactation factor corresponds to the proportion of branded cattle in the 'Transient Herd' tab. » Significant weight loss across the herd has been identified and assessed, including for cows that have given birth. » Transfer-in transaction dates in the 'Transient Herd' tab align with the start of the relevant reference year or reporting year. » Headcount values are positive whole numbers. • Record-keeping and monitoring requirements have been met, including requirements for feed purchase records.
Reforestation / afforestation	• Geospatial data aligns with ground truth. » Strata are accurately defined and mapped. » Ineligible or excluded areas are not included in relevant strata. » Disturbance events have been detected and mapped accurately. • Disturbances affecting carbon sequestered in the project area have been identified, monitored and reflected in carbon stock change calculations, where required. • Sampling plans are documented, implemented and reported in accordance with method requirements. • Management records are complete, accurate and representative of management activities. • Abatement calculations have been undertaken in accordance with method requirements, including calculations relating to carbon stock change.

Methodology	Key risks
Avoided deforestation	• For initial offsets reports, clearing permits meet method requirements. • Geospatial data aligns with ground truth. » CEAs are accurately defined and mapped. » Ineligible areas are excluded from CEAs. » Clearing buffers are accurately identified, mapped and consistent with method requirements. • Land in CEAs and clearing buffers remains uncleared (unless addressed in accordance with method requirements). • Disturbances affecting carbon sequestered in CEAs have been identified, monitored and reflected in modelling, where required. • Non-project trees have been identified and excluded from abatement calculations in accordance with method requirements.
Avoided clearing	• Permits for unrestricted clearing have been obtained and meet method requirements. • Required historical clearing and regeneration events have occurred and are supported by appropriate evidence. • Land in the project area was used for grazing or cropping before regeneration, in accordance with method requirements. • Geospatial data aligns with ground truth. » CEAs are accurately defined and mapped. » CEAs have not been changed after project registration, as re-stratification is not permitted under the method. » Ineligible areas are excluded from CEAs. » Disturbances have been detected, mapped and stratified accurately. • Disturbances affecting carbon sequestered in CEAs are monitored, detected and reflected in modelling. • Land in CEAs remains uncleared.

Methodology	Key risks
Environmental planting	• Plantings have been undertaken in accordance with method requirements. • Geospatial data aligns with ground truth. » CEAs meet method geometry, spacing and stocking density requirements. » CEAs only include land with eligible plantings. » Plantings in CEAs have forest potential. » Disturbance events have been detected and stratified accurately. » Ineligible areas are excluded from CEAs. • Model point locations are representative of CEAs and meet method requirements and guidelines. • Planting configuration and stocking are consistent with the modelling calibration applied to the CEA. • Management records are complete, accurate and representative of management activities. • Modelling events are representative of project activities. • If applicable, disturbances affecting carbon sequestration in CEAs have been identified and reflected in modelling.

Methodology	Key risks
Plantation forestry	• Project activities have been undertaken in accordance with method requirements. • Geospatial data aligns with ground truth. » CEAs are accurately defined and mapped. » CEAs have been stratified in accordance with method requirements and supporting guidelines. » Ineligible areas are excluded from CEAs. » Disturbances have been detected, mapped and stratified accurately. • Forest management plans are complete, current and consistent with project activities and FullCAM modelling inputs. • Model point locations are representative of CEAs and meet method requirements and guidelines. • Modelling events are representative of project activities and management actions. • Modelling parameters are aligned with the method requirement, in particular for the baseline and project scenario modelling. • Abatement calculations have been undertaken in accordance with method requirements. » Method calculations have been applied correctly. » Abatement calculations are transparent and readily verifiable from supporting records. » Correct discount factors have been applied. • Where applicable, financial assessment requirements have been met, to support project viability. • If applicable, disturbances affecting carbon sequestered in CEAs have been identified and reflected in modelling, where required. • Where applicable, the permanence plan explains the steps intended to be undertaken to ensure carbon remains sequestered in the project area for the permanence obligation period for the project.

NGER: voluntary and CER-initiated audits

Industry type	Key risks
All	• Facility boundaries • Operational control determination (including contractors) • Emissions and energy calculations • Record keeping, including any records of the process of reporting (including the basis of preparation) • Matters to be Identified (MTBIs) of any activity which requires their reporting • Use of biofuels or carbon capture and storage (CCS) with scope 1 emission estimates • Use of market-based methods to estimate scope 1 and scope 2 emissions.
Oil and gas	• Fugitive emissions • Categorisation of fuels during energy production and consumption.
Coal mining	• Fugitive emissions • Categorisation of fuels during energy production and consumption.
Electricity generation, transmission and distribution	• Emissions from fuel combustion.
Industrial processes	• Emissions from the use of carbonate materials • Use of fuels as feedstock or reductant.
Solid waste and landfill biogas	• Composition of solid waste streams • Activities related to handling of captured biogas • Estimations of solid waste tonnage • Waste mix types • Methane Correction Factor (MCF) determination.
Wastewater handling	• Chemical Oxygen Demand (COD) determination • Methane Correction Factor (MCF) determination • Activities related to handling of captured biogas.

RET: emissions-intensive trade-exposed (EITE) applications using electricity use method

Audit type	Key risks
All	• Use amount formula used to calculate the certifiable amount is appropriate • Completeness and accuracy of electricity use data, including: » delineation between EITE and non-EITE activity » exclusion of non-liable on-site generation. • Identifying and reporting correct billing and other meter identifiers • EITE activity correctly identified in application and meets criteria for eligibility • Providing false or misleading information • Poor record keeping/procedural reliability.

The Safeguard Mechanism

Audit type	Key risks
Emissions-intensity determination application	• Application correctly specifies the historical production variables for the facility. • Application correctly specifies the quantity of the historical production variable in the historical financial year. • Application correctly specifies the amount of covered emissions for the facility in each historical financial year. • Application correctly specifies the transitional production variables (if any) for the facility. » If the application specifies one or more historical production variables for the facility, the application correctly specifies the amount of covered emissions of greenhouse gases from the operation of the facility that are relevantly associated with each of those production variables.
Trade-exposed baseline adjusted determination application	• Whether the information included in the application is correct. • Whether the primary production variable for the facility in the first financial year is a trade-exposed production variable. • Reasonable assurance is provided over the revenue or EBIT (earnings before interest or tax) of the facility in the first financial year, including assumptions made in determining the relevant figure. • Reasonable assurance is provided over the assessed cost impact for the facility in the first financial year and information about assumptions made when working out that value.

Audit type	Key risks
Safeguard Mechanism high emissions facility audit report	• Ensuring that all activities which are carried out at the facility are appropriately included in the NGER report. • Ensuring that emissions have been calculated according to the NGER Measurement Determination 2008[8]. • Ensuring that the quantity which is included in an NGER report for the purpose of the Safeguard Mechanism has been measured consistently with the metric/methodology which is established in Schedule 1 of the Safeguard Rule[9] and the Safeguard Mechanism Document[10].

[8] https://www.legislation.gov.au/F2008L02309/latest/versions
[9] https://www.legislation.gov.au/F2015L01637/latest/versions
[10] https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document