

REPORT TO: Audit and Governance Committee

MEETING DATE: 18 September 2012

BY: Executive Director (Support Services)

SUBJECT: Internal Audit Report – Carbon Management Reduction

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Carbon Management Reduction.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan for Carbon Management Reduction.

3 BACKGROUND

- 3.1 A review of Carbon Management Reduction was undertaken as part of the audit plan for 2012/13.
- 3.2 The main objective of our review was to ensure that the Council had appropriate arrangements in place for meeting its statutory obligations in respect of the CRC Energy Efficiency Scheme.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
6.2 Personnel - None
6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 None

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EAST LOTHIAN COUNCIL – INTERNAL AUDIT CARBON MANAGEMENT REDUCTION

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2012/13, a review was undertaken of the arrangements in place in respect of the CRC Energy Efficiency Scheme (formerly known as Carbon Reduction Commitment).

1.2 Areas where Expected Controls were Met

- Adequate arrangements are in place to ensure that the Council meets its statutory obligations in respect of the CRC Energy Efficiency Scheme (CRC EES).
- The Council has met all statutory deadlines in respect of the CRC EES.
- Nominated officers have been identified with responsibility for the CRC EES and details have been provided to the Environment Agency.
- Adequate documentation is held to support the data used to collate energy usage and consumption levels.

1.3 Areas with Scope for Improvement

- Membership of the Carbon Management Programme Board requires to be updated and regular meetings held to ensure that the Council progresses with all key aspects of carbon management reduction. *Risk – failure to achieve carbon reduction targets.*
- There is a lack of detailed procedures in place outlining all key stages in the CRC EES process. *Risk – failure to adopt a consistent approach.*
- There is a lack of segregation of duties in respect of the collection, recording and compiling of CRC EES data. *Risk – errors and anomalies may occur and remain undetected.*
- No independent checking procedures are in place to ensure accuracy and completeness of data for the CRC EES Annual Report and evidence pack. *Risk – errors, anomalies and omissions may occur and remain undetected.*
- The approach currently adopted for the inclusion of electricity generation covered by Feed in Tariffs should be reviewed. *Risk – reported figures may be inaccurate.*

1.4 Summary

Our review of the CRC Energy Efficiency Scheme identified a number of areas with scope for improvement. Detailed recommendations and opportunities for improvement are contained in our main Audit Report.

Mala Garden
Internal Audit Manager

September 2012

ACTION PLAN

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.1	<p>Detailed procedures should be produced outlining all stages to be followed in the collection, aggregation and reporting of CRC Energy Efficiency Scheme data.</p> <p>The procedures should be issued to all relevant members of staff.</p>	Senior Environmental and Consumer Services Manager/Energy Officer	Agreed		December 2012
3.3.1	Membership of the Carbon Management Programme Board should be updated and regular meetings held to ensure that the Council progresses with all key aspects of carbon management reduction.	Executive Director (Services for Communities)	Agreed		December 2012
3.5.1	Management should ensure that appropriate segregation of duties exist in the collection, recording and compiling of CRC Energy Efficiency Scheme data.	Engineering Design Team Leader	Agreed		March 2013
3.5.2	Management should ensure that appropriate arrangements are in place for the review and checking of internal procedures and data quality prior to the submission of the Annual Report.	Senior Environmental and Consumer Services Manager	Agreed		March 2013

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.5.3	<p>Management should ensure that the Council actively pursues all sums due in respect of Feed in Tariffs.</p> <p>The approach adopted for the inclusion of generation covered by Feed in Tariffs should be reviewed – only electricity used by the Council should form part of the reported CRC emissions, rather than all electricity generated.</p> <p>The formula in the non-half hourly electricity usage spreadsheet should be reviewed to ensure that annual consumption is accurately recorded.</p> <p>Management should ensure that where possible actual meter readings are submitted rather than relying on estimated readings – this will reduce the need to apply the 10% uplift.</p>	Senior Environmental and Consumer Services Manager/Energy Officer	Agreed		March 2013
3.5.4	<p>Management should ensure that the evidence pack is updated timeously to reflect the data included in the 2011/12 Annual Report.</p> <p>The evidence pack should be reviewed and quality checked by a person independent of the preparer.</p>	Senior Environmental and Consumer Services Manager/Energy Officer	Agreed		December 2012