

AUDIT REPORT SUMMARY

Report Title

Housing & Property Service – Compliance with the Carbon Reduction Commitment Energy Efficiency Scheme 2012/13

Report No.	Type of Audit	Issue Date	
HD16/001	Systems	Draft Report	14/01/14
		Final Report	18/03/14

1. Introduction

- 1.1 The Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) is a mandatory UK wide policy aimed at reducing the level of CO₂ (carbon dioxide) emissions utilised by large commercial and public sector organisations, and it applies to the Highland Council. Its purpose is to reduce the amount of pollutants in the atmosphere. The Scheme commenced in April 2010 following the implementation of the CRCEES Order 2010, which was recently replaced by the CRCEES (Amendment) Order 2013.
- 1.2 As part of the 2012/13 annual plan, an audit was undertaken to ensure compliance with the CRCEES (Amendment) Order 2013. Carbon use must be reported annually for the period 1 April to 31 March and the current reporting period refers to the Introductory Phase which spans 2010/11 to 2013/14 inclusive. This audit report covers the third reporting year of the Introductory Phase, April 2012 to March 2013 inclusive.
- 1.3 Following a recent UK wide simplification of the CRCEES reporting requirements, the amount of energy supply points within the Council's responsibility decreased from approximately 1,500 to 1,308 this resulted in a total of 37,795 tCO₂ (CO₂ tonnes) used within the current compliance reporting period.

2. Review Objectives

- The objectives of the review were to ensure that:
- 2.1 There are appropriate arrangements in place to produce accurate and timely Carbon Reduction Commitment monitoring and evaluation reports.
 - 2.2 There are adequate processes and procedures in place to forecast, measure and record anticipated CO₂ emission output. The appropriate carbon cost allowances were obtained by the required date.
 - 2.3 There are adequate processes and procedures in place to record, measure and report CO₂ emission output within the Council's responsibility.
 - 2.4 The management agreed actions arising from the previous audit report have been satisfactorily implemented.

3. Main Findings

- The main findings of the review, referenced to the above review objectives, are as follows:
- 3.1 This objective was fully achieved as there are satisfactory arrangements in place to produce accurate and timely reports and an annual report was prepared for the year 2012/13.
 - 3.2 This objective was fully achieved. There are adequate processes and procedures in place to forecast, measure and record anticipated CO₂ emission output in an appropriate manner.
 - 3.3 This objective was substantially achieved. Thirty four supply locations, ten of which related to estimated supplies, were selected. Some immaterial errors were found with the stated emissions and, although not a requirement, one automatic meter reading (AMR) supply was incorrectly classed as estimates rather than actual supplies. However, the sum involved (13 tCO₂ (£156)) was immaterial.
 - 3.4 This objective was substantially achieved as the two agreed actions; to produce a procedural document and prepare an evidence pack summary sheet have been implemented. However, the new guidance notes do not include the necessity to perform checks on all types of

supply between data held on the system to those recorded by the supplier and this information was held in a separate section of the Evidence Pack.

4. Conclusion

- 4.1 Effective procedures are in place surrounding CRCEES registration and timely submission of annual compliance reports. In addition, there are appropriate mechanisms in place to acquire the requisite amount of CO2 allowances within the designated time period.
- 4.2 There is 1 low grade recommendation in this report which is due to be implemented by 30/04/13.

5. Audit Opinion

- 5.1 The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Full Assurance** can be given in that there is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.

AUDIT REPORT ACTION PLAN

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HD16/001

The Action Plan contains **1** recommendation as follows:

Description

Major issues that managers need to address as a matter of urgency.

Important issues that managers should address and will benefit the Organisation if implemented.

Minor issues that are not critical but managers should address.

Priority	Number
High	0
Medium	0
Low	1
Total recommendations	1

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.4	Low	The Checking Process Instruction document does not include the necessity to perform checks on supplier data: this information is held in a separate Section of the Evidence Pack.	To assist administration, all checking processes should be brought together into the one Checking Process Instruction document.	Preparing an additional process that links actions	Principal Engineer Energy & Engineering, Housing and Property	30/04/14