Glasgow City Council Internal Audit Section
Committee Summary
Neighbourhoods, Regeneration and Sustainability – Carbon Management Governance

1 Introduction

1.1 As part of the agreed Internal Audit plan, we have carried out a review of Carbon Management Governance.

1.2 The Climate Change (Scotland) Act 2009 introduced ambitious targets and legislation to reduce Scotland's emissions by at least 80% by 2050. The Act placed duties on public bodies relating to climate change and introduced additional reporting requirements. Since then, the Scottish Government declared a climate emergency in 2019, setting binding targets for Scotland to become a 'Net Zero Nation' by 2045.

1.3 A new Climate Plan was developed and subsequently approved by the Council's City Administration Committee (CAC) in May 2021. The Plan sets out the Council's ambitions around how it will achieve net-zero carbon by 2030. It also provides an update on the progress that has been made, and a detailed action plan of 59 goals that are to be achieved by the end of 2030. The Sustainability Team within Neighbourhoods, Regeneration & Sustainability (NRS) are responsible for the management of the Climate Plan and carbon management arrangements across the Council.

1.4 The purpose of the audit was to gain assurance that there are adequate governance controls in place in relation to the Council's carbon management arrangements and to ensure that these align to the Council's Climate Plan. In addition, to consider the aims and objectives of the current strategy and determine whether adequate arrangements are in place to progress these.

1.5 The scope of the audit included:

- Ensuring that a structured approach to carbon management is in place and has been approved by senior management.
- Ensuring that carbon management roles and responsibilities are clearly outlined, and arrangements are in place to ensure that these are understood.
- Verifying the arrangements are in place to ensure that the carbon management information being reported is in compliance with statutory requirements.
- Confirming that arrangements are in place to report carbon management information regularly and in a consistent manner to all relevant stakeholders.

- Confirming that senior management and Committees have appropriate oversight and opportunity for scrutiny of carbon management information.
- Reviewing the arrangements for monitoring, recording, and reporting on energy usage.
- Ensuring that steps have been identified to reduce consumption.
- Reviewing a sample of Climate Plan actions and ensuring that the information reported is accurate and evidence has been retained to support this.

2 Audit Opinion

2.1 Based on the audit work carried out a limited level of assurance can be placed upon the control environment. The audit has identified some scope for improvements in the existing arrangements and six recommendations which management should address.

3 Main Findings

3.1 We found that there are adequate arrangements in place to ensure that senior management have appropriate oversight and opportunity to scrutinise carbon management information and plans prior to presenting it to the Net Zero and Climate Progress Monitoring Committee and CAC. Scoping Group and Climate and Sustainability Board meetings are conducted on a quarterly basis to review progress of ongoing works and projects.

3.2 The Public Bodies Climate Change Duties (PBCCD) is a statutory reporting requirement placed on all public bodies in Scotland and consists of a report that should be submitted to Sustainable Scotland Network (SSN) on an annual basis. We confirmed that the staff involved in the data collation and reporting process had adequate knowledge and understanding of the reporting requirements.

3.3 The monitoring and validation of the council's utility bills are managed by an external contractor, and the validation process used is instructed by NRS. We found that there are controls in place to ensure that information retained in the system for the monitoring and validation of the Council's utility bills is up to date, secure and accessible by relevant officers at all times. Through sample testing of ten utility bills, we found that these were accurate and had been appropriately validated and approved prior to payment.

3.4 The previous Carbon Management Plan (CMP2) expired in 2021. A new CMP3 was due to be developed and reported to CAC in May 2023, however we noted that this was not achieved, and a proposed date of December 2023 has now been set.

3.5 There are some documented procedures in place, however we noted that these were still in draft form. We found that the procedures covered only some of the key tasks which are required to be undertaken in respect of the Council's carbon management arrangements. NRS advised that there have been numerous changes to staffing and structure of the Sustainability Team. Whilst, the team structure has been documented, this was last updated in January 2021 and does not clearly list the roles and responsibilities of key officers.

3.6 NRS anticipate that responsibility for achieving the agreed carbon reduction targets under the new CMP3 (when finalised) will be allocated to relevant staff and services across the Council. Although meetings have commenced to determine and agree on these changes, at the time of the audit fieldwork the new roles and responsibilities were still to be formally established and documented.

3.7 Through sample testing of ten different emission sources to ensure the accuracy of the data submitted on the PBCCD report, we found one area where back-up documentation had not been retained, which meant we could not verify the reported figures. This is part of the annual statutory reporting requirement placed on public bodies in Scotland.

3.8 Once the utility bills have been validated by the contractor, the Energy Monitoring Officer within the Sustainability Team conducts secondary validation checks to ensure that the bills are accurate and relate to the correct period and Council establishment. However, at the time of the audit fieldwork, there were no formalised documented procedures in place to outline the key requirements of this validation process. NRS are in the process of creating a flowchart which will provide the staff with guidance on the process, but the final version has yet to be approved by management. We also identified that at present there is only one officer trained within the Sustainability Team to perform the internal secondary validation process.

3.9 There are adequate arrangements in place for recording the progress in Climate Plan actions, however through sample testing of eight actions which linked to the Council's carbon management arrangements, we identified some areas of non-compliance, details of which are recorded in the Action Plan. We also found that if an action was not completed within the published timescale detailed in the Climate Plan, a new target date was not determined.

3.10 We were advised that the Sustainability Team are required to retain all relevant documentation and records for an indefinite period to enable the analysis of progress against the baseline. However, we noted that this does not align with the Council's *Records Retention and Disposal Schedule,* in respect of carbon management.

3.11 An action plan is provided at section four outlining our observations, risks and recommendations. We have made six recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	2
Medium	Less critically important controls absent, not being operated as designed or could be improved.	3
Low	Lower level controls absent, not being operated as designed or could be improved.	1
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

3.12 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.13 We would like to thank officers involved in this audit for their cooperation and assistance.

3.14 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: A structured approach to carbon management is in place and has been approved by senior management.				
1	There is currently no Carbon Management Plan in place. The previous CMP2 expired in 2021. We were initially advised that a CMP3 was held in draft form and due to be reported to CAC in May 2023. However, we were informed by NRS that the content included in the CMP3 draft was no longer relevant to future plans, therefore the development of a new carbon management plan was required. We were advised that a proposed revised date of December 2023 has been set for completion and approval of the new CMP3. Without a finalised CMP in place there is an increased risk that the Council may not achieve its strategic objectives outlined in the Council's Climate Plan.	NRS Management should monitor progress towards completion of the CMP3 and seek to obtain Committee approval as planned. Following approval, this document, should be communicated to all relevant staff with a reminder of the importance of adhering to requirements outlined. Management should also ensure that the delay to the finalisation of CMP3 is reflected in the performance management reporting to OPDSC.	**High**	**Response:** There is a project plan for the creation of CMP3 to link into the agreed Committee schedule. The CMP3 working group meet every 3 weeks to discuss content and create CMP3. Once approved it is proposed that this working group continues to meet to ensure cross working within different teams and manage the delivery of actions within the CMP3 action plan. **Officer Responsible for Implementation:** Head of Sustainability **Timescales for Implementation:** CMP3 to Net Zero Committee in November 2023, approval at CAC in December 2023.

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Documented procedures are in place and outline the roles and responsibilities of officers in respect of carbon management and these have been communicated to all relevant staff.				
2	There are some documented procedures in place, however we noted that these were still in draft form. We found that the procedures covered only some of the key tasks which are required to be undertaken in respect of the Council's carbon management arrangements. We were advised that there have been numerous changes within NRS in respect of staffing and structure of the Sustainability Team. the team structure has been documented, this was last updated in January 2021 and does not clearly list the roles and responsibilities of key officers. The responsibility for achieving the agreed carbon reduction targets under the new CMP3 (when finalised) will be allocated to relevant staff and services across the Council. Meetings with relevant officers commenced in June 2023 to determine and agree on the new roles the other Services will be responsible for. However, at the time of the audit fieldwork the roles and responsibilities of these officers were still to be formally established and documented. A lack of formalised documented procedures and awareness of officer's roles and responsibilities in the carbon governance arrangements increases the risk of	NRS Management should review the current arrangements in relation to carbon management and should develop formalised documented procedures that outline all key elements and tasks required to be undertaken by the Sustainability Team. In addition, Management should ensure that the roles and responsibilities of officers are clearly defined and documented in the developed procedures. Thereafter, these should be appropriately approved and communicated to all relevant staff, with a reminder of reminder of the importance to adhere to the requirements outlined. Management should also ensure that the roles and responsibilities of relevant staff from other services are determined and agreed prior to the publication of CMP3.	**Medium**	**Response:** Draft procedures will be reviewed, formalised and shared across the team. The CMP3 working group meet every 3 weeks to discuss content and create CMP3, including discussions on roles and responsibilities. Once approved the CMP3 will formalise these roles and responsibilities. **Officer Responsible for Implementation:** Head of Sustainability **Timescales for Implementation:** February 2024.

No.	Observation and Risk	Recommendation	Priority	Management Response
	inconsistent practices and targets not being met.			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Arrangements are in place to ensure that the carbon management information being reported is in compliance with statutory requirements.				
3	The PBCCD is a statutory reporting requirement placed on all public bodies in Scotland and consists of a report that should be submitted to SSN on an annual basis. The report consists of the CO2 consumption figures generated by the public body each year. The data is collected from a range of different emission sources. The report template and guidance on how to complete and submit the report are provided by SSN. Through sample testing of ten different emission sources to ensure the accuracy of the data submitted on the PBCCD report, we identified the following issues: • There are no formalised internal documented procedures which outline the data management process which should be followed to obtain the consumption figures. • Nine of the consumption figures matched with the figures submitted to SSN. However, for one instance, we were unable to verify the accuracy of the figures reported to SSN as the source data file had not been retained due to human error. • The Energy Co-ordinator is using their own work email to receive required emission documentation, rather than using the generic email address which	NRS management should ensure that documented procedures for the data management process are finalised, and an up-to-date list of key contacts is maintained. Thereafter, these should be appropriately approved and communicated to all relevant staff, with a reminder of the importance of adhering to the requirements outlined. Staff should use the generic mailbox where appropriate, so other members of the team have access to correspondence where required.	**Medium**	**Response:** Draft procedures will be reviewed, formalised and shared across the team. The generic email address will be reviewed and utilised where appropriate. A list of key service contacts will be set up for the statutory reporting requirements. **Officer Responsible for Implementation:** Head of Sustainability **Timescales for Implementation:** March 2024.

No.	Observation and Risk	Recommendation	Priority	Management Response
	is accessible by other members of the team if required. • The data is collected from various different sources, however, there is no list of key service contacts maintained. A lack of formalised documented procedures and a comprehensive audit trail increases the risk of inconsistent practices and errors being made. This practice also increases the risk of potential delays or further errors in the process due to limited access to required documentation			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Arrangements are in place to record, monitor and report on energy usage.				
4	The process for monitoring and validating the Council's utility bills is managed by an external contractor. The Energy Monitoring Officer within the Sustainability Team is responsible for conducting secondary validation checks to ensure that the bills are accurate and relate to the correct period and Council establishment. There are no formalised documented procedures in place to outline the key requirements of the validation process, however, were advised by NRS management that they are in process of finalising a flowchart which will provide the staff with guidance on the process. Through sample testing of ten utility bills, we checked the accuracy of the invoices received with the data recorded by the external contractor and payment requests made and found no discrepancies. However, we were advised that at present there is only one officer trained within the Sustainability Team to perform the internal secondary validation process (this is a different officer than the Energy Co-ordinator mentioned above). A lack of formalised documented procedures increases the risk of inconsistent practices and errors being made. There is also an increased risk to business continuity arrangements in the absence of the trained officer.	NRS Management should ensure that the documented procedures / flowchart are finalised, approved and communicated to all relevant officers in a timely manner. NRS Management should also consider training another member of staff in the internal verification process to reduce the business continuity risk that this key element of the process cannot be managed should the current responsible officer be unavailable.	**Medium**	**Response:** Documented procedures / flowchart will be finalised, approved and communicated to all relevant officers. The Climate and Sustainability Board of 29/08/23 approved establishing a robust process for utilities management and the resource applied to these to tasks was agreed and will be included as part of CMP3. **Officer Responsible for Implementation:** Head of Sustainability **Timescales for Implementation:** January 2024

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Climate Plan actions have been handled appropriately and within the published timescales.				
5	The Council's Climate Plan details 59 goals which should be achieved at various points throughout the period of the Climate Plan (2021-2030). The plan is published on the Council's website. There are adequate arrangements in place for recording the progress in Climate Plan actions. However, sample testing of eight actions identified the following issues: • Only three actions were completed within planned timescale. • Four actions were completed but were not achieved as detailed in the plan. For example, one was due to be implemented in 2021 but was not achieved until the beginning of 2023. • Climate Plan action number 6 which relates to the development of a Net Zero Plan was planned to be completed in 2021. This date was not achieved. We were advised that work has now commenced, however no formal timeline has been put in place or new target date for implementation set. Progress on completion of the action plan is reported to the Net Zero and Climate Progress Monitoring Committee. This update provides some details of revised implementation targets but does not include specific dates which can be used to monitor progress.	NRS Management should review the current Climate Plan and appropriate actions to ensure that where actions are not progressing as planned, new target dates are formally established. Management should also agree a timescale for the completion of the Net Zero Plan and ensure this is subsequently presented to Committee for approval. Following approval, details of the new targets and timescales should be communicated to all relevant staff. NRS Management should consider updating the relevant page on the Council's website to include a link to the annual review of the Climate Plan which provides updates on the progress of the 59 actions.	**High**	**Response:** The Sustainability PMO team are currently undertaking a review of the Climate Plan and its actions. A summary report will be provided to Net Zero Committee in November 2023. These papers are publicly available online. A link to the relevant committee reports will be added to relevant page on website. The procurement processes are being finalised for the Net Zero Routemap. Once procurement has been completed the updated delivery plan will be shared with Committee as part of our reporting. It is anticipated that an internal working group will be initiated to feed into the process over the 12m delivery period. **Officer Responsible for Implementation:** Head of Sustainability **Timescales for Implementation:** January 2024

No.	Observation and Risk	Recommendation	Priority	Management Response
	The lack of a finalised Net Zero Plan, or adequate timescale to achieve the agreed goals, leads to an increased risk that this will impact the Council's ability to achieve its strategic objectives outlined in the Council's Climate Plan.			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Arrangements have been made to maintain an audit trail and retain mandatory and supporting documentation.				
6	We were advised that the Sustainability Team are required to retain all relevant documentation and records for an indefinite period to enable the analysis of progress against the baseline. However, this does not align with the Council's *Records Retention and Disposal Schedule,* in respect of carbon management. For example, the document states that carbon management data should be retained for a maximum of seven years from end of current year. The current arrangements increase the risk that records will be retained longer than expected and result in the Sustainability Team failing to comply with the Council's document retention policy.	NRS Management should review the Council's *Records Retention and Disposal Schedule* and request that it is updated to ensure all records relating to carbon management to ensure it reflects current working practices. Management should communicate the requirements of the policy to all relevant staff outlining the importance of adherence to the requirements.	**Low**	**Response:** Sustainability will notify the team responsible for the Council's Records, Retention and Disposal Schedule and advise that data on energy consumption needs to be retained indefinitely to allow benchmarking of progress. **Officer Responsible for Implementation:** Head of Sustainability **Timescales for Implementation:** March 2024