

## Regularity audit of CRC energy efficiency scheme annual report 2018/19

**Committee**      Audit and Standards

**Date of meeting**    30 August 2019

**Date of report**    21 August 2019

### Report by Assistant Chief Executive

#### 1. Object of report

To advise the committee on the findings of a regularity audit of the carbon reduction commitment (CRC) energy efficiency scheme annual report for 2018/19. This engagement is included in the annual Internal Audit plan for 2019/20.

#### 2. Background

The carbon reduction commitment (CRC) energy efficiency scheme is a UK government scheme designed to improve energy efficiency and cut carbon dioxide (CO<sub>2</sub>) emissions in private and public sector organisations with high energy use.

The Scottish Environment Protection Agency (SEPA) regulates the scheme.

SPT is required to submit an annual summary report to SEPA on energy usage and purchase allowances based upon CO<sub>2</sub> emissions.

**Note:** from 1 April 2019 the CRC scheme was replaced with a climate tax levy which will be administered by energy providers as a tariff added directly to bills for usage.

The objective of this engagement was to provide a level of assurance on the CRC annual summary report for 2018/19 and test supporting information.

This engagement tested elements of the internal controls and mitigation against SPT 22: Governance arrangements, as identified in the corporate risk register.

#### 3. Outline of findings

SPT has and continues to introduce a range of energy efficiency initiatives.

Engagement testing found that SPT registered with SEPA for the CRC energy efficiency scheme in accordance with prescribed guidance. The annual summary report for 2018/19 was presented to SEPA in accordance with the end of July submission deadline.

Some areas for improvement were identified during the engagement and these areas were addressed prior to submission of the annual summary report 2018/19.

#### 4. Conclusions

Audit and Assurance has undertaken a regularity audit of the CRC energy efficiency scheme reporting. Some areas for improvement were identified during the engagement and these areas were addressed prior to submission of the annual summary report 2018/19.

Key controls exist and are applied consistently and effectively in most areas tested in this engagement.

Sound assurance in most areas can be taken from the energy consumption levels reported in the CRC annual summary report for 2018/19.

**Note:** A separate report titled '*Environmental, Climate Change and Carbon Management issues – update*' will be presented to the next Strategy & Programmes committee meeting on 30 August 2019.

#### 5. Committee action

The committee is asked to note the contents of this report.

#### 6. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>

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**Name** Gordon MacLennan

**Title** Assistant Chief Executive

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