



**Item: 3**

**Monitoring and Audit Committee: 13 February 2025.**

**Internal Audit – Climate Change Reporting.**

**Report by Chief Internal Auditor.**

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## **1. Overview**

- 1.1. The internal audit plan 2024/25 includes a review of the systems and processes used to produce the Climate Change Duties Report. This audit has been completed and the internal audit report is attached as Appendix 1 to this report.
- 1.2. The Climate Change (Scotland) Act 2009 introduced legislation which places duties on public bodies relating to climate change. In terms of the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 as amended, the Council is required to prepare annual reports on its compliance with climate change duties, including progress in delivering its emissions reduction targets.
- 1.3. The objective of this audit was to review the systems and processes from which information was produced for the Climate Change Duties Report 2023/24 to the Scottish Government and to assess the reliability and accuracy of the information contained within the report.
- 1.4. The audit provides Substantial assurance that the processes and procedures relating to the Climate Change Duties Report are well controlled and managed.
- 1.5. The internal audit report, attached as Appendix 1 to this report, does not include any recommendations.

## **2. Recommendations**

- 2.1. It is recommended that members of the Committee:
  - i. Scrutinise the findings contained in the internal audit report, attached as Appendix 1 to this report, relating to the systems and processes from which information was produced for the Climate Change Duties Report 2023/24, in order to obtain assurance that action has been taken or agreed where necessary.

## **For Further Information please contact:**

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## **Implications of Report**

- 1. Financial:** None directly related to the recommendations in this report.
- 2. Legal:** None directly related to the recommendations in this report.
- 3. Corporate Governance:** In terms of the Scheme of Administration, consideration of Internal Audit findings and recommendations, and review of actions taken on recommendations made, are referred functions of the Monitoring and Audit Committee.
- 4. Human Resources:** None directly related to the recommendations in this report.
- 5. Equalities:** An Equality Impact Assessment is not required in respect of Internal Audit Reporting.
- 6. Island Communities Impact:** An Island Communities Impact report is not required in respect of Internal Audit Reporting.
- 7. Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
  - Growing our economy.
  - Strengthening our Communities.
  - Developing our Infrastructure.
  - Transforming our Council.
- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
  - Cost of Living.
  - Sustainable Development.
  - Local Equality.
- 9. Environmental and Climate Risk:** None directly related to the recommendations in this report.
- 10. Risk:** Internal Audit evaluates the effectiveness and contributes to the improvement of the risk management processes.
- 11. Procurement:** None directly related to the recommendations in this report.
- 12. Health and Safety:** None directly related to the recommendations in this report.
- 13. Property and Assets:** None directly related to the recommendations in this report.
- 14. Information Technology:** None directly related to the recommendations in this report.

**15. Cost of Living:** None directly related to the recommendations in this report.

**List of Background Papers**

Internal Audit Plan 2024/25.

**Appendix**

Appendix 1: Internal Audit Report – Climate Change Reporting.



## Internal Audit

### Audit Report

### Climate Change Reporting

Draft issue date: 5 November 2024

Final issue date: 3 December 2024

<b>Distribution list:</b>	<p><b>Corporate Director for Neighbourhood Services and Infrastructure</b></p> <p><b>Head of Planning and Community Protection</b></p> <p><b>Service Manager (Development and Marine Planning)</b></p> <p><b>Climate Change Officer</b></p>
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## Audit Opinion

Based on our findings in this review we have given the following audit opinion.

### Substantial

**The framework of governance, risk management and control were found to be comprehensive and effective.**

A key to our audit opinions and level of recommendations is shown at the end of this report.

## Executive Summary

The annual reporting of climate change duties is intended to help with compliance, engage leaders and encourage action. Its main aims are to drive continuous improvement, to better inform policy and action, and to demonstrate and share good practice and progress.

Our review identified a number of positive areas in the completion of the report:

- The reporting template was completed in accordance with the guidance provided.
- There are good procedures in place for capturing the required data. Figures submitted were generally in accordance with underlying evidence held in source systems and were relevant, complete, consistent, transparent and accurate.

The report does not include any recommendations which have arisen from the audit.

The assistance provided by officers contacted during this audit is gratefully acknowledged.

## Introduction

Part 4 of the Climate Change (Scotland) Act 2009 introduced legislation which places duties on public bodies relating to climate change. These duties require that the Council must, in exercising its functions, act to:

- Contribute to the delivery of emission reduction targets (mitigation).
- Help deliver any statutory climate change adaptation programme (adaptation).
- Do this in a way that it considers most sustainable (acting sustainably).

In December 2020, legislation was strengthened to require public bodies to report on the following:

- A target date for achieving zero direct emissions of greenhouse gases or such other targets that demonstrate how the body is contributing to Scotland achieving its emissions reduction targets.
- Any targets for reducing indirect emissions of greenhouse gases.
- How the Council aligns its spending plans and use of resources to contribute to reducing emissions and delivering its emissions reduction targets.
- How the Council will publish or otherwise make available its progress towards achieving its emissions reduction targets
- How the Council is contributing to Scotland's Adaptation Programme.

As part of the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020, the Council is required to provide the above in annual reports from reporting year 2021/22 onwards.

A template for climate reporting is provided by the Scottish Government.

The report for 2023/24 is due for submission to the Scottish Government by 30 November 2024. It is due to be presented to the Policy and Resources committee on 26 November 2024 for approval prior to submission.

This review was conducted in conformance with the Public Sector Internal Audit Standards.

## Audit Scope

The objective of this audit was to review the systems and processes from which information is produced for the Climate Change Duties Report for 2023/24 and to assess the reliability and accuracy of the information contained within the report.

Audit work included:

- Obtaining a copy of the completed template to be sent to the Scottish Government.
- Identifying the sources of information contained in the report.
- Checking that the report was completed in accordance with the relevant guidance.
- Reviewing that the information submitted is in accordance with the underlying evidence held on source systems.
- Assessing the procedures in place for completing, checking and reviewing data prior to submission.
- Checking that the report is submitted within the stated deadline.

## Audit Findings

### **1.0 Report completed in accordance with published guidance.**

1.1 Guidance relating to the completion of the report was published in August 2024. Each section of the return was checked to confirm that it had been completed in accordance with this guidance. Our review found that the report was completed in accordance with the guidance provided.

### **2.0 Review of information submitted**

2.1 The report contains a number of sections requesting either written information on governance, adaptation and procurement or the submission of emissions figures. All of these were reviewed.

2.2 Information for the written sections typically comes from relevant officers, policies and committee reports. Our review found that for the sections completed, the information submitted was relevant, reasonable and updated from the previous report where necessary.

2.3 The section on emissions includes data on corporate greenhouse gas emissions (GHG) arising from organisational activities and an update on progress towards targets agreed in the Council's Carbon Management Plan. The guidance mentions five principles of the GHG protocol that should be observed when preparing an annual report. These principles are:

2.3.1 Relevance – we found that the emissions being reported reflected the emissions pertinent to the Council.

2.3.2 Completeness – apart from one minor source (water supply and treatment) all emissions pertinent to the Council were included.

2.3.3 Consistency – emission sources reported, and their calculations were consistent with previous years.

2.3.4 Transparency – there was a clear audit trail for figures supplied.

2.3.5 Accuracy – our review has confirmed that there are robust systems in place to collect the data.

2.4 Some minor errors were identified during the audit process, these errors were highlighted and corrected prior to submission of the final return.

2.5 The errors related to duplicate figures, links to documents and updating document versions.

### **3.0 Template validation.**

3.1 Demonstrating validation is important in order to ensure confidence in the quality of data and information provided in the report. The guidance states that “there is no statutory validation requirement” and mentions that internal, peer or external validation is acceptable – “Organisations should, at a minimum, undertake a robust internal validation exercise when producing annual reports, including validation of raw data and sources of contributing information. Internal validation may be undertaken by an internal audit team or senior manager”.

3.2 This validation exercise is now part of the Annual Internal Audit Plan, the review is carried out prior to the return being presented to the Policy and Resources Committee.

### **4.0 Conclusion**

4.1 Audit testing has confirmed that there are substantial systems in place to produce the Climate Change Duties Report and that there is evidence for the calculation of the emissions in the report to be considered accurate.



## Key to Opinion and Priorities

### Audit Opinion

Opinion	Definition
<b>Substantial</b>	The framework of governance, risk management and control were found to be comprehensive and effective.
<b>Adequate</b>	Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.
<b>Limited</b>	There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.
<b>Unsatisfactory</b>	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

### Recommendations

Priority	Definition	Action Required
<b>High</b>	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
<b>Medium</b>	Weakness in governance, risk management and control that if unresolved exposes the organisation to a significant level of residual risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
<b>Low</b>	Scope for improvement in governance, risk management and control.	Remedial action should be prioritised and undertaken within an agreed timescale.