

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager **SUBJECT:** Sustainability & Climate Change

TO: Head of Health & Community Protection **DATE:** 29 March 2018

C.C. Chief Executive
Deputy Chief Executive (AJ)
Head of Finance
Community Partnership Team Manager
Sustainability Officer
Portfolio Holder (Cllr Thompson)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2017/18, an examination of the above subject area has been undertaken and this report presents the findings and conclusions drawn from the audit for information and action where appropriate. This topic was last audited in January 2014.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 The previous audit of the topic concentrated on climate change as this was specifically recorded on the Significant Business Risk Register (SBRR). However, the Council now covers this as part of the wider sustainability agenda.
- 2.2 A new Sustainability Officer (SO) is now in post and is supported by the Sustainability Officer Group (SOG) in embedding plans and processes to help meet the Council's sustainability aims that are encompassed within the external services strand of Fit for the Future.

3 Scope and Objectives of the Audit

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 In terms of scope, the audit covered the following areas:
- SOG action plan
 - Act on Energy service level agreement (SLA).

- 3.3 The audit programme identified the expected controls. The control objectives examined were:
- The Council is able to demonstrate that it is taking steps to become more sustainable
 - The Council receives appropriate support from its contracted 'partners' to help others become more sustainable.

4 Findings

4.1 Recommendations from Previous Reports

- 4.1.1 The current position in respect of the recommendations from the audit reported in January 2014 was also reviewed. The current position is as follows:

Recommendation	Management Response	Current Status
1 The climate change entry in the Significant Business Risk Register should be updated with reference to 'Climate Change Strategy' removed and the likelihood rating re-evaluated.	The lack of a strategic programme represents a failure to meet policy objectives but does not in itself constitute a serious business risk. Service Areas have Adaptation Action plans and actual risks from climate change (such as flooding) are addressed in Business Continuity and Emergency Plans. It is correct to highlight that SMT needs to review what needs to be entered into the Significant Business Risk Register.	The mitigation measure within the SBRR is now the Sustainability Action Plan. SMT review the register on a regular basis and evaluate the likelihood ratings accordingly.
2 A corporate strategic management programme should be developed based on a 'climate ready' vision to be achieved by a specified point in time.	The Sustainability Officer was tasked with bringing a report to Executive in Feb 2014 on a Climate Change Strategy. With this post being vacant this will not now be possible, within the timescale, when a new person is appointed a target date for refreshing the strategy and reporting it to Executive will be agreed.	An agreed 'Strategic Approach to Sustainability & Climate Change' document is now in place.

Recommendation	Management Response	Current Status
3 Management should consider signing up to Climate Local.	Climate Local provides a good background for a strategic approach. A review of this and whether to recommend its adoption by the Council will be conducted when the new Sustainability Officer is appointed.	Climate Local has been signed up to. It was noted that the website still records the old SO's contact details so these need to be updated. (No formal recommendation is thought to be warranted as there is no risk should this not be amended).
4 The status of local partnership frameworks that can support the Council in its climate change programme should be investigated.	A review of this will be conducted when the new Sustainability Officer is appointed.	The Head of Health & Community Protection advised that, since the previous audit, the service redesign has seen the SO post move to within the Community Partnership team. The focus of the post is, therefore, aligned to working with partners who can help the Council in its work on climate change and sustainability.

4.2 SOG Action Plan

- 4.2.1 A 'Strategic Approach to Sustainability and Climate Change' document is in place. This was initially approved by Executive in January 2015 and has been updated subsequently with reports being presented to the Overview & Scrutiny Committee and SMT to advise on progress.
- 4.2.2 Sitting beneath the strategic approach document is the SOG action plan, with the recently formed SOG supporting the SO to ensure that sustainability is embedded and improved both across the Council and within local communities.
- 4.2.3 The membership is set out at a departmental level in their terms of reference. This highlights that there should be members from all departments of the Council except for Cultural Services. At present, all departments have a nominated representative apart from Cultural Services and Finance. However, at a recent SMT meeting it was recommended that they should nominate representatives and the Heads of the relevant services are now being copied into the minutes of the SOG meetings.

- 4.2.4 The action plan, which was reviewed at the January SOG meeting to ensure that it remained relevant, is split across the three strategic aims that are covered within the strategic approach document:
- Embed sustainability at a strategic level within the organisation.
 - Address our own impacts relating to sustainability and ensure our physical assets and operations remain resilient in the face of a changing climate.
 - Promote and enable sustainability and climate change resilience in the wider district.
- 4.2.5 There are performance targets set under each of the aims with a number of actions being recorded against each of these targets. Progress against the actions is also recorded in the plan with a RAG rating being applied against each item (Red – no plan in place and / or target not met; Amber – plan in place and on target to achieve; Green – near completed or completed).
- 4.2.6 A review of the action plan (as it stood at the start of the audit) was undertaken to ensure that completed actions could be evidenced as recorded and that there were plans in place to address the other items. This test proved satisfactory, confirming that actions had been taken as recorded and plans were in place (or had subsequently been made) to address the outstanding actions.
- 4.2.7 The SO highlighted that the plan was being constantly reviewed and an updated plan had been prepared before the audit was completed which was to be reported to the next SOG meeting. The agenda for the meeting highlighted that this was to be reviewed by the group, with the focus being on the Red actions.
- 4.2.8 One issue was noted within the plan in that one of the performance targets was that 'Cleaner buses and taxis (are) operational in the district'. However, the actions recorded concentrate solely on buses.

Risk

The Council may not fully meet its sustainability aims.

Recommended

Actions should be identified and recorded with the SOG action plan to address the performance target of having cleaner taxis within the district.

4.3 Act on Energy SLA

- 4.3.1 An SLA was found to be in place for the services to be provided with Act on Energy who provide support services to local authorities to assist them in complying with their responsibilities under a number of pieces of legislation.
- 4.3.2 The document in place was current at the time of the audit with an exemption from tendering having recently been confirmed so that the Council can continue to obtain services from them.

- 4.3.3 Within the SLA is a programme of works. The SO also provided a copy of the draft programme of works for 2018/19 which will now be progressed following the approval of the exemption from tendering.
- 4.3.4 The majority of work detailed in the SLA is of a support type and, as such, cannot be directly evidenced. However, for the other work, evidence was generally in place to show that the work had been undertaken.
- 4.3.5 One piece of work had not been specifically undertaken from the agreed 2017/18 programme and email evidence was provided to show that this was being carried forward into the new programme, albeit with a slightly different emphasis and it was confirmed that work had already started in this area.
- 4.3.6 Upon review of TOTAL, it was confirmed that payments had been made to Act on Energy in line with the SLA.
- 4.3.7 The SO advised that, if the Council was not happy with the work of Act on Energy, the issues would be raised with them and payments could be withheld. Whilst this had not been necessary, the amount paid to them had been reduced over time following a value for money review.

5 **Conclusions**

- 5.1 Following our review, in overall terms we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Sustainability & Climate Changes are appropriate and are working effectively.
- 5.2 The assurance bands are shown below:

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

- 5.3 The only issue identified, albeit a minor one, is that there is no action recorded in the SOG action plan to address the performance target of having cleaner taxis operational in the district.

6 **Management Action**

- 6.1 The recommendation arising above is reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Sustainability & Climate Change – March 2018

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.8	Actions should be identified and recorded with the SOG action plan to address the performance target of having cleaner taxis within the district.	The Council may not fully meet its sustainability aims.	Low	Sustainability Officer	Actions will be included in the SOG Action Plan. This will be agreed at the next SOG meeting in May.	May 2018

* Risk Ratings are defined as follows:

High Risk: Issue of significant importance requiring urgent attention.

Medium Risk: Issue of moderate importance requiring prompt attention.

Low Risk: Issue of minor importance requiring attention.