



Comhairle nan Eilean Siar
Internal Audit Review
CLIMATE CHANGE- NET ZERO COMPLIANCE
Final Report –2024/25-05

04 July 2024

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
CLIMATE CHANGE – NET ZERO COMPLIANCE**

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| Draft Report Issued | 01 July 2024 |
| Management Response Received | 04 July 2024 |
| Final Report Issued | 04 July 2024 |

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|-----------------------------------|-----------------------|
| Issued to: | |
| Chief Executive | Malcolm Burr |
| Head of HR and Performance | Norma Skinner |
| Senior Researcher | Anna Hulme |
| External Audit | Martin Devenny |

SECTION 1: EXECUTIVE SUMMARY

Introduction

1.1 The Report has been prepared following an internal audit review of Climate Change- Net Zero Compliance as part of the operational annual internal audit plan for 2024/25. The purpose of the Report is to provide an overview of the Comhairle's arrangements for the operation and management of Climate Change- Net Zero Compliance. The scope of the audit included a review of the following objectives:

- Confirm that the Comhairle under the Climate Change (Scotland) Act 2009 and Climate Change (Duties of Public Bodies; Reporting requirements) report greenhouse gas emissions annually and demonstrates it is contributing towards the achievement of national targets;
- Confirm that the Comhairle have a Climate Change Net Zero policy/strategy in place and this is displayed on the Comhairle website;
- Confirm that the climate change risk have been identified and are included on the corporate risk register;
- Confirm the responsible committee reports on a regular basis to the Full Council on the progress;
- Confirm that the service are embedding climate change governance, actions and responsibilities across the Comhairle
- Confirm how departments are in compliance with achieving Net Zero and what has been put in place to achieve this; and
- Confirm that any new projects will contribute to the reduction of carbon emissions.

Background Information

1.2 The Climate Change Act (Scotland) 2019 commits Scotland to Net Zero by 2045. This means emissions of all greenhouse gases in Scotland in 2045 must be 100% lower than they were in the 1990 baseline year.

Net Zero means that all greenhouse gas emissions are reduced as much as possible, with any remaining emissions which cannot be prevented – those from agriculture or aviation, for example – balanced out by the removal of emissions from the atmosphere. Net Zero targets are being with the aim of keeping global warming below 1.5°C and avoiding the worst effects of climate change.

The Climate Change Reporting Duties obliges Public Sector Bodies to report annually on emissions and progress on climate change mitigation and adaptation. Public sector bodies are expected to demonstrate leadership on reducing greenhouse gas emissions to limit global warming, also known as climate change mitigation.

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From 2022, all public bodies in Scotland were required to report target dates for achieving zero direct emissions and reducing indirect emissions across their estate and operations, and how spending and resources will be used to contribute towards this. Local government must also report on area-wide emissions within their influence, and on their contribution to Scotland's Climate Change Adaptation programme.

Concluding Remarks

- 1.3 Our detailed findings are included in the body of the Report. We would point out that the most significant issues arising from our review which require management attention are:
- Within the Climate Change Strategy 2022-2027 document there are hyperlinks that do not link in with associated documentation;
 - Climate Change Steering group to meet on a regular basis; and
 - Training to be provided at departmental level to engage staff on climate change and environmental impacts.

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SECTION 2: RECOMMENDATIONS AND AUDIT OPINION

2.1 We have graded our detailed findings and recommendations, based on the likelihood of the identified weakness occurring and the impact on the Comhairle if it should occur.

The following table contains the definitions applied by Internal Audit in rating audit findings/actions and the number of recommendations in each rating.

| Definition of recommendation | Grade | No. |
|--|--------|-----|
| Major weaknesses that could have a significant impact on the Comhairle if not addressed and contained urgently. | High | |
| Important issues relating to controls being absent, not operating as expected or could be improved. | Medium | |
| The weakness is unlikely to have a material impact on the Comhairle. These are not critical but management should address. | Low | 3 |

Where we have identified isolated exceptions in our sample testing, and we consider that they are unlikely to recur; and would have no significant impact if they should occur;

We have classified them as minor or trivial, discussed them with relevant officers and detailed them in Appendix C to the Report.

2.2 Based on the audit work carried out our overall opinion is that a Substantial level of assurance can be placed upon the control environment of the service/area under review.

A full list of opinions which an auditor may provide can be seen at Appendix B.

It should be noted that our findings and conclusions are based on the information made available to us at the time of our review. There are current limitations in place as a result of a cyber-attack on 7 November 2023. This is likely to have limited our access to documentation prior to this date which requires to be acknowledged when considering the contents of the Report.

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04 July 2024

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SECTION 3 – FINDINGS, RECOMMENDATIONS AND ACTION PLAN

| GRADE | FINDINGS & IMPLICATIONS | RECOMMENDATION | MANAGEMENT COMMENT | RESPONSIBLE OFFICER | TARGET DATE OF IMPLEMENTATION |
|-------|---|--|---|--|-------------------------------|
| L1 | <p>The current Climate Change Strategy 2022-2027 is comprehensive, up to date and present on the Comhairle nan Eilean Siar temporary website. Within this document there are hyperlinks that do not link in with associated documentation.</p> <p>The current website is a temporary solution following on from the cyber-attack and work is ongoing for the building of the permanent website.</p> | <p>Once the new website is launched the climate change strategy document is to be checked and all hyperlinks reassigned to the correct pages/policies.</p> | <p>The Climate Change Strategy will be reviewed and links updated once the new website is launched.</p> | <p>Anna Hulme, Senior Researcher</p> | <p>01/10/2024</p> |

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| GRADE | FINDINGS & IMPLICATIONS | RECOMMENDATION | MANAGEMENT COMMENT | RESPONSIBLE OFFICER | TARGET DATE OF IMPLEMENTATION |
|-------|--|---|---|--|-------------------------------|
| L2 | <p>The Comhairle has identified suitable individuals and set up an internal Climate Change Steering Group (Climate Change Focus Group) to manage the implementation of the climate change Strategy and Action Plan to ensure compliance with all climate change duties.</p> <p>The group meet on an ad-hoc basis and have not met within the last 12 months. If the climate change steering group do not meet on a regular basis this could result in items not being completed or not followed up in appropriate times and key updates not being provided within reasonable timescales.</p> | <p>Climate Change Steering group to meet on a regular basis to ensure membership of the group remains relevant as climate change remains priority from the local authority and Scottish Government.</p> | <p>A meeting of the Climate Change Steering Group has been scheduled for July. This meeting will focus on future arrangements for the group to ensure regular meetings take place going forwards. Membership will also be reviewed to ensure continued representation from all relevant services.</p> | <p>Anna Hulme, Senior Researcher</p> | <p>01/08/24</p> |

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| GRADE | FINDINGS & IMPLICATIONS | RECOMMENDATION | MANAGEMENT COMMENT | RESPONSIBLE OFFICER | TARGET DATE OF IMPLEMENTATION |
|-------|---|--|---|----------------------------------|-------------------------------|
| L3 | <p>Extensive work has been undertaken at a strategic level to produce the Climate Change Net Zero Strategy.</p> <p>Senior officers are allocated responsibility to implement the action through their services.</p> <p>There is a risk of this being very strategic and also a risk of not enough training at an operational level to educate managers on being carbon literate and resource efficient while making decisions at departmental levels.</p> <p>It is imperative that climate change is thoroughly considered when making decisions and purchases and thoroughly detailed within the environmental impacts section on committee reports.</p> | <p>Training should be provided to assist report writers on issues and areas for consideration in relation to environmental impact.</p> <p>Training to be provided at departmental level to show how everyday events and decisions can add up to assists with working toward the Comhairle goal of Net Zero Compliance.</p> | <p>Guidance will be updated to assist report writers to consider environmental impact including climate change, net zero and emissions in reports.</p> <p>Training on climate change and Net Zero will be developed and uploaded to LearnPro with examples of considerations and best practice. Managers will be made aware that the training is available and will be encouraged to complete it to ensure climate change is considered during decision-making and purchases.</p> | Anna Hulme, Senior Researcher | 01/09/2024 |

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| GRADE | FINDINGS & IMPLICATIONS | RECOMMENDATION | MANAGEMENT COMMENT | RESPONSIBLE OFFICER | TARGET DATE OF IMPLEMENTATION |
|-------|--|----------------|--------------------|---------------------|-------------------------------|
| | The Environmental impact sections of reports are often neglected, with many reports going to committee simply stating “none” or with very little commentary or thought in relation to the environmental impacts. | | | | |

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT

Responsibility in Relation to Internal Controls

It is the responsibility of the Comhairle's management to maintain adequate and effective financial systems and to arrange for a system of internal controls. Our responsibility as internal auditors is to evaluate the financial systems and associated internal controls. In practice, we cannot examine every financial implication and accounting procedure within an activity, and we cannot substitute for management's responsibility to maintain adequate systems of internal controls over financial systems. We therefore may not identify all weaknesses that exist in this regard.

It is the responsibility of the Comhairle's management to consider the detailed findings of this Report, where such findings have a specific impact on risk registers. This may include a risk that has not yet been identified, or current risk controls which may be required to be updated to reflect any changes as a result of the findings contained in this report.

Responsibilities in Relation to Fraud and Corruption

The prime responsibility for the prevention and detection of fraud and irregularities rests with management. They also have a duty to take reasonable steps to limit the opportunity for corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

We nevertheless endeavour to plan our internal audit work so that we have reasonable expectation of detecting material fraud, but our examination should not be relied upon to disclose all such material frauds that may exist.

DEFINITION OF AUDIT OPINIONS AND RATINGS

The standard definitions for internal audit assurance over an engagement are as follows:

| Level of Assurance | Definition |
|---------------------------|--|
| Full Assurance | Internal control, governance and risk management are of a high standard. A sound system of control to achieve the system objectives exists and the controls are being consistently applied. |
| Substantial Assurance | A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. |
| Reasonable Assurance | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. |
| Limited Assurance | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |
| No Assurance | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited. |

ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES AND CONTROLS

| ITEM | ISOLATED EXCEPTION | RESPONSIBLE OFFICER | AGREED Y/N | DATE OF DISCUSSION |
|-------------|---------------------------|----------------------------|-------------------|---------------------------|
| | | | | |