

➔ Compliance Audit Good Practice Guide

This guide contains useful tips and good practices that have been identified from previous compliance audits. The following information is to help participants improve their level of compliance, avoid common errors and make the compliance audit process more efficient. It will be updated periodically as new examples are identified. This guide is for information purposes only. It is not compulsory and it is ultimately every Participant's responsibility to ensure they are complying with CRC.

➔ Evidence Pack

➔ Electronic is the best option

Your evidence pack can either be electronic, paper based or a mix of both. However, we would recommend you keep your evidence pack electronically as it is much easier to maintain, locate and amend documents compared to a paper-based version, which will save you time and resources. Electronic evidence packs also save on storage space and reduce costs. From a compliance audit point of view it is much easier to audit electronic documents compared to paper copies. Electronic documents can be cross referenced quicker, for example when we are cross-checking your meter references with your primary evidence and annual report to ensure all the figures match. This can be quickly achieved by comparing the spreadsheets and inputting simple formulae. Electronic evidence packs are also easier to send to us on a CD-ROM via secure delivery so we can perform the compliance audit remotely, which may avoid the need for a site visit to your premises.

➔ What information do I need to keep?

Your evidence pack needs to contain a clear audit trail of your source data (known as primary evidence) together with the calculations you have made to reach your overall figures for the Footprint and Annual Reports. You may be requested to show us the calculations step by step during a Compliance Audit, therefore you should ensure they are all available and easily located. You should also record any key decisions you have made within your Evidence Pack, for example which estimation technique you chose to use together with the calculations you performed on the data. Finally you should document all sampling and quality assurance procedures you perform on your CRC data, such as how you check the data to ensure it is correct and there are no human errors.

➔ Have a contents page for your evidence pack with direct links to the sections

Some organisations have an electronic contents page containing hyperlinks to the relevant sections, so the desired documents can be easily and quickly located. Having a contents page ensures the evidence pack is well organised and structured. Furthermore it will be much easier to update your evidence pack as hyperlinks to new/updated documents can easily be created/amended. The contents page should be reviewed and updated regularly.

➔ Store your evidence pack centrally in one location

Some organisations have multiple offices and store fragmented parts of their evidence pack across their building portfolio. It is recommended that you keep your evidence pack and related documents centrally on one site as this is good practice and is much more efficient to inspect if we request to have a site meeting with you during the compliance audit. However, we accept that this may not be possible in some cases and therefore where your data is stored across multiple sites you should ensure there are robust processes in place with clear lines of communication, so data can be easily and quickly located upon request.

➔ Be prepared for the compliance audit

You should ensure your organisation is well prepared for the compliance audit teleconference and/or site visit. Please ensure your records are in order and that a member of staff who is trained and knowledgeable in CRC matters is readily available. Therefore we recommend that your CRC primary and secondary contacts are available for the duration of the compliance audit. This will help make the process more efficient for everyone.

➔ Energy Supplies

➔ Using your own meter readings as primary evidence

You can also use your own meter reading data providing that it is accurate and auditable. You need to keep evidence of your energy supply that can be audited back to the original data. For example if you have AMR meters then using your own in-house data is acceptable. You must however, remain consistent throughout each phase of CRC, so if you use energy supplier invoices (rather than your own meter readings) for year 1 then you must continue to use energy supplier invoices for the remainder of the phase. You should avoid switching your primary evidence during a phase as this can reduce consistency and lead to reporting errors. However, there may be occasions where it may be necessary to switch your primary evidence, for example where you have identified serious errors in the supplier data. In this situation you should contact us for further advice via our [helpdesk](#).

➔ Annual statements

We are frequently asked what constitutes primary evidence. There is information in the CRC Guidance which explains what we accept as primary evidence. Copies of original invoices from your Energy Supplier either in a paper or electronic format are acceptable. However, annual statements are preferred as they provide all the data in a single format, which makes auditing them much quicker. We recommend that you contact your energy supplier and ask them to set up an annual statement for your organisation to help with their CRC reporting responsibilities. Annual statements can usually be provided electronically, and you should check with your energy supplier to determine the service that they offer.

➔ Differences in supplier invoices if you have more than one energy supplier

We are aware that there are differences in the way suppliers present supply data. This will be taken into account during the compliance audit. We will be liaising with OFGEM and the Energy Suppliers to see what improvements can be made for future phases of CRC.

➔ Use your MPAN or MPRN numbers as references for your meters

Please ensure you always use the MPAN or MPRN reference on all your documents. We have discovered during previous audits that some organisations did not include their MPAN or MPRN reference on their summary spreadsheets, which are used to populate their annual reports. So it made it extremely difficult and less accurate to audit as we had to search by address and postcode rather than by MPAN or MPRN reference.

➔ Ensure your energy units are correct

For your Annual and Footprint Reports you need to use Kilowatt hours (Kwh). Please note this is different to the units required for the qualification criteria, which is in Megawatt hours (Mwh). This has caused confusion with some participants early in Phase 1.

➔ Quality check your data

Where figures have to be manually inputted or copied and pasted into spreadsheets the risk of human error is very high. It is extremely easy to accidentally type in an extra zero, move a decimal point in a supply figure, mistype the formula or copy and paste the wrong figure into a spreadsheet cell. This could have a significant impact on your supply data, which in turn could lead to you purchasing too many or too few CRC allowances and generating a non-compliance on your account. During previous compliance audits we have identified that human error has led to reporting errors on numerous occasions. Therefore if your supply figures or meter

numbers are being manually typed into a spreadsheet then please ensure you have a robust quality assurance process in place to double check the figures.

➔ **Only include the right supplies**

You only need to include certain supplies in your annual report. These are as follows;

- Electricity supplies through meter profile classes 03-08 and 00;
- Gas supplies greater than 73,200kWh in a compliance year;
- Self supplies of electricity.

More detailed advice on CRC supplies is available in the CRC guidance.

➔ **Avoid hiding rows and columns on spreadsheets**

There have also been cases where organisations have accidentally omitted some meters and their supply because they used the 'hide' option on a summary spreadsheet. This could potentially lead to reporting errors.

➔ **Internal Audit**

➔ **What is an internal audit?**

It is a requirement of the CRC Order that an internal audit is carried out on an annual basis. There is no specification for what the internal audit should cover but you should review your internal procedures and quality check your data relating to your CRC responsibilities. You should keep a record of the checks you have undertaken within your evidence pack including the following:

- Who carried out the checks and when they were carried out,
- A full description of any issues that were identified,
- What corrective action was taken and when they were resolved.

The internal audit report should be signed off by one of the CRC account contacts and a senior member of staff within the organisation, such as a Director. Many organisations already have internal audit procedures in place, which they have extended or modified to include an audit of their CRC information. This is perfectly acceptable.

➔ **Estimated and Actual Supplies**

➔ **Use the estimation techniques**

You should be aware that individual electricity and gas supplies can be classed as either actual **OR** estimated supplies. Where you have a supply that is split between actual and estimated use then you must decide whether it is all actual or all estimate. The **entire** annual supply of electricity or gas for a specific meter will be actual supply if, during the applicable compliance year (April–March), there are at least two actual meter readings at least half a year apart (for example, 183 days apart). If there are gaps in your data then we would encourage you to estimate supplies if it helps reduce your overall administrative burden.

The CRC Guidance has information on estimated supplies. You are encouraged to familiarise yourself with this information and reflect your decision over the basis for using estimated supplies in your evidence pack.

➔ **Reporting Errors**

➔ **What do I do if I discover a reporting error?**

You can resubmit annual reports at any time in the CRC Registry. If you do become aware that previously reported data is incorrect then you are encouraged to amend the relevant report(s) as soon as possible. You should keep a record in your evidence pack explaining why it was necessary to make a resubmission. It would be preferable for you to make the necessary amendments rather than we identify them during an audit. If a resubmission of a report results in an allowance shortfall then you would be expected to make this up via a special allocation window.

➔ Communications

➔ **Ensure there is good CRC resilience within your organisation**

Please ensure you have several people who are fully trained and have good knowledge of all your organisations CRC matters. This is good practice and good contingency management in case one of your employees trained in CRC matters leaves the organisation or has a prolonged absence period. If there are several people already trained in CRC matters then they will be able to quickly take over your managing your organisations responsibilities.

➔ **Dedicated internal CRC committee within your organisation**

Some organisations have set up their own internal CRC committee. This can improve internal communications, raise awareness and promote energy efficiencies across your entire organisation. For example if you are a large organisation and regularly purchase and sell buildings then it is a good idea to have your Estates Department communicating to the staff responsible for CRC reporting so they can advise of the date the property was sold together with the final meter reading. An internal CRC committee can help to focus attention and bring different departments together from within an organisation to help them achieve and improve their compliance with the CRC scheme.

➔ **Have regular CRC related meetings**

Some organisations have regular internal CRC meetings to keep all of their related departments up to date on developments. This can be in the form of face to face meetings or a routine teleconference. Some organisations use the meetings to advise any new subsidiaries or SGU's about the organisations CRC responsibilities and what is required. This is especially important if the new company that has been acquired previously did not have any reporting responsibilities and therefore may not know its new CRC reporting obligations. Routine internal meetings may improve the quality and accuracy of an organisations CRC data and may avoid the need to estimate supplies and therefore not be subject to the 10% uplift.

➔ **Have good internal CRC communications**

Many organisations host regular CRC news articles on their intranets, or use targeted emails (subject to their internal IT policies) explaining how each and every employee can do their bit to help reduce the organisations overall emissions, and therefore save money by buying fewer carbon allowances. The simplest of ideas are often the most effective, such as turning lights off overnight, light sensors so they automatically turn off when the office becomes empty, turning monitors off over lunch, building automatically shuts all the power off after close of business each day, automatic low flow taps in the washrooms etc.