

**From:** [Hutchinson, Peter](#)  
**To:** [Dolan, Elaine](#)  
**Cc:** [Hepper, Fiona](#); [McCutcheon, Joanne](#); [Cardwell, Mark](#); [Thompson, Sandra](#)  
**Subject:** RE: RHI - update  
**Date:** 07 December 2012 09:42:16

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Elaine,

Ofgem have provided the following points of clarification regarding the scope and operation of their internal audit function, as provided by Deloitte;

- Ofgem's internal processes are designed to identify and address any instance of fraud. Ofgem have a fraud prevention strategy and the assurance reports undertaken by Deloitte ensure that we have adequately addressed fraud as part of our delivery mechanisms.
- Deloitte reports do provide assurance on the efficiency and robustness of Ofgem's own internal procedures and processes for individual schemes.
- The Terms of Reference of each report is agreed before work starts, and is targeted to ensure that Ofgem will be in the best position to operate and deliver against their objectives. In drafting the Terms of Reference, Ofgem will take account of all ongoing issues that are impacting on their operation of the scheme.
- On the question of how often Deloitte would carry out such audits, Ofgem would anticipate that Deloitte would carry out audits once a year, with the potential for additional audits when new areas of work are added or any changes to the scheme are made. As this is a new process the timings may change slightly.
- Ofgem anticipate that NI payments would be separated out in any RHI payment process report .
- To be consistent with their current procedures Ofgem would be willing to share a summary of any report and any responses to them.

Grateful if you would consider these points as part of your ongoing considerations regarding the audit arrangements.

Thanks,

Peter

**Peter Hutchinson**

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**From:** Dolan, Elaine  
**Sent:** 06 December 2012 07:52  
**To:** Hutchinson, Peter  
**Cc:** Thompson, Sandra; Cardwell, Mark; McCutcheon, Joanne  
**Subject:** RE: RHI - update

Peter

These appear to be site inspections as opposed to verification whereby the audit trail is traced right through from the meter reading to payment. I would have thought that reliance could possibly be placed on the work of Ricardo-AEA in terms of the accuracy of meter readings but that the reviews necessary for our assurance purposes would be performed by Ofgem's internal auditors?

Happy to discuss.

Kind regards

Elaine

**Elaine Dolan**

Internal Audit

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**From:** Hutchinson, Peter

**Sent:** 05 December 2012 11:07

**To:** Dolan, Elaine

**Cc:** Thompson, Sandra; Cardwell, Mark; McCutcheon, Joanne

**Subject:** RE: RHI - update

Elaine,

Please see attached response from Ofgem re questions raised by Joanne on current audit procedures.

Grateful if you would consider – if you have any further queries please let me know.

Thanks,

Peter

<< Message: FW: NIRHI: Audit >>

**Peter Hutchinson**

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**From:** Dolan, Elaine  
**Sent:** 03 December 2012 12:15  
**To:** McCutcheon, Joanne  
**Cc:** Hutchinson, Peter; Thompson, Sandra; Cardwell, Mark  
**Subject:** RHI - update

Joanne

Trevor and I met this morning to discuss the RHI. Trevor wants to read through some of the original paperwork but it is likely that we will then have a number of queries for you in relation to the development and operating costs before we can progress any further.

Re audit access rights, I'm waiting on a call back from the NIAO to try to confirm their position re access requirements for an organisation audited by the NAO.

As you know, it is still my view that full audit access rights should be a requirement of the agreement. One of the reasons for this relates to my query as to what DETI would do if there was an allegation or if you had any concerns in relation to the integrity of the documentation being provided remotely. In order to minimise risk in this area, do you think it would be possible to build something into the agreement in relation to there being a requirement that Ofgem request their internal auditor, in the event of an allegation, to undertake the required investigation, that DETI could input into and agree the scope and that the report would be shared with DETI? Furthermore, to enhance assurance in relation to the documentation being provided remotely for desk vouching purposes, would it be possible for the Deloitte internal audit reports to include the necessary detail so that you could corroborate the evidence used as part of desk vouching to evidence viewed by Internal Audit?

I'll get back to you again once I hear from Trevor and the NIAO.

Kind regards  
Elaine

**Elaine Dolan**

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