

From: [Coyne, Terence](#)
To: [Cooper, Trevor](#)
Subject: FW: Six Monthly Assurance Statement - Policy Branch
Date: 29 May 2015 12:50:03
Attachments: [Annex A - HOG Pro Forma.DOC](#)
[Annex D - Six Monthly Assurance Statements - MSG.DOC](#)

Trevor

We are working towards production of the six monthly assurance statements paper. Chris Stewart sent his statement to Andrew McCormick this morning. His statement refers to uncertainty over future AME budgets for the Renewable Heat Incentive Scheme. I am summarising Chris's statement for the report to the Departmental Audit Committee but am copying the statement to you for information.

Regards

Terry

Terence Coyne

Accountability & Casework
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From: Hutchinson, Lee-Anne
Sent: 29 May 2015 10:00
To: Coyne, Terence
Subject: FW: Six Monthly Assurance Statement - Policy Branch

Terry

I need to update the DAC papers with the policy response.

Thanks

LA

Lee-Anne Hutchinson

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From: McIlwrath, Linda
Sent: 29 May 2015 09:54
To: McCormick, Andrew (DETI)
Cc: Hill, Janice; Hutchinson, Lee-Anne
Subject: Six Monthly Assurance Statement - Policy Branch

Andrew,

Please see attached Six Monthly Assurance Statement from Chris.

Many thanks

Linda

LINDA McILWRATH

Personal Secretary to Chris Stewart

Head of Policy Group

Department of Enterprise, Trade & Investment

Netherleigh

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ANNEX A

Department of Enterprise, Trade and Investment: Six Monthly Assurance Statement on the System of Internal Control - Period Ended 31 March 2015**Scope of Responsibility**

1. As the Senior Civil Servant responsible for Policy Group / Management Services Group, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department of Enterprise, Trade and Investment's policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am responsible.

The Purpose of the System of Internal Control

2. The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of my Group's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the six months ended 31 March 2015 in the Group for which I am responsible and accords with Department of Finance and Personnel guidance.

Capacity to Handle Risk

4. My Group is carrying out appropriate procedures to ensure that it identifies its objectives and risks and a control strategy has been devised for each of the significant risks. As a result, risk ownership has been allocated to appropriate staff.

The Risk and Control Framework

5. The Departmental Board, of which I am a member, has ensured that procedures are in place for verifying that risk management and internal control are regularly reviewed and reported on. As well as regular reports to the Departmental Board, risk management and internal control are regularly reviewed by the Departmental Audit Committee. Risk management is continually being incorporated into the corporate planning and decision-making processes of my Group.
6. The Departmental Board and Departmental Audit Committee receive periodic reports concerning internal control. The appropriate steps

are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

7. The Department's key objectives and risks are regularly assessed to ensure consistency of treatment.
8. The Department has an Internal Audit Service, which operates to Public Sector Internal Audit Standards. Regular reports are submitted which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement.

Review of Effectiveness

9. As Head of Group I am responsible for reviewing the effectiveness of the system of internal control within my Group. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letters and other reports.

Significant Internal Control Problems

10. Need for Clarity around AME Budgets for RHI (2015/16 & beyond). During the first 18 months of the Non-domestic RHI scheme around 130 applications were processed. During 2014/15, a further 470 applications have been received. The NI scheme is currently outperforming the GB scheme with application numbers over the last few months running at 5% of the GB total. This unprecedented increase in uptake over the last 12 months has impacted on our funding requirement with over £20m now forecasted for 2015/16. Despite repeated requests for information from Finance Division (and DFP) The Division has yet to receive any clarity around the maximum available RHI budget going forward. This is essential for future planning in terms of tariff reductions, etc. Without this clarification, both schemes may need to be closed to prevent overspends.

CF Stewart

CHRIS STEWART

Date: 29th May 2015

ANNEX D

DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT

Checklist for Six Monthly Assurance Statement on Internal Control

Management Services Group

This checklist covers the following:

1. Business Planning and Risk Management;
2. Legislative and Other Authorities;
3. Economic Appraisal, Post Project Evaluation and Consultancy;
4. Procurement;
5. Contract and Project Management;
6. Monitoring of Expenditure;
7. Staff (including gifts and hospitality);
8. NDPBs, Third Party Organisations, Grant Recipients and Entering of Payments to the Voluntary and Community Sector on the DSD Database;
9. Internal and External Audit Reports;
10. Data Management;
11. Transposition of EU Directives; and
12. Other Issues.

Note: If a question is not applicable this should be stated in the comments section.

INTERNAL CONTROL CHECKLIST

1 – Business Planning and Risk Management

1.1	Yes	No	Partly
Divisions, Units and Branches within the Group have plans which contain measurable targets against which performance and progress can be measured.	✓		
Comments:			

1.2	Yes	No	Partly
Timely, relevant and reliable reports on progress against targets are produced and reviewed at the appropriate level to ensure that corrective action is taken as required.	✓		
Comments:			

1.3	Yes	No	Partly
Risk management is fully embedded and is an integral part of the business planning process in Divisions, Units and Branches within the Group.			EPD
<p>Comments:</p> <p>EPD Each branch contributes to the Divisional Risk Register, alongside their own branch risk register in order to note risks and to mitigate against them where appropriate. Regular monitoring and controls are in place</p>			

1.4	Yes	No	Partly
Divisions, Units and Branches within the Group have reviewed their respective responsibilities/entries in the relevant <i>Building-Specific Business Continuity Plan</i> and taken appropriate action to maintain upkeep.	✓		
<p>Comments:</p>			

1.5	Yes	No	Partly
Divisions, Units and Branches within the Group have Branch-level Business Continuity Plan in place that are fully embedded, reviewed, updated and validated/tested, as appropriate, on a regular basis.	✓		
<p>Comments:</p>			

2 – Legislative and Other Authorities

2.1	Yes	No	Partly
Divisions, Units and Branches within the Group have the necessary legislative authority to undertake functions or activities and to spend money on those functions or activities.			Minerals YES Energy - Sustainables

Comments:**Minerals**

Legislative Authority is grounded in current NI Minerals & Petroleum legislation.

MAPB responsible for the effective transposition/implementation in NI of EU Directive CCS/CDD 2009/31/EC the Carbon Capture & Storage Directive - Two sets of 2.2 regulations have been drafted (i) draft Infrastructure regulations and (ii) draft Licensing Regulations. Engagement is ongoing with DoE and DSO to resolve issues in respect of draft Licensing Regulations. Public consultation will follow. Target date for completion Autumn 2015.

Energy – Sustainables

Legislative authority is in place for Phase 1 of the Renewable Heat Incentive (1/11/12), and Phase 2 Domestic (9/12/14). Authority for Phase 2 extension of Non-domestic Scheme will be provided through secondary legislation during 2015/16.

New NI Offshore Renewable Energy Bill currently on hold as issues around liabilities need to be resolved. No legislative drafting can be commenced until liability issue is resolved.

Minister decided in November 2014 not to proceed during the current Assembly session with proposals for a new Energy Bill.

2.2 Regulations to transpose majority of Energy Efficiency Directive in place from 04/07/14. Regulations to transpose outstanding requirements of EED laid in Nov.

2.2	Yes	No	Partly
Divisions, Branches and Units within the Group have obtained necessary DFP approvals for expenditure (where appropriate).	✓		
Comments:			

2.3	Yes	No	Partly
Divisions, Units and Branches within the Group have obtained necessary Ministerial and / or Casework Committee approval for expenditure.	✓		
Comments:			

2.4	Yes	No	Partly
Divisions, Units and Branches within the Group which provide assistance to companies or any other organisations that engage in economic activities have considered the State Aid implications of that assistance and have consulted European Support Unit as necessary.	✓		
Comments:			

3 – Economic Appraisal, Post Project Evaluation and Consultancy

3.1	Yes	No	Partly
Divisions, Units and Branches within the Group produce business cases before committing public funds. Such business cases contain, where appropriate, economic appraisals conducted with proportionate effort in accordance with Departmental guidance.	✓		
<p>Comments:</p>			

3.2	Yes	No	Partly
Divisions, Units and Branches within the Group conduct post project evaluations to consider the effectiveness of expenditure. All post project evaluations have been completed on schedule.			Minerals, Telecoms YES Energy – Sustainables

Comments:**Telecoms**

PPEs undertaken on projects as required.

Minerals/GSNI

Work on the analysis of the outcome from Deep Geothermal Energy Research project has been delayed because of the higher priority demand for advice and support on petroleum licensing, shale gas and hydraulic fracturing. Revised target for completion of PPE is 31 August 2015.

Strategic Environment Assessment of NI's Internal Waters (IWSEA) – significant delays were experienced with this Project due to problems which arose primarily related the rapidly evolving policy area of high volume hydraulic fracturing – “fracking”. Ultimately it was not possible to address the problems without changing the scope of the SEA to such an extent that it would be no longer have reflected the scope which had been publicly consulted on (nor have satisfied the requirements of the EU SEA Directive.) Consequently the SEA was abandoned, the consultants paid for all work done and the remaining monies surrendered by MAPB as part of the January 2015 monitoring round budgetary exercise.

This has a knock on effect on the timeline for completion for a corresponding PPE which is now scheduled for completion by 31st July 2015.

Energy – Sustainables

The following PPEs were active during this period:-

PPE on small scale FIT analysis complete 29 May 2014.

PPE on Craigavon Borough Council legal advice now complete.

PPEs on Onshore Renewable Electricity Action Plan's Strategic Environmental Assessment and Habitats Regulations Appraisal complete 29 May 2014.

PPE on communities and renewable energy complete 17 Nov 14.

PPE on the appointment of consultants by DECC to assist in the development of a long term strategy for building renovation and to carry out an evaluation of the regulatory and non-regulatory barriers to energy efficiency as required by the Energy Efficiency Directive – completed 8 December 2014.

3.3	Yes	No	Partly
Divisions, Units and Branches within the Group comply with the Department's guidance on the use of consultants. This includes the completion of business cases in line with the Department's guidance to both justify the use of consultants and to define the scope and outputs of the consultancy exercise.	✓		
Comments:			

4 - Procurement

4.1	Yes	No	Partly
All procurement activity by Divisions, Units and Branches within the Group is undertaken in accordance with the procedures in place and by officers with the necessary delegated purchasing authority.	✓		
Comments:			

4.2	Yes	No	Partly
Appropriate arrangements are in place to ensure that all assets within the Group are properly safeguarded and controlled against unauthorised use or disposal.	✓		
Comments:			

4.3	Yes	No	Partly
Divisions, Units and Branches within the Group have obtained prior approval from the Accounting Officer for the procurement of consultants by direct award contract.	✓		
Comments:			

5. – Contract and Project Management

5.1	Yes	No	Partly
Contracts are managed in accordance with the principles set out Central Procurement Directorate's Procurement Guidance Note, PGN 01/12: Contract Management Procedures and Principles.	✓		
Comments:			

5.2	Yes	No	Partly
Programmes and projects are managed in accordance with good practice including, where appropriate, Gateway Reviews, Prince II Methodology and guidance that issues from Central Procurement Directorate.	✓		
Comments:			

6 – Monitoring of Expenditure

6.1	Yes	No	Partly
Divisions, Units and Branches within the Group review financial reports reviewed to monitor expenditure against budget.	✓		
Comments:			

7 – Staff

7.1	Yes	No	Partly
(a) Authority, responsibility and accountability within the Group are clearly defined so that decisions are made and actions taken by appropriate people.	✓		
(b) Staff within the Group are made fully aware of their job responsibilities.	✓		
Comments:			

7.2	Yes	No	Partly
Guidance and instructions are disseminated to appropriate staff.	✓		
Comments:			

7.3	Yes	No	Partly
Conflicts of interest are managed in accordance with relevant guidance.	✓		
Comments:			

7.4	Yes	No	Partly
Staff are adhering to guidance on gifts and hospitality and records are kept of the receipt of gifts and hospitality. Gifts & hospitality registers are complete and up to date.	✓		
Comments:			

7.5	Yes	No	Partly
Line Managers are aware of their responsibilities to actively manage staff attendance and are adhering to and implementing sick absence procedures in a timely manner.	✓		
Comments:			

8 – NDPBs, Third Party Organisations, Grant Recipients and Entering of Payments to the Voluntary and Community Sector on the DSD Database

8.1	Yes	No	Partly
Where applicable, appropriate procedures are in place to monitor the adherence of NDPBs to Management Statement and Financial Memorandums (MSFMs).		Telecoms No	
Comments:			
Telecoms See NIAO report/PAC hearing on Bytel project.			

8.2	Yes	No	Partly
On the basis of monitoring performed, the Department is satisfied that NDPBs have been adhering to the requirements of their MSFMs and there are no significant problems.	✓		
Comments:			

8.3	Yes	No	Partly
Departmental procedures are followed in relation to the establishment and operation of External Delivery Organisations (EDOs) / Third Party Organisations (TPOs) that distribute funds on behalf of the Department.	✓		
Comments:			

8.4	Yes	No	Partly
Divisions, Units and Branches within the Group that distribute money via External Delivery Organisations (EDOs) / Third Party Organisations (TPOs) have adequate monitoring systems in place.	✓		
Comments:			

8.5	Yes	No	Partly
Divisions, Units and Branches within the Group that distribute money in the form of grant have adequate monitoring (claims inspection) systems in place to ensure that the grant is adequately vouched and is used for the purposes intended by the Department.	✓		
<p>Comments:</p>			

8.6	Yes	No	Partly
Divisions, Units and Branches within the Group that make payments to the Voluntary and Community Sector enter details on the DSD database.	✓		
<p>Comments:</p>			

9 – Internal and External Audit Reports

9.1	Yes	No	Partly
Internal and external audit reports relating to the activities of the Group have revealed no significant weaknesses. If significant weaknesses have been revealed provide details below.	✓		
<p>Comments:</p>			

9.2	Yes	No	Partly
Recommendations arising from internal and external audit reports and PAC hearings are implemented and implementation is monitored by Heads of Division/Heads of Unit.	✓		
<p>Comments:</p>			

10 – Data Management

10.1	Yes	No	Partly
Appropriate arrangements are in place within Divisions, Units and Branches in the Group to ensure that all data is correctly classified, held, transmitted and transported in line with the Northern Ireland Civil Service Guide to Physical, Document and IT Security published on 2 April 2014 and available on the DETI Intranet.			Energy – Co-Ordination
<p>Comments:</p> <p>Energy – Co-Ordination Further clarification is being sought from Information Management Unit (IMU) as to the NICS Secure File Transfer Protocol.</p>			

11 – Transposition of EU Directives

11.1	Yes	No	Partly
Divisions, Units and Branches within the Group are taking action is taken to ensure the transposition relevant EU Directives.			Energy – Sustainables
<p>Comments:</p> <p>Energy – Sustainables Residual elements of Energy Efficiency Directive successfully transposed. Licence modifications on track to be completed by July 2015.</p>			

12 – Other Issues**12.1**

If there are any other issues which point to significant internal control weaknesses, or other matters arising within the Group which could adversely affect the signing of the Six Monthly Assurance Statement, details should be provided below.

Administrative resources within the Department are stretched, and further reductions are likely. The associated control issue is that available resources must be prioritised and, where necessary, re-prioritised to ensure that they are deployed efficiently, effectively and in line with the Minister's priorities.

This requires a more rigorous and consistently applied approach to the assessment of affordability and relative priority. Therefore, I propose to introduce a requirement that all new/amended policy proposals that are submitted to the Minister should include:

- an assessment of the administrative resources required;
- an indication of affordability; and
- a recommendation on the relative propriety to be afforded to the proposal and, where necessary, the items of work to be postponed or cancelled in order to manage within budget.

From: [Cooper, Trevor](#)
To: [Partridge, Jeff](#)
Cc: [Brankin, Bernie](#)
Subject: FW: Six Monthly Assurance Statement - Policy Branch
Date: 29 May 2015 14:38:00
Attachments: [Annex A - HOG Pro Forma.DOC](#)
[Annex D - Six Monthly Assurance Statements - MSG.DOC](#)

Jeff

I would like finance branch to provide background on the issues here. In particular when this issue first arose and interactions.

Thks

Trevor

From: Coyne, Terence
Sent: 29 May 2015 12:50
To: Cooper, Trevor
Subject: FW: Six Monthly Assurance Statement - Policy Branch
Trevor

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Sent: 29 May 2015 10:00
To: Coyne, Terence
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LA

Lee-Anne Hutchinson

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From: McIlwrath, Linda

Sent: 29 May 2015 09:54

To: McCormick, Andrew (DETI)

Cc: Hill, Janice; Hutchinson, Lee-Anne

Subject: Six Monthly Assurance Statement - Policy Branch

Andrew,

Please see attached Six Monthly Assurance Statement from Chris.

Many thanks

Linda

LINDA McILWRATH

Personal Secretary to Chris Stewart

Head of Policy Group

Department of Enterprise, Trade & Investment

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