

ANNEX C

DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT

Checklist for Six Monthly Assurance Statement on Internal Control

Policy 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.

**Renewable Electricity Policy & Legislation Branch
Renewable Heat Branch
Sustainable Energy Branch**

September 2014

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.	✓		
<p>Comments:</p>			

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.	✓		
<p>Comments:</p>			

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.	✓		
<p>Comments:</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.	✓		
Comments:			

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.			✓
<p>Comments: Legislative authority is in place for Phase 1 of the Renewable Heat Incentive (1/11/12). Authority for Phase 2 (Domestic RHI and extension of Non-domestic Scheme) will be provided through secondary legislation during 2014/15.</p> <p>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.</p> <p>New Energy Bill needed to give powers for energy efficiency obligation; duties and obligations of Department and Regulator; small-scale feed-in tariff; enforcement of licences; transfer and assignment of licences and gas storage.</p> <p>2.2 Regulations to transpose Energy Efficiency Directive in place from 04/07/14.</p>			

2.2	Yes	No	Partly
Divisions, Branches and Units within the Group have obtained necessary DFP approvals for expenditure (where appropriate).	✓		
<p>Comments: Approvals already in place for RHI Phase 1. DFP approved proposed Domestic RHI Business Case in September 2014.</p> <p>DFP approval received on 29 October 2013 for the external consultancy review of the costs and benefits of the 40% renewable electricity target. Consultants appointed in February 2014.</p>			

2.3	Yes	No	Partly
Divisions, Units and Branches within the Group have obtained necessary Ministerial and / or Casework Committee approval for expenditure.	✓		
<p>Comments: Approvals already in place for RHI Phase 1. Casework and Ministerial approval for proposed Domestic RHI Business Case secured on 30 September 2014.</p> <p>Ministerial approval secured (30 Sep 2014) to Business Case for appointing consultants to complete study on Quality Labels for Energy Efficiency Directive.</p> <p>Ministerial approval received 29 July 2013 for £25k to contribute to the total cost of 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 – Work still ongoing.</p> <p>Ministerial and EU approval received in August 2013 for the small scale ROC banding review. Work completed in February 2014.</p> <p>Ministerial approval received 7 October for the external consultancy review of the costs and benefits of the 40% renewable electricity target.</p> <p>Ministerial approval for EMR cost sharing to be sought Q3 2014.</p>			

2.4	Yes	No	Partly
<p>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.</p>	✓		
<p>Comments: State Aid approval secured. New arrangements put in place between Energy Division and Ofgem to deal with Non-domestic RHI applicants who are in receipt of any other grants from public funds by applying state aid 'de minimis' rules.</p>			

3 – Economic Appraisal, Post Project Evaluation and Consultancy

3.1	Yes	No	Partly
<p>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>	✓		
<p>Comments: Business Case for Domestic RHI Scheme included economic analysis completed by Cambridge Economic Policy Associates (CEPA). Business Case completed for proposed 2014/15 spend on RHI advertising via Energywise.</p> <p>Business case for appointing consultants to undertake a small scale ROC banding review was approved by the Minister on 5 August.</p> <p>Business case for appointing consultants to undertake a review of the costs and benefits of the 40% renewable electricity target was approved by the Minister on 7 October. Consultants appointed in February 2014.</p> <p>Business case for approval to contribute to the appointment of consultants by DECC to undertake an evaluation into barriers to energy efficiency as required by the Energy Efficiency Directive was approved by the Minister on 2 July 2013. Consultant appointed September 2013.</p> <p>Business case for approval to appoint consultants to undertake a study into the use of energy efficiency quality labels for EED compliance was approved by the Minister on 30 September 2014.</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.			✓
<p>Comments: The following PPEs were active during this period:-</p> <p>PPEs on outstanding Interreg 3A projects completed in September / October 2013.</p> <p>PPE on small scale FIT analysis complete 29 May 2014. .</p> <p>PPE on Craigavon Borough Council legal advice now complete.</p> <p>PPEs on Onshore Renewable Electricity Action Plan's Strategic Environmental Assessment and Habitats Regulations Appraisal complete 29 May 2014.</p> <p>PPE on communities and renewable energy drafted and awaiting approval.</p>			

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:

Business case for appointing consultants to undertake a small scale ROC banding review was approved by the Minister on 5 August.

Business case for appointing consultants to undertake a review of the cost of the 40% renewable electricity target analysis was approved by the Minister on 7 October. Consultants appointed in February 2014.

Business case for approval to contribute to the appointment of consultants by DECC for an evaluation into barriers to energy efficiency as required by the Energy Efficiency Directive was approved by the Minister on 2 July 2013. Consultant appointed September 2013.

Business case for approval to appoint consultants to undertake a study into the use of energy efficiency quality labels for EED compliance was approved by the Minister on 30 September 2014.

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).			
Comments:			

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: N/A – Energy Division has not funded any TPOs since April 2011.			

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: N/A			

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: Robust system of site visit/checks (1 in 4 applications currently checked) implemented for RHPP scheme in line with recommendations made by Casework Committee. This system will be extended to proposed Domestic RHI Scheme. Annual Assurance Statement to be provided by Ofgem for administration of the Non-domestic RHI scheme.</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: N/A</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> <p>DETI continues to seek clawback of £198,747 from Craigavon Borough Council Interreg 3A Biomass Boiler project . Protective Writ served on CBC in November 2011. Ongoing updates still in place with CBC. Latest update provided by CBC October 14 - CBC continues to pursue through their insurance company. No repayment has yet been made.</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> <p>All issues identified for Sustainable Energy Branch in Internal Audit reports have been actioned.</p> <p>HOD wrote to CBC in July 14 seeking repayment of overpayment of €10,302 in respect of Renewable Powered Visitors Centre project. No repayment has been received yet.</p>			

10 – Data Management

10.1	Yes	No	Partly
<p>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.</p>	✓		
<p>Comments:</p>			

11 – Transposition of EU Directives

11.1	Yes	No	Partly
<p>Divisions, Units and Branches within the Group are taking action is taken to ensure the transposition relevant EU Directives.</p>			✓
<p>Comments: Work ongoing with GB to transpose residual elements of Energy Efficiency Directive.</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.