

ANNEX B**SIX MONTHLY ASSURANCE STATEMENT FOR COMPLETION BY HEADS OF DIVISION/UNIT**

From: John Mills

Date: 30th April 2015

To: Chris Stewart

1. Internal Control covers the policies, processes, tasks, behaviours and other aspects of an organisation's activities with derive from management action (rather than being imposed externally) and which are designed to:
 - Facilitate the achievement of objectives;
 - Ensure effective and efficient operation;
 - Protect and safeguard public funds and assets; and
 - Ensure compliance with legislation and other regulations.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable (and not absolute) assurance regarding its effectiveness.
3. I acknowledge that I am personally responsible for developing and maintaining effective internal control within my Division. I am also responsible for reviewing the effectiveness of the system of internal control within the Division. 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 Division 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.
4. I confirm that:
 - I am aware of the requirements of internal control and the development of systems to manage and control risk;
 - Throughout the six month period, internal control has been adequate, except for the areas noted below; and

- I am not aware of any significant weaknesses in control or of any irregularities in accounting practice which need to be drawn to your attention, except as noted below.

Significant Internal Control Problems

I note some “partly” entries around PPEs, legislative authority and EU compliance. The first is not significant and the second two reflect ongoing work so they do not represent significant internal control issues.

(1) Staff Resource Pressures - RHI Administration

The Domestic RHI Scheme was launched by the Minister on 9 December 2014. The Business Case for the scheme included an initial additional admin resource of 1 SO (year 1) and a further additional resource (1SO & 1AO) in years 2 and 3 as the number of RHI applications and payments build up. To date no additional staff resource has been provided for administering the Domestic RHI Scheme. This has meant that site checks/visits for assurance purposes have had to be reduced and processing of applications is taking longer. The temporary re-location of one SO within the Division has helped however this has ended and a permanent resource is required urgently.

(2) 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.

(3) Divisional Staff Resource Pressures

With absences due to Personal information redacted by the RHI Inquiry, the Division is now 3 Staff Officers short (including the RHI SO). This is having a detrimental impact on meeting targets and objectives. At the same time work pressures have increased with additional actions being sought by the Minister and Senior Officials on a number of issues. These work pressures have been highlighted previously.



Head of Division

Date: 1 May 2015