

DEPARTMENTAL BOARD**SIX MONTHLY ASSURANCE STATEMENTS FOR THE PERIOD ENDING
31 MARCH 2015**

1. The following matters were referred to in the six monthly assurance statements relating to Management Services Group and Policy Group.

Management Services Group

2. Finance Division reports that Invest NI has significant closing grant accruals which are not verified until after the end of the financial year. There is always a risk associated with significant levels of accruals, particularly the risk that grant claims will not be received to plan or not deemed to be eligible after inspection. These closing grant accruals have the potential to cause problems in relation to possible under spending or overspending.

Although it is not possible to eliminate risk, which is inherent in accruals accounting, Finance Branch has continued to work closely with Invest NI to monitor financial performance and to examine its future budgetary needs.

Policy Group

3. The Policy Group statement refers to forecast funding requirements for the Renewable Heat Incentive Scheme for 2015-16 and beyond and the implications for both the domestic and non-domestic schemes in terms of continuing at forecast current levels of demand.

Non Departmental Public Bodies

4. The matters detailed in the following paragraphs were referred to in the six monthly assurance statements submitted by Non Departmental Public Bodies.

Invest NI

5. Invest NI has noted that its revised Management Statement and Financial Memorandum was signed off on 20 March 15. Invest NI has also referred to the MSFM between Invest NI and NI-CO (in relation to which DETI has an approval role).
6. Invest NI has referred to a delegated DFP expenditure limit being exceeded in the provision of an R&D grant to Catagen Ltd.
7. The Invest NI statement refers to compliance, expenditure and risk mitigation measures in relation to ERDF funding associated with the European Sustainable Competitiveness Programme. Invest NI reports that following a limited internal audit opinion on the Design Service an exercise was completed to retrieve missing de-minis declarations. Internal Audit Service conducted a further exercise which identified that 6.5% of

declarations have not been recovered from companies still in business. Invest NI has declared irregularities on the System 2007 database and no ineligible expenditure has been claimed from the Commission. Similar issues were reported by Invest NI in relation to de-minimis aid for 180 Grant for R&D projects. De-minimis declarations have now been obtained for all 180 projects. No ineligible expenditure has been claimed from the Commission.

8. Invest NI has referred to the rolling inspection programme for External Delivery Organisations (EDO) to ensure adequate controls and sponsor body arrangements are in place. No significant issues have arisen. A limited opinion was provided in relation to the 2012-13 EDO inspection of the Engineering Training counsel. A further review was completed but there are a number of issues which remain unsolved. However, exposure is minimal as the EDO contract has been completed and no further payments will be made.
9. Invest NI reports that the Audit Strategy presented by NIAO for the audit of Invest NI's 2014-15 accounts was approved at the February 2015 meeting of Invest NI's Audit and Risk Committee.
10. Eight final internal audit reports were received in the period covered by the statement. With the exception of the report on the Design Service referred to previously all the reports were satisfactory. Internal Audit Service has advised that follow up work has upgraded the opinion to satisfactory.
11. Invest NI has provided updates on three fraud cases. The first has been closed following a decision by the Public Prosecution Service not to prosecute. The second case, involving an R&D grant, based on falsified bank details has been passed to the PSNI which has commenced an investigation. The third case, relating to allegations made by a third party that invoices had been amended, is not being pursued as Invest NI was unable to substantiate the claims and the person making the allegation has so far been unable to provide evidence to substantiate the claim.
12. Invest NI has provided an update on a DCAL led investigation which Invest NI supported. The investigation followed allegations made by a whistleblower to the Northern Ireland Audit Office in relation to a DCAL led programme which was jointly funded by Invest NI. NIAO has issued a final report to the Public Accounts Committee which indicated that no further investigation is considered necessary.
13. The Invest NI statement concludes by providing updates in relation to legal proceedings and HR issues.
14. The Invest NI statement does not make reference to ongoing work by DETI Finance and Invest NI to regularise expenditure for programme related staff excluded by Invest NI from pay remits for the period from 01 August 2006 to 31 July 2014. Invest NI has assured the Department that NICS terms were applied to these staff over this period. At the time of writing DFP approval is awaited. Invest NI has also not referenced its Innovation Vouchers Programme where it issued calls for projects in April and June, in advance of DETI and DFP approval. DETI and DFP are seeking amendments to the proposed scheme and Invest NI has confirmed that these amendments could not be applied to projects which

had been deemed to merit support within these calls (70 projects in April call with June call closing on 22 June). The Department is also confirming whether the absence of confirmation of an information security issue that was reported to the Information Commissioner by Invest NI was a timing issue in terms of its non-inclusion in the Assurance Statement

Tourism NI

15. The Tourism NI statement refers to risks around the reduction in its budget; the performance of the Republic of Ireland market and its fitness for purpose. Tourism NI refers to reduced budgets for 2015/16 and a shortfall in its capital budget of £1.1m which will be bid for in the June monitoring round. Tourism NI reports that a 15% reduction in headcount from 1 April 2015 will lead to difficulties in Tourism NI managing workloads and ensuring sufficient skills are in place.
16. Tourism NI refers to a limited opinion issued by Internal Audit Service on Government Procurement Cards as a result of weaknesses in reconciliation processes for expenditure incurred. Tourism NI reports that recommendations made by internal audit have since been addressed and internal audit has subsequently confirmed that the limited opinion can be lifted. Tourism NI also refers to a limited opinion on Familiarisation (FAM) trips organised for international media. Internal Audit Service has made recommendations relating to approval for FAM expenditure and the need for implementation of policies and procedures. These have been agreed by Tourism NI and are being implemented.
17. Three other issues have been reported by Tourism NI. There has been a delay in the Grant Management System (GMS) but it is anticipated that it will be fully operational by the second quarter of 2015-16. Tourism NI has drawn attention to risks associated with its management of three large capital projects. Issues identified by Tourism NI include budgetary pressures and project delivery deadlines. Finally, Tourism NI refers to challenges associated with organisational change arising from the "Hunter Review" of the organisation. The implementation of recommendations arising from the review is being undertaken against a backdrop of the appointment of a new Chairman and CEO, and a Board which contains a relatively large proportion of recently appointed members.

Consumer Council for Northern Ireland

18. No issues have been raised by CCNI.

Health and Safety Executive for Northern Ireland

19. No issues have been raised by HSENI.