

From: [Hughes, Seamus](#)
To: [McCann, Brendan](#); [Woods, Michael \(DfE\)](#)
Cc: [Wightman, Stuart](#)
Subject: FW: HPRM: FW: FY16-10 Ofgem Independent Assurance - Non-Domestic NIRHI - Draft Report Mgmt Responses - 09.08.2016_with Deloitte responses incorporated [OFFICIAL]
Date: 16 August 2016 15:58:48
Attachments: [FY16-10 Ofgem Independent Assurance - Non-Domestic NIRHI - Draft Report Mgmt Responses - 09.08.2016_with Deloitte responses incorporated.docx](#)
[image001.gif](#)

Brendan/Michael

Please see revised draft Deloitte report from Ofgem.

Regards

Seamus

Seamus Hughes

Energy Efficiency
Department for the Economy
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9532 (ext: 29532)
TextRelay: 18001 028 9052 9532
Web: www.economy-ni.gov.uk



[NI Year of Food & Drink 2016](#)

Please consider the environment - do you really need to print this e-mail?

From: Edmund Ward [mailto:Edmund.Ward@ofgem.gov.uk]
Sent: 16 August 2016 14:56
To: Wightman, Stuart; Hughes, Seamus; Briggs, Peter
Cc: Marten, Lucy; Teri Clifton; Jane Pierce
Subject: HPRM: FW: FY16-10 Ofgem Independent Assurance - Non-Domestic NIRHI - Draft Report Mgmt Responses - 09.08.2016_with Deloitte responses incorporated [OFFICIAL]

Stuart, Seamus, Peter,

As discussed on the call this morning, please find attached an updated draft, following Deloitte's review of our combined DfE/Ofgem comments on the draft report, including management responses. For clarity, I've circulated as tracked changes versus the original version.

Grateful if you could review this, and highlight if there are any outstanding points of fact or concerns versus the agreed Phase 1 scope document prepared and circulated by Deloitte and agreed with John Mills on 25 March 2016.

If you are content with this as drafted, I will engage with Deloitte on producing a final version and I expect this to be able to be progressed swiftly.

Kind regards,

Edmund

[]

This message may be confidential, privileged or otherwise protected from disclosure. It does not represent the views or opinions of Ofgem unless expressly stated otherwise.

If you have received this message by mistake, please contact the sender and immediately delete the message from your system; you should not copy the message or disclose its contents to any other person or organisation.

OFGEM Independent Assurance

FY16-10 Non-Domestic Northern Ireland Renewable Heat Incentive (Phase 1)

DRAFT REPORT

Draft to Management: 22 April 2016

Management Response: [29 April 2016]

Final: [6 May 2016]

Distribution: Gareth John, Associate Director, Non-Domestic Renewable Heat Incentive
Edmund Ward, Head of Technical & Compliance, Non-Domestic Renewable Heat Incentive
John Mills, Head of Energy Division, Department of Enterprise, Trade and Investment

Dates of Fieldwork: 23 March - 1 April 2016

This review was jointly requested by the Head of Technical & Compliance from the Ofgem Non-Domestic Renewable Heat Incentive Team, and the Head of Energy Division, Department of Enterprise, Trade and Investment. The objective was to assess whether the operation of the NIRHI is in compliance with the Scheme Regulations and if there is any evidence of the NIRHI having been abused, fraud having occurred or if eligible scheme participants have failed to operate within the Scheme Regulations.

Contents

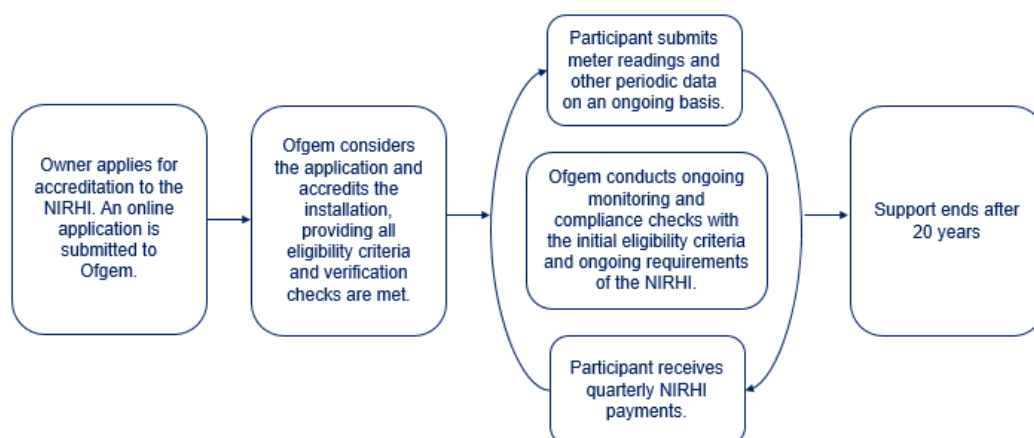
1.	Executive summary	1
	Background	1
	Objectives	2
	Key findings arising from our assessment	2
	Acknowledgement	1
2.	Scope of assurance	2
	Objectives	2
	Scope	2
	Approach	2
	Scope Limitations	3
3.	Detailed Findings	4
	3.1 Site inspection audit coverage	4
	3.2 SOP 'Managing Periodic Information and Fuel and Sustainability Data' requires updating	6
	Appendix A - Definitions of audit opinion	8
	Appendix B - Statement of responsibility	9

1. Executive summary

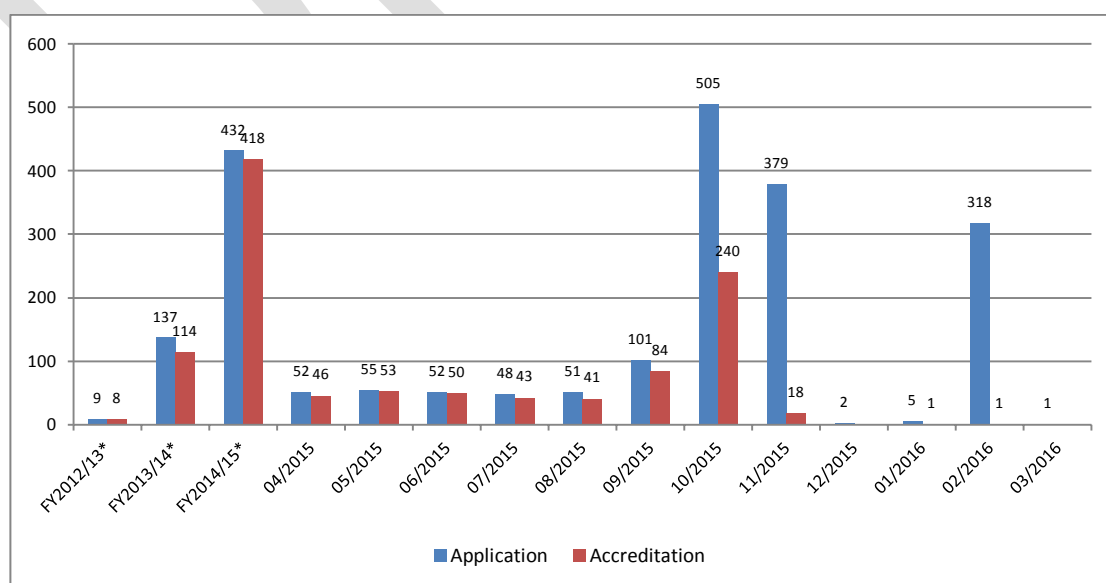
Background

The Northern Ireland Renewable Heat Incentive ('NIRHI' or the 'Scheme') is a government environmental programme that provides financial incentives to increase the uptake of renewable heat and reduce the UK's carbon emissions. It provides subsidies to eligible non-domestic renewable heat generators ~~and producers of biomethane~~ based in Northern Ireland, payable in quarterly instalments for 20 years. The NIRHI policy, tariff rates and legislative framework are set by the Department of Enterprise, Trade and Investment ('DETI'). The Scheme is administered by Ofgem in accordance with the Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2012, the Domestic Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2014, the Renewable Heat Incentive Schemes (Amendment) Regulations (Northern Ireland) 2015 and the Renewable Heat Incentive Schemes (Amendment) Regulations (Northern Ireland) 2016 (hereinafter referred to as the 'Scheme Regulations').

The overall process for an NIRHI participant is as follows:



DETI has received recent [non-specific](#) allegations that the Scheme is being abused or is vulnerable to abuse. There has also been a significant increase in the volume of NIRHI applications in advance of the 2015 Scheme Regulation changes, and in response to the Scheme suspension announcement (effective 29 February 2016) due to insufficient funding. The following graph shows the number of NIRHI applications that have been received and accredited since inception:



* This figure shown is the annual total for the year ended 31 March.

Due to the spike in number of applications from September 2015 onwards, the accreditation process was changed from a 'steady state' end to end review to a two stage approach – the first phase being a high level review to identify obvious outstanding information (and acknowledge receipt of application within 10 days) and the second phase being a full detailed review of the application. This was to cater for the high volume of applications to be processed.

Objectives

The objective of this review was to assess whether the operation of the NIRHI is in compliance with the Scheme Regulations and if there is any evidence of the NIRHI having been abused, fraud having occurred or if eligible Scheme participants have failed to operate within the Scheme Regulations. This overall review will be conducted in a two-part process:

1. Phase 1 – an assessment of Ofgem's processes and controls to administer the NIRHI in accordance with the Regulations, to assess whether the Scheme is operating in compliance with the legislation and highlight any areas of concern warranting further investigation; and
2. Phase 2 - site inspections of a sample of (a) current applicants awaiting award; (b) Scheme participants with multiple installations; and (c) Scheme participants with single installations.

This review covered Phase 1 only.

Key findings arising from our assessment

The Non-Domestic Renewable Heat Incentive Team administer the Renewable Heat Incentive for both Northern Ireland ('NI') and Great Britain ('GB'). Both Schemes are administered under the same processes, controls and Standard Operating Procedures.

At the time fieldwork was performed, there were 1,100 live participants in the NIRHI scheme, with a further 1,022 applicants awaiting accreditation (these applications were submitted prior to scheme suspension on 29 February 2016). The installation capacity of the largest participant is currently 995 kWth. The technologies used by the participants are solid biomass, solar thermal or ground source heat pump.

In September 2015, the Non-Domestic Renewable Heat Incentive Team rolled out an update to the CRM system, used to administer the accreditation, data submission and audit and compliance processes. The update enabled more automated controls to be implemented; examples of current system controls include:

- Accreditation can only be given once the application has passed the in-built system application checks, including confirming that ID and bank verifications have been performed;
- Exceptions are automatically flagged and exception reporting can be generated from the system. For example, the system flags outstanding annual self-declarations (by the participant to confirm they meet the ongoing obligations of the Scheme Regulations). The system also performs a year-on-year and period-on-period analysis of participant data submissions; and
- Documentation and archiving of the compliance workflow.

Furthermore, the Periodic Data Team perform manual reviews over each participants' periodic data submissions, and the system enables the results of these reviews to be logged.

We have raised one medium priority finding from our independent assurance assessment, as follows:

- Site inspection audit coverage:** Site inspection audits selected for FY2015/16 originally covered 0.86% of the full population of sites, with a further 8 sites added ~~at DETI's request as agreed between Ofgem and DETI~~ in January 2016. ~~However, there has been no adjustment~~ While 8 sites were added in January 2016, ~~this was insufficient~~ to take account of the 200% increase in applications between September 2015 to February 2016 (compared to the number of applications received for FY2014/15). ~~or and there~~ There ~~was no adjustment change to the 2015/16 audit programme volume or selection approach based on~~ the non-compliance issues related to fuel records and heat loss calculation which have been identified in three out of four ~~(75% non-compliance)~~ finalised reports from the FY2015/16 audit plan (75% non-compliance rate, ~~although non-compliances identified at audit may be material or non-material~~). Furthermore, site inspections ~~are have not been specifically targeted to be not~~ performed across all technology types utilised under the NIRHI.

Summary evaluation of findings

Scope Area	Number of findings identified as:		
	High	Medium	Low
Eligibility	-	-	-
Ongoing compliance	-	-	1
Payments	-	-	-
Governance	-	-	-
Site inspections	-	1	-
	-	1	1

We have reported by exception only. Where no findings have been identified against a scope area, testing was completed satisfactorily with no exceptions identified.

Acknowledgement

We should like to take this opportunity to thank all staff involved for their co-operation during this project.

2. Scope of assurance

Objectives

The objective of this review was to assess whether the operation of the NIRHI is in compliance with the Scheme Regulations and if there is any evidence of the NIRHI having been abused, fraud having occurred or if eligible Scheme participants have failed to operate within the Scheme Regulations. This overall review will be conducted in a two-part process:

1. Phase 1 – an assessment of Ofgem's processes and controls to administer the NIRHI in accordance with the Regulations, to assess whether the Scheme is operating in compliance with the legislation and highlight any areas of concern warranting further investigation; and
2. Phase 2 - site inspections of a sample of (a) current applicants awaiting award; (b) Scheme participants with multiple installations; and (c) Scheme participants with single installations.

This review covered Phase 1 only.

Scope

This review addressed the following:

- **Eligibility:** The process for accrediting installations ~~and registering biomethane producers~~ who meet the eligibility criteria, including verifying applicant identity, bank details and ownership of the installation;
- **Ongoing compliance:** Monitoring and enforcing compliance with the initial eligibility criteria and ongoing requirements of the NIRHI. This includes the process for undertaking inspections to verify participants' ongoing obligations under the NIRHI are being complied with and that information provided in the application remains true and accurate;
- **Payments:** Assessment of the payments process to confirm that payments are only made on the receipt of valid, relevant and accurate information supplied by participants;
- **Governance:** Consideration of any Ofgem NIRHI policies and procedures for administering the Scheme; and
- **Site inspections:** Appropriateness of the scope and approach undertaken by Ricardo Energy and Environment in carrying out site inspections of Scheme participants on Ofgem's behalf.

Approach

We applied the following approach:

- Made contact prior to commencement of the audit to identify key staff, arrange initial meetings and provide details of documentation to which we required access;
- Conducted process discussions with key staff to understand the processes and controls in place for each of the above scope areas;
- Obtained NIRHI system data and conducted basic analytics to identify any trends and anomalies;
- Assessed the design appropriateness of key controls;
- Conducted sample testing to assess the operating effectiveness of key controls;
- Met with responsible management to discuss our conclusions and proposed recommendations; and
- Produced and issued a draft report, prior to the issue of the final report.

Scope Limitations

This review (phase 1) did not:

- consider the adequacy or appropriateness of the Scheme Regulations or policy framework (including eligibility criteria), for which DETI is responsible;
- extend to site visits or physical inspection of renewable heat generation equipment, meters or pipework; or
- cover the Domestic Renewable Heat Incentive.

Phase 2 would involve conducting site visits or physical inspection; the commissioning of this work would depend on the findings from phase 1. These would not be conducted by Deloitte, but our understanding is that this could be delivered through Ofgem's existing arrangements with Ricardo Energy & Environment.

DRAFT

3. Detailed Findings

3.1 Site inspection audit coverage

Rationale	Priority			
<p>The Audit and Compliance team is responsible for developing the RHI audit strategy and selecting the site audit sample size for both the GB and NI schemes.</p> <p>As part of the FY2015/16 annual site selection process (performed in September of each year), six NIRHI sites were selected, representing 0.86% coverage of the full population of approximately 700 sites (that had been accredited by September 2015), compared with 1.8% coverage for the GB scheme.</p> <p>From September 2015 to February 2016 however, there was a 200% increase in the number of applications as compared to the number of applications received for FY2014/15, resulting in an even lower coverage of NIRHI sites. As agreed between Ofgem and DETI, a further eight sites were added to the audit plan in January 2016.</p> <p><u>Overall, the 2015/16 audit rate for NI represented 1.1% of sites accredited at the end of the period, compared with 1.4% of sites for GB.</u></p> <p>For context purposes, in the four finalised reports from the FY2015/16 audit plan, non-compliance issues related to fuel records and heat loss calculation were identified in three out of four sites (75% non-compliance <u>although non-compliances identified at audit may be material or non-material</u>). All non-compliance issues are investigated and managed by the Compliance Team.</p> <p>Furthermore, participants under the NIRHI scheme currently utilise technologies including solid biomass, solar thermal and ground source heat pump. <u>The, however the site inspections to date have only covered small and medium solid biomass sites, which has represented over 95% of applications and accredited sites.</u></p>	<p>Medium</p>	<p>There is an increased risk that non-compliance with the Scheme Regulations is not identified, resulting in financial loss.</p>	<p>The Audit and Compliance team should update the audit strategy and sample selection to take account of:</p> <ul style="list-style-type: none"> a) the total number of accredited sites and applications awaiting accreditation i.e. the percentage of site audits should remain consistent; b) all technology types, in proportion to the number of applicants with each technology type; and c) the results of completed audits and non-compliance issues identified. 	<p>Response:</p> <p><u>Ofgem agrees that the audit strategy for 2016/17 should be updated and indeed this was already underway at the point of commissioning this review. This will take account of the proposed factors. The deployment of audits in the 2016/17 year will take account of the increased volume of applications in 2015/16, recognising that as identified by Deloitte, and driven by the practical and proportional approach to the lapsed time between initial application submission and the deployment of a post-accreditation audit, not all of the increase in audit volumes driven by 2015/16 application volumes was deployed within 2015/16.</u></p> <p>Responsibility:</p> <p><u>Edmund Ward, Head of</u></p>

Audit, NDRHI, Ofgem E-Serve**Timeframe:**

Based on the typical lapsed time between application and accreditation following the significant increase of applications, Ofgem expects an increased level of audits to form part of its ongoing audit strategy to be effective from the first quarter of 2016/17.

--	--	--	--	--

3.2 SOP 'Managing Periodic Information and Fuel and Sustainability Data' requires updating

Rationale	Priority	Risk / Opportunity	Proposed management action	Management response and timeframe
<p>The current CRM system automatically checks submissions against pre-defined tolerances (e.g. where a meter reading is the same as a previous submission, or where the heat data submitted exceeds the feasible amount). Exceptions identified are then referred to the Periodic Data Team for review, in accordance with Standard Operating Procedures. RHI ND SOP 117 'Managing Periodic Information and Fuel and Sustainability Data' describes the process for reviewing and approving participants' periodic data prior to quarterly payments being made.</p> <p>We identified that:</p> <ul style="list-style-type: none"> • Across both GB and NI schemes, a full mandatory review is required for sites with an installation capacity of 200kWth and above if an exception is identified. Section 6.1 of the SOP states that a full review is required for medium and large biomass sites, however, the definition of small, medium and large differs between GB and NI such that only 'large' NI biomass sites would require full mandatory review. This was identified because for one of 15 samples selected for audit testing, a full review was not performed because it was under 200kWth, despite it being classed a 'medium' biomass site. Differences in process and definitions between GB and NI should therefore be reflected in the SOPs; • Section 6.1.2 (Qualification of Exceptions) provides a link to another guidance document which details how to qualify exceptions identified in the CRM system. The guidance document is out of date as it does not accurately reflect the list of exceptions as per the current CRM system. For example: <ul style="list-style-type: none"> ○ 'The installation's annual declaration is outstanding' is an exception in the guidance document, however it is no longer applicable in the CRM system; ○ 'Based on your meter readings provided, the figure calculated for Eligible Heat Output (EHO) is 25% more than 	<p>Low</p>	<p>If SOPs are not accurate and / or current, and processes and procedures are not consistently performed, or performed at all, there is an increased risk of non-compliance with the NIRHI.</p>	<p>Management should:</p> <ol style="list-style-type: none"> 1. Perform a full review of process differences between GB and NI and ensure these are documented in all SOPs, particularly SOP 117 around periodic review; 2. Update the Qualification of Exceptions guidance document to align to the current exceptions per the CRM system; and 3. Ensure a periodic review (at least annually) continues to be performed on all SOPs and guidance documentation for accuracy and completeness. 	<p>Response:</p> <p>Across all areas, to support a robust and consistent approach, Ofgem operates the same processes, controls and Standard Operating Procedures, which also highlight any differences between NI and GB schemes – for example, where some areas are specific to one scheme.</p> <p>Ofgem agrees that, while this difference in documentation has not had any impact on controls conducted in practice, it is important to ensure all SOPs are accurate, current and regularly reviewed.</p> <p>Specific areas identified have already been updated and signed off by appropriate senior managers.</p> <p>Responsibility:</p> <p>Ongoing responsibility for process review will be with Tasfin Ahmed, Senior Manager</p>

<p>the same period the previous year. Please provide an explanation for this increase?' is an exception in the CRM system, however is not covered in the guidance document.</p> <p>We note from the SOP document control section that the SOP was created in October 2015 and an update in respect of the PDS processes was made in February 2016.</p>				<p>(Assurance), NDRHI</p> <p>Timeframe:</p> <p>Q1 2016/17 (and ongoing annual reviews)</p>
--	--	--	--	---

DRAFT

Appendix A - Definitions of audit opinion

Prioritisation of findings

Priority	Description
High	Significant and urgent improvement(s) required to address a serious weakness which exposes the organisation to a material extent in terms of achievement of corporate objectives, financial results or otherwise impairs its reputation.
Medium	Essential improvement(s) required to address control weaknesses that may result in the failure of the process under review or improvement required to achieve efficiencies.
Low	Process improvement advised to address minor control weaknesses or align processes with good practice or to achieve efficiencies.

Management should be aware that our internal audit work was performed according to UK Government Internal Audit standards which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

Appendix B - Statement of responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Deloitte LLP
London

April 2016

This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party save for a copy of the report being provided to the Department of Enterprise, Trade and Investment ('DETI'), as the responsible agency for the NIRHI Scheme under the terms of the letter between Deloitte and DETI dated 23 March 2016, or provided for information only to the Northern Ireland Audit Office and / or the Northern Ireland Assembly to enable the discharge of their oversight roles. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Member of Deloitte Touche Tohmatsu Limited

From: [McCann, Brendan](#)
To: [Woods, Michael \(DfE\)](#)
Subject: FW: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL SENSATIVE]
Date: 17 August 2016 10:00:10
Attachments: [FY16-10 Ofgem Independent Assurance - Non-Domestic NIRHI - Draft Report.....docx](#)
[image001.gif](#)

Just for information.

B

From: McCann, Brendan
Sent: 17 August 2016 10:00
To: Edmund Ward
Subject: FW: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL SENSATIVE]

Edmund,,
Further to our discussion yesterday can you please advise if the comments below from Michael were sent on to Deloitte? The present draft report really doesn't take us much further forward. A further conversation might be helpful.

Thanks

Brendan

Brendan McCann

Corporate Governance and Departmental Co-ordination
Department for the Economy
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9820 (ext: 29820)
Mob: Personal information redacted by the RHI Inquiry
TextRelay: 18001 028 9052 9820
Web: www.economy-ni.gov.uk



[NI Year of Food & Drink 2016](#)

Please consider the environment - do you really need to print this e-mail?

From: Woods, Michael (DfE)
Sent: 15 August 2016 14:21
To: McCann, Brendan
Subject: FW: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL SENSATIVE]

Brendan

See below my response to the draft report in April

Michael

From: Woods, Michael (DETI)
Sent: 29 April 2016 14:14
To: Wightman, Stuart; Edmund Ward
Cc: Hughes, Seamus; Mills, John (DETI); Stewart, Chris (DETI); McCormick, Andrew (DETI); Teri Clifton; Jane Pierce; chris.poulton@ofgem.gov.uk
Subject: RE: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL SENSATIVE]

Edmund /Stuart

Thank-you for letting me have sight of the Draft report from Phase 1 of Deloitte's investigation of the allegations received in respect of the Non-Domestic Northern Ireland Renewable Head Incentive.

Having read over the report, I will admit to having a number of significant concerns both on the contents of the report itself and whether as a consequence the overall assignment including Phase 2 will be able to demonstrate that the allegations received have been sufficiently robustly investigated.

With specific regard to the draft report I would make the following comments and observations:

- 1) The report provides no overall opinion or stated level of assurance on the system of control as it applies to the NI Scheme. The reason why the investigation has been commissioned is in response to allegations that have been received that the NI Scheme has been subject to Fraud and Abuse and that Scheme Controls are either insufficient to manage these risks or have not been operating effectively. Given that the risks associated with these allegations are the same risks recognised in Ofgem's Fraud risk Strategy, I would have expected the report on Phase 1 to have provided an overall opinion on the system of control to manage these risks as well as a specific opinion on the controls in regard to the 5 key areas specified in the scope;
 - Eligibility;
 - Ongoing Compliance;
 - Payments;
 - Governance; and
 - Site inspections.

The report lists the findings (in most cases there are none) in each of these areas but provides no specific level of assurance on controls in each area. It would be useful as part of the work on Phase 1 for the report to set out the key controls in each of these areas and the extent to which these were found to be adequate to manage the stated fraud risks and the extent to which any differences in the NI Scheme impacted on these controls.

- 2) The report includes two findings, the issues raised appear to be significant but receive Medium to Low ratings respectively. The report would need to include more information on the assessment of the consequences of these risks for the system of control and in particular if they increase the risks highlighted in the allegation: For example:

Finding 3.1 this finding highlights that a total of 6 on site inspections were carried on the NI scheme applications in 2015/2016 which represents 0.86% of the NI Population compared with 1.8% for the GB scheme. The report does not however, consider the impact of this on the effectiveness of the onsite inspections as a control over risks in the NI Scheme and the extent to which this figure is in line with the % of installations that would need to be inspected to provide a reasonable level of assurance on the NI Scheme. One of the allegations being that there is ineffective oversight of the scheme.

The finding goes on to state that three out of the four finalised reports for 2015/2016 identified non compliance issues related to fuel records and heat loss calculations (75%). There is no explanation of whether or not these non compliance issues are significant, the amount if any of grant at risk or how these findings affect the overall risks of fraud and abuse in the NI scheme. It states that all issues were investigated and managed by the compliance team but does not state if the issues were resolved without affecting eligibility or if these findings are as a matter of course formally shared with DETI.

- 3) The second finding in the report, highlights the differences between the categorisation of Medium installations between NI and GB schemes. It recommends that management perform a review of process differences between GB and NI and the impact on Standard Operating Procedures (SOP) within the Scheme controls. The finding needs to make clear the impact of any differences, on how the NI scheme is controlled whether or not as a result there has been insufficient coverage on NI installations as part of onsite inspections. Further understanding the impact of any differences in SOPs and how they affect the control over the risks in the NI scheme is something that would need to be undertaken as part of Phase 2.

In considering the current draft report and the scope for Phase 2 of the review, it is critical that at the end of Phase 1 and 2 we have a completed piece of work that has investigated the allegations of Fraud and Abuse and not simply a systems audit review and a series of site inspections. To ensure the investigation meets its objectives it is important that the scope of the work undertaken in Phase 2 is such that Deloitte are in a position to express an opinion of whether or not the allegations have been found to be true or not. It is also important that this opinion is based on a sufficient substantive programme of inspections, that it considers and reports against the Fraud / Abuse / Gaming Risks that are recognised in the Ofgem Fraud risk strategy and are at the centre of the allegations that have been received i.e. gaming the scheme, fraud, generation of unnecessary Heat etc. In the context of the draft report on Phase 1 it is important that it clearly states that there are clear controls to mitigate these risks and its opinion on the adequacy and effectiveness of these controls.

Given that the allegations were received several months ago it is also imperative that the programme of site inspections takes place as soon as is practical and that this programme is

based on a robust risk analysis and sampling methodology.

Michael Woods

Internal Audit
Department of Enterprise, Trade & Investment
Adelaide House
39-49 Adelaide Street
Belfast, BT2 8FD
Tel: 028 9025 7410 (ext: 57410)
TextRelay: 18001 028 9025 7410
Web: www.detini.gov.uk



[NI Year of Food & Drink 2016](#)

Please consider the environment - do you really need to print this e-mail?

From: Wightman, Stuart
Sent: 23 April 2016 12:20
To: Woods, Michael (DETI)
Cc: Hughes, Seamus; Mills, John (DETI)
Subject: Fw: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL]

Fyi

Sent from my BlackBerry 10 smartphone.

From: Edmund Ward <Edmund.Ward@ofgem.gov.uk>
Sent: Friday, 22 April 2016 17:46
To: Mills, John (DETI); Wightman, Stuart; Hughes, Seamus
Cc: Chris Poulton; Gareth John; Teri Clifton; Jane Pierce
Subject: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL]

John, Stuart, Seamus

Please see attached a draft independent assurance report from Deloitte on the joint NI RHI review, phase 1.

We are sharing on receipt and haven't yet reviewed in detail, but have provided a brief summary view below. We will review and share further comments with you in the first instance, prior to reverting to Deloitte.

Initial view/summary:

We note that there are *no 'High' priority findings*.

There is *only one 'Medium' priority finding*, and this relates to the recommendation to *update the NIRHI site audit strategy*, which we note was already planned between DETI and Ofgem and will flow from Phase 2 of the review. This finding is therefore *in line with our expectations* from the report – we would anticipate suggesting some amendments to the draft report to clarify this.

There is also *a single 'Low' priority finding* relating mainly to some very specific updates to internal documentation, that we would expect to take on board to further support the proportionate manual and automated system controls in place to support our administration of the scheme.

Next steps:

There is a *high-level approach to future audits/site selection* indicated in the 'Proposed Management action' in Section 3.1 - we would expect greater clarity on the approach to the targeted audit programme to feed into the planning for Phase 2.

You're welcome to feedback any comments at this stage (via me) – or to wait for us to provide initial comments and then to add your comments at that stage, should you prefer. We would target a response to Deloitte by Friday 29 April, but please do let me know if further time is required for your review.

Kind regards,

Edmund

From: Fong, Tahlee (UK - London)
Sent: 22 April 2016 14:42
To: Edmund Ward; Gareth John
Cc: Carlton, Walter (UK - Edinburgh); Li, Lin L (UK - London)
Subject: Ofgem - Non-Domestic NIRHI - Draft Report

Good afternoon Edmund and Gareth

Thank you for sending the signed agreement letters back to me from yourself (on behalf of Ofgem) and DETI. Please find attached the draft report for the Non-Domestic NIRHI review, consistent with the findings we discussed in our closing meeting. Could I please ask that you populate the management response and timeframes, and return this to me by next Friday, 29th April.

I have [not] included DETI in the distribution list, so please do forward the draft report on as appropriate.

If you have any questions regarding this report, please don't hesitate to contact me.

Kind Regards

Tahlee Fong
Manager | Audit & Risk Advisory
Deloitte LLP
2 New Street Square, London, EC4A 3BZ
Direct phone: +44 20 7007 7724
tafong@deloitte.co.uk | www.deloitte.co.uk

IMPORTANT NOTICE

This communication is from Deloitte LLP, a limited liability partnership registered in England and Wales with registered number OC303675. Its registered office is 2, New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

This communication contains information which is confidential and may also be privileged. It is for the exclusive use of the intended recipient(s). If you are not the intended recipient(s), please (1) notify it.security.uk@deloitte.co.uk by forwarding this email and delete all copies from your system and (2) note that disclosure, distribution, copying or use of this communication is strictly prohibited. Email communications cannot be guaranteed to be secure or free from error or viruses. All emails sent to or from a Deloitte UK email account are securely archived and stored by an external supplier within the European Union.

To the extent permitted by law, Deloitte LLP does not accept any liability for use of or reliance on the contents of this email by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

Opinions, conclusions and other information in this email which have not been delivered by way of the business of Deloitte LLP are neither given nor endorsed by it.

[]

This message may be confidential, privileged or otherwise protected from disclosure. It does not represent the views or opinions of Ofgem unless expressly stated otherwise.

If you have received this message by mistake, please contact the sender and immediately delete the message from your system; you should not copy the message or disclose its contents to any other person or organisation.

OFGEM Independent Assurance

FY16-10 Non-Domestic Northern Ireland Renewable Heat Incentive (Phase 1)

DRAFT REPORT

Draft to Management: 22 April 2016

Management Response: [29 April 2016]

Final: [6 May 2016]

Distribution: Gareth John, Associate Director, Non-Domestic Renewable Heat Incentive
Edmund Ward, Head of Technical & Compliance, Non-Domestic Renewable Heat Incentive
John Mills, Head of Energy Division, Department of Enterprise, Trade and Investment

Dates of Fieldwork: 23 March - 1 April 2016

This review was jointly requested by the Head of Technical & Compliance from the Ofgem Non-Domestic Renewable Heat Incentive Team, and the Head of Energy Division, Department of Enterprise, Trade and Investment. The objective was to assess whether the operation of the NIRHI is in compliance with the Scheme Regulations and if there is any evidence of the NIRHI having been abused, fraud having occurred or if eligible scheme participants have failed to operate within the Scheme Regulations.

Contents

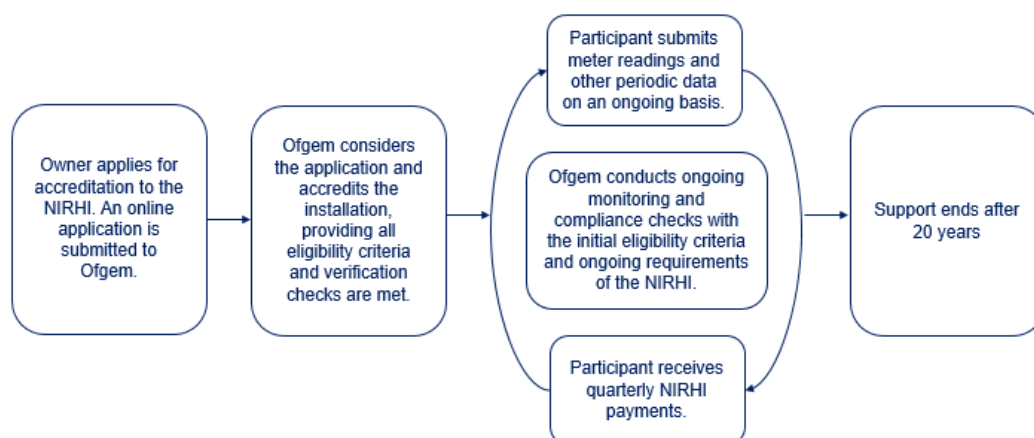
1.	Executive summary	1
	Background	1
	Objectives	2
	Key findings arising from our assessment	2
	Acknowledgement	1
2.	Scope of assurance	2
	Objectives	2
	Scope	2
	Approach	2
	Scope Limitations	3
3.	Detailed Findings	4
	3.1 Site inspection audit coverage	4
	3.2 SOP 'Managing Periodic Information and Fuel and Sustainability Data' requires updating	5
	Appendix A - Definitions of audit opinion	7
	Appendix B - Statement of responsibility	8

1. Executive summary

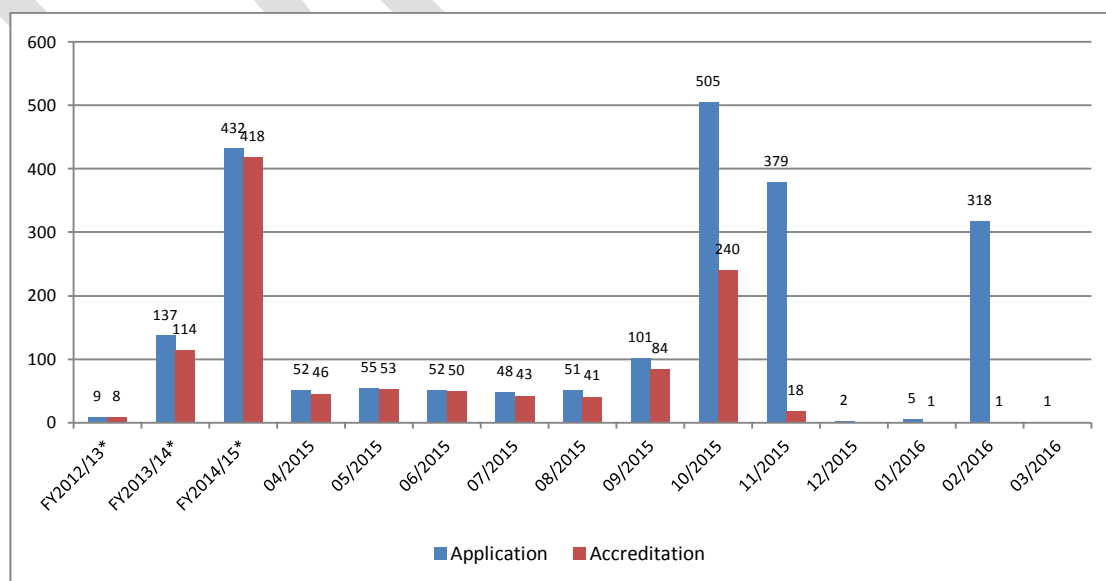
Background

The Northern Ireland Renewable Heat Incentive ('NIRHI' or the 'Scheme') is a government environmental programme that provides financial incentives to increase the uptake of renewable heat and reduce the UK's carbon emissions. It provides subsidies to eligible non-domestic renewable heat generators and producers of biomethane based in Northern Ireland, payable in quarterly instalments for 20 years. The NIRHI policy, tariff rates and legislative framework are set by the Department of Enterprise, Trade and Investment ('DETI'). The Scheme is administered by Ofgem in accordance with the Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2012, the Domestic Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2014, the Renewable Heat Incentive Schemes (Amendment) Regulations (Northern Ireland) 2015 and the Renewable Heat Incentive Schemes (Amendment) Regulations (Northern Ireland) 2016 (hereinafter referred to as the 'Scheme Regulations').

The overall process for an NIRHI participant is as follows:



DETI has received recent allegations that the Scheme is being abused or is vulnerable to abuse. There has also been a significant increase in the volume of NIRHI applications in advance of the 2015 Scheme Regulation changes, and in response to the Scheme suspension announcement (effective 29 February 2016) due to insufficient funding. The following graph shows the number of NIRHI applications that have been received and accredited since inception:



* This figure shown is the annual total for the year ended 31 March.

Due to the spike in number of applications from September 2015 onwards, the accreditation process was changed from a 'steady state' end to end review to a two stage approach – the first phase being a high level review to identify obvious outstanding information (and acknowledge receipt of application within 10 days) and the second phase being a full detailed review of the application. This was to cater for the high volume of applications to be processed.

Objectives

The objective of this review was to assess whether the operation of the NIRHI is in compliance with the Scheme Regulations and if there is any evidence of the NIRHI having been abused, fraud having occurred or if eligible Scheme participants have failed to operate within the Scheme Regulations. This overall review will be conducted in a two-part process:

1. Phase 1 – an assessment of Ofgem's processes and controls to administer the NIRHI in accordance with the Regulations, to assess whether the Scheme is operating in compliance with the legislation and highlight any areas of concern warranting further investigation; and
2. Phase 2 - site inspections of a sample of (a) current applicants awaiting award; (b) Scheme participants with multiple installations; and (c) Scheme participants with single installations.

This review covered Phase 1 only.

Key findings arising from our assessment

The Non-Domestic Renewable Heat Incentive Team administer the Renewable Heat Incentive for both Northern Ireland ('NI') and Great Britain ('GB'). Both Schemes are administered under the same processes, controls and Standard Operating Procedures.

At the time fieldwork was performed, there were 1,100 live participants in the NIRHI scheme, with a further 1,022 applicants awaiting accreditation (these applications were submitted prior to scheme suspension on 29 February 2016). The installation capacity of the largest participant is currently 995 kWth. The technologies used by the participants are solid biomass, solar thermal or ground source heat pump.

In September 2015, the Non-Domestic Renewable Heat Incentive Team rolled out an update to the CRM system, used to administer the accreditation, data submission and audit and compliance processes. The update enabled more automated controls to be implemented; examples of current system controls include:

- Accreditation can only be given once the application has passed the in-built system application checks, including confirming that ID and bank verifications have been performed;
- Exceptions are automatically flagged and exception reporting can be generated from the system. For example, the system flags outstanding annual self-declarations (by the participant to confirm they meet the ongoing obligations of the Scheme Regulations). The system also performs a year-on-year and period-on-period analysis of participant data submissions; and
- Documentation and archiving of the compliance workflow.

Furthermore, the Periodic Data Team perform manual reviews over each participants' periodic data submissions, and the system enables the results of these reviews to be logged.

We have raised one medium priority finding from our independent assurance assessment, as follows:

- Site inspection audit coverage:** Site inspection audits selected for FY2015/16 originally covered 0.86% of the full population of sites, with a further 8 sites added at DETI's request in January 2016. However, there has been no adjustment to take account of the 200% increase in applications between September 2015 to February 2016 (compared to the number of applications received for FY2014/15), or the non-compliance issues related to fuel records and heat loss calculation which have been identified in three out of four (75% non-compliance) finalised reports from the FY2015/16 audit plan. Furthermore, site inspections are not performed across all technology types utilised under the NIRHI.

Summary evaluation of findings

Scope Area	Number of findings identified as:		
	High	Medium	Low
Eligibility	-	-	-
Ongoing compliance	-	-	1
Payments	-	-	-
Governance	-	-	-
Site inspections	-	1	-
	-	1	1

Acknowledgement

We should like to take this opportunity to thank all staff involved for their co-operation during this project.

2. Scope of assurance

Objectives

The objective of this review was to assess whether the operation of the NIRHI is in compliance with the Scheme Regulations and if there is any evidence of the NIRHI having been abused, fraud having occurred or if eligible Scheme participants have failed to operate within the Scheme Regulations. This overall review will be conducted in a two-part process:

1. Phase 1 – an assessment of Ofgem's processes and controls to administer the NIRHI in accordance with the Regulations, to assess whether the Scheme is operating in compliance with the legislation and highlight any areas of concern warranting further investigation; and
2. Phase 2 - site inspections of a sample of (a) current applicants awaiting award; (b) Scheme participants with multiple installations; and (c) Scheme participants with single installations.

This review covered Phase 1 only.

Scope

This review addressed the following:

- **Eligibility:** The process for accrediting installations and registering biomethane producers who meet the eligibility criteria, including verifying applicant identity, bank details and ownership of the installation;
- **Ongoing compliance:** Monitoring and enforcing compliance with the initial eligibility criteria and ongoing requirements of the NIRHI. This includes the process for undertaking inspections to verify participants' ongoing obligations under the NIRHI are being complied with and that information provided in the application remains true and accurate;
- **Payments:** Assessment of the payments process to confirm that payments are only made on the receipt of valid, relevant and accurate information supplied by participants;
- **Governance:** Consideration of any Ofgem NIRHI policies and procedures for administering the Scheme; and
- **Site inspections:** Appropriateness of the scope and approach undertaken by Ricardo Energy and Environment in carrying out site inspections of Scheme participants on Ofgem's behalf.

Approach

We applied the following approach:

- Made contact prior to commencement of the audit to identify key staff, arrange initial meetings and provide details of documentation to which we required access;
- Conducted process discussions with key staff to understand the processes and controls in place for each of the above scope areas;
- Obtained NIRHI system data and conducted basic analytics to identify any trends and anomalies;
- Assessed the design appropriateness of key controls;
- Conducted sample testing to assess the operating effectiveness of key controls;
- Met with responsible management to discuss our conclusions and proposed recommendations; and
- Produced and issued a draft report, prior to the issue of the final report.

Scope Limitations

This review (phase 1) did not:

- consider the adequacy or appropriateness of the Scheme Regulations or policy framework (including eligibility criteria), for which DETI is responsible;
- extend to site visits or physical inspection of renewable heat generation equipment, meters or pipework; or
- cover the Domestic Renewable Heat Incentive.

Phase 2 would involve conducting site visits or physical inspection; the commissioning of this work would depend on the findings from phase 1. These would not be conducted by Deloitte, but our understanding is that this could be delivered through Ofgem's existing arrangements with Ricardo Energy & Environment.

DRAFT

3. Detailed Findings

3.1 Site inspection audit coverage

Rationale	Priority	Risk / Opportunity	Proposed management action	Management response and timeframe
<p>The Audit and Compliance team is responsible for developing the RHI audit strategy and selecting the site audit sample size for both the GB and NI schemes.</p> <p>As part of the FY2015/16 annual site selection process (performed in September of each year), six NIRHI sites were selected, representing 0.86% coverage of the full population of approximately 700 sites (that had been accredited by September 2015), compared with 1.8% coverage for the GB scheme.</p> <p>From September 2015 to February 2016 however, there was a 200% increase in the number of applications as compared to the number of applications received for FY2014/15, resulting in an even lower coverage of NIRHI sites. We acknowledge that at DETI's request, a further eight sites were added to the audit plan in January 2016.</p> <p>For context purposes, in the four finalised reports from the FY2015/16 audit plan, non-compliance issues related to fuel records and heat loss calculation were identified in three out of four sites (75% non-compliance). All non-compliance issues are investigated and managed by the Compliance Team.</p> <p>Furthermore, participants under the NIRHI scheme currently utilise technologies including solid biomass, solar thermal and ground source heat pump, however the site inspections only cover small and medium solid biomass sites.</p>	<p>Medium</p>	<p>There is an increased risk that non-compliance with the Scheme Regulations is not identified, resulting in financial loss.</p>	<p>The Audit and Compliance team should update the audit strategy and sample selection to take account of:</p> <ul style="list-style-type: none"> a) the total number of accredited sites and applications awaiting accreditation i.e. the percentage of site audits should remain consistent; b) all technology types, in proportion to the number of applicants with each technology type; and c) the results of completed audits and non-compliance issues identified. 	<p>Response:</p> <p>Responsibility:</p> <p>Timeframe:</p>

3.2 SOP 'Managing Periodic Information and Fuel and Sustainability Data' requires updating

Rationale	Priority	Risk / Opportunity	Proposed management action	Management response and timeframe
<p>The current CRM system automatically checks submissions against pre-defined tolerances (e.g. where a meter reading is the same as a previous submission, or where the heat data submitted exceeds the feasible amount). Exceptions identified are then referred to the Periodic Data Team for review, in accordance with Standard Operating Procedures. RHI ND SOP 117 'Managing Periodic Information and Fuel and Sustainability Data' describes the process for reviewing and approving participants' periodic data prior to quarterly payments being made.</p> <p>We identified that:</p> <ul style="list-style-type: none"> • Across both GB and NI schemes, a full mandatory review is required for sites with an installation capacity of 200kWth and above if an exception is identified. Section 6.1 of the SOP states that a full review is required for medium and large biomass sites, however, the definition of small, medium and large differs between GB and NI such that only 'large' NI biomass sites would require full mandatory review. This was identified because for one of 15 samples selected for audit testing, a full review was not performed because it was under 200kWth, despite it being classed a 'medium' biomass site. Differences in process and definitions between GB and NI should therefore be reflected in the SOPs; • Section 6.1.2 (Qualification of Exceptions) provides a link to another guidance document which details how to qualify exceptions identified in the CRM system. The guidance document is out of date as it does not accurately reflect the list of exceptions as per the current CRM system. For example: <ul style="list-style-type: none"> ○ 'The installation's annual declaration is outstanding' is an exception in the guidance document, however it is no longer applicable in the CRM system; ○ 'Based on your meter readings provided, the figure calculated for Eligible Heat Output (EHO) is 25% more than 	<p>Low</p>	<p>If SOPs are not accurate and / or current, and processes and procedures are not consistently performed, or performed at all, there is an increased risk of non-compliance with the NIRHI.</p>	<p>Management should:</p> <ol style="list-style-type: none"> 1. Perform a full review of process differences between GB and NI and ensure these are documented in all SOPs, particularly SOP 117 around periodic review; 2. Update the Qualification of Exceptions guidance document to align to the current exceptions per the CRM system; and 3. Ensure a periodic review (at least annually) continues to be performed on all SOPs and guidance documentation for accuracy and completeness. 	<p>Response:</p> <p>Responsibility:</p> <p>Timeframe:</p>

DRAFT

<p>the same period the previous year. Please provide an explanation for this increase?' is an exception in the CRM system, however is not covered in the guidance document.</p> <p>We note from the SOP document control section that the SOP was created in October 2015 and an update in respect of the PDS processes was made in February 2016.</p>				
--	--	--	--	--

Appendix A - Definitions of audit opinion

Prioritisation of findings

Priority	Description
High	Significant and urgent improvement(s) required to address a serious weakness which exposes the organisation to a material extent in terms of achievement of corporate objectives, financial results or otherwise impairs its reputation.
Medium	Essential improvement(s) required to address control weaknesses that may result in the failure of the process under review or improvement required to achieve efficiencies.
Low	Process improvement advised to address minor control weaknesses or align processes with good practice or to achieve efficiencies.

Management should be aware that our internal audit work was performed according to UK Government Internal Audit standards which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

Appendix B - Statement of responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Deloitte LLP
London

April 2016

This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party save for a copy of the report being provided to the Department of Enterprise, Trade and Investment ('DETI'), as the responsible agency for the NIRHI Scheme under the terms of the letter between Deloitte and DETI dated 23 March 2016, or provided for information only to the Northern Ireland Audit Office and / or the Northern Ireland Assembly to enable the discharge of their oversight roles. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Member of Deloitte Touche Tohmatsu Limited

From: [McCann, Brendan](#)
To: [Woods, Michael \(DFE\)](#)
Subject: FW: Project Heat Sample - Updated
Date: 17 August 2016 10:12:36
Attachments: [DRAFT - Installation population.PNG](#)
[DRAFT - Industry population.PNG](#)
[DRAFT - Capacity population.PNG](#)
[DRAFT - Application status population.PNG](#)

From: alastair.timothy@uk.pwc.com [mailto:alastair.timothy@uk.pwc.com]
Sent: 17 August 2016 10:12
To: McCann, Brendan
Cc: clare.e.kennedy@uk.pwc.com; kieran.owens@uk.pwc.com; michael.abraham@uk.pwc.com; Hughes, Seamus
Subject: Project Heat Sample - Updated

Hi Brendan,

I have uploaded the refined sample to the FTP site. Seamus to you mind downloading and sending to Brendan? The file is called "Draft Project Heat - Sample - 20160817.xlsx". Can the file be deleted as soon as it has been sent.

The sample now includes 47 businesses (including the 6 previously provided) spanning 135 boilers.

A number of the original 35 multi installations businesses have been removed to make the sample representative of the population, whilst still keeping in the number 1 by projected spend and the business with the highest number of 99 kWh boilers. The remainder have been chosen because of high projected spend within their representative population or hit on the other risk factors. Please note the ranking's within the spreadsheet are relative to the entire population.

The following graphics indicate how the sample (in red) is representative of the entire population (blue).

Multi boiler businesses

This shows the number of businesses that have 1 to 14 boilers.

Industry

This shows the number of businesses within each industry classification

Boiler Capacity

This shows the number boilers for each distinct capacity

Application Status

This shows the number of boilers for each application status

Thanks,

Alastair

Alastair Timothy

PwC | Manager
Office: +44 (0) 2890415271 | Mobile: Personal information redacted
by the RHI Inquiry
Email: alastair.timothy@uk.pwc.com
PricewaterhouseCoopers LLP
Waterfront Plaza, 8 Laganbank Road, Belfast, BT1 3LR
<http://www.pwc.co.uk>

----- End of message text -----

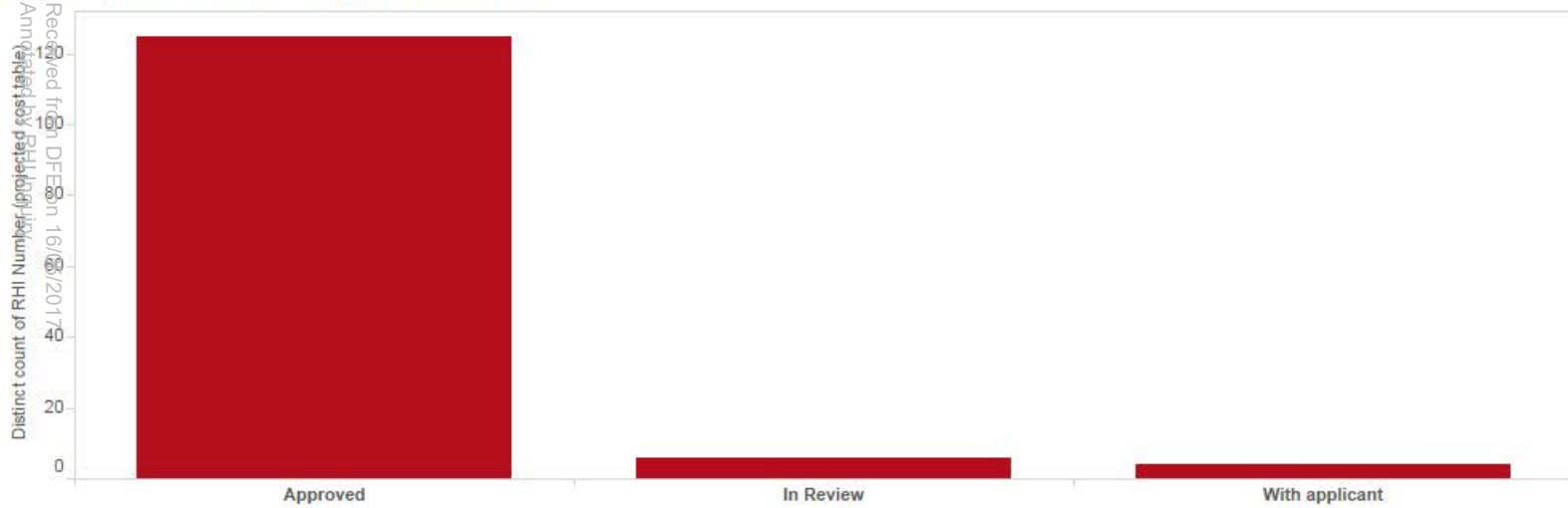
The PwC UK Annual Report for 2015 is, for the first time, entirely online. We've used videos and infographics to tell the story of our year. Visit www.pwcannualreport.co.uk

This email is confidential and is intended for the addressee only. If you are not the addressee, please delete the email and do not use it in any way. PricewaterhouseCoopers LLP does not accept or assume responsibility for any use of or reliance on this email by anyone, other than the intended addressee to the extent agreed in the relevant contract for the matter to which this email relates (if any). PricewaterhouseCoopers LLP is a limited liability partnership registered in England under registered number OC303525, with its registered address at 1 Embankment Place, London WC2N 6RH. It is authorised and regulated by the Financial Conduct Authority for designated investment business. PwC may monitor outgoing and incoming emails and other telecommunications on its email and telecommunications systems; by replying to this email you give your consent to such monitoring.

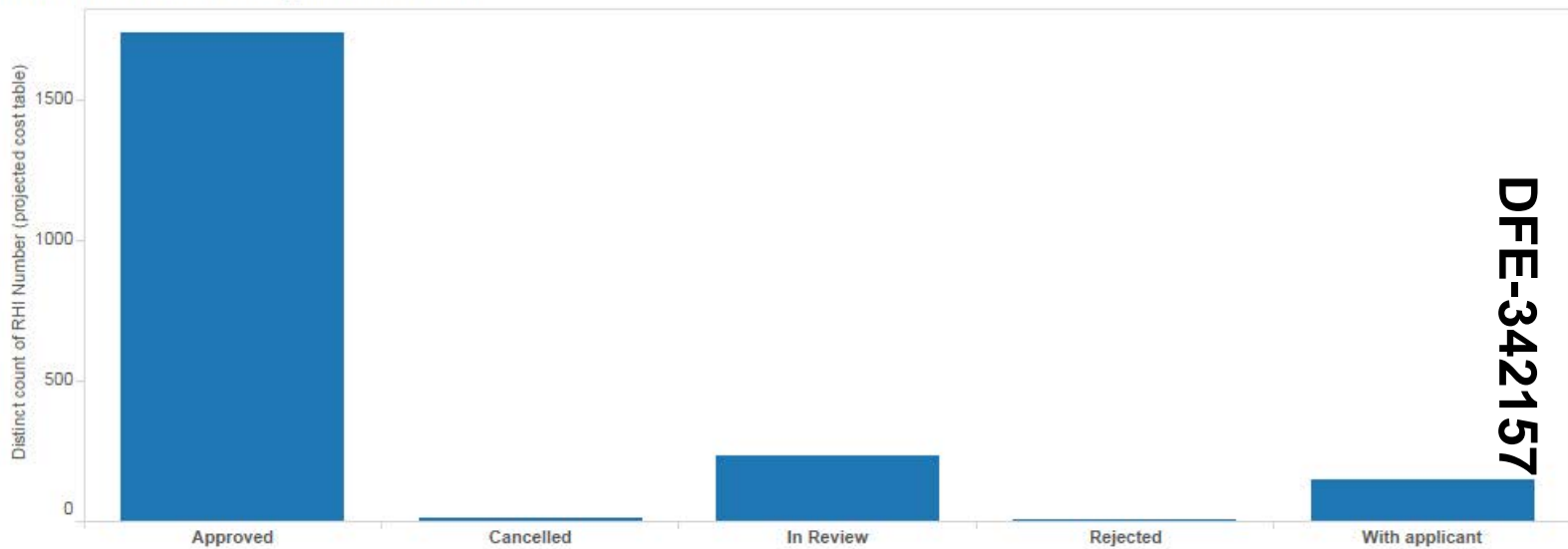
Visit our website <http://www.pwc.com/uk>

DRAFT

Rep sample distribution of application status

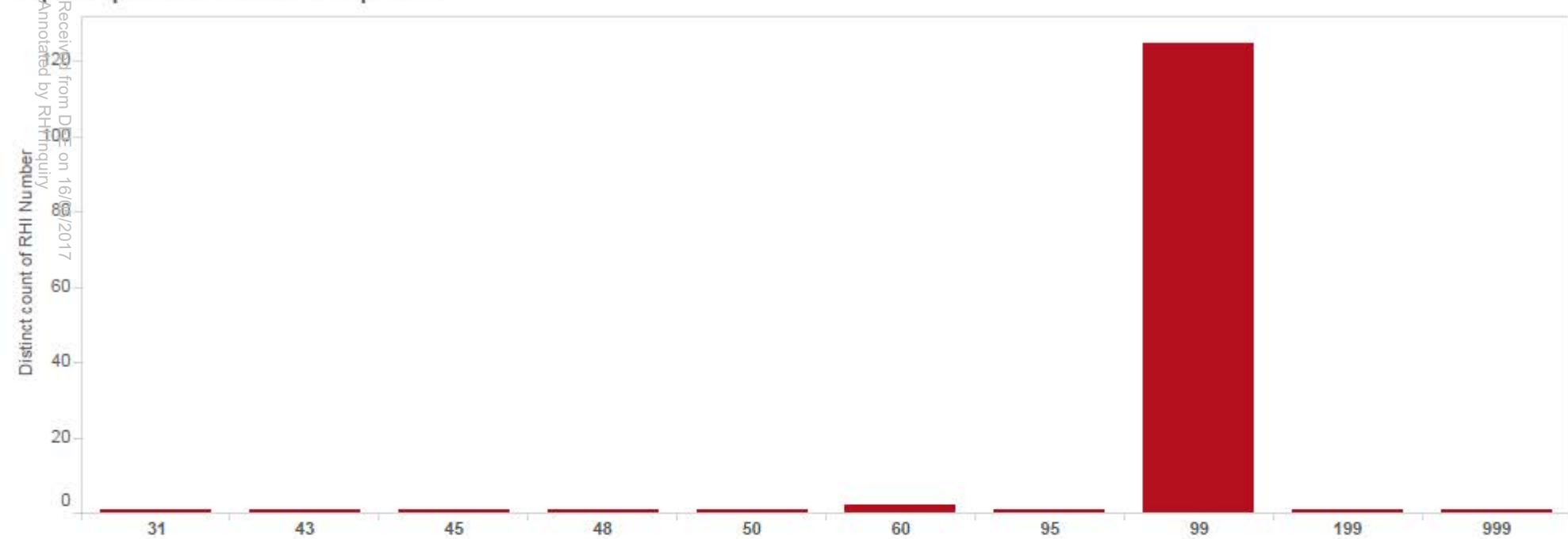


Actual distribution of application status

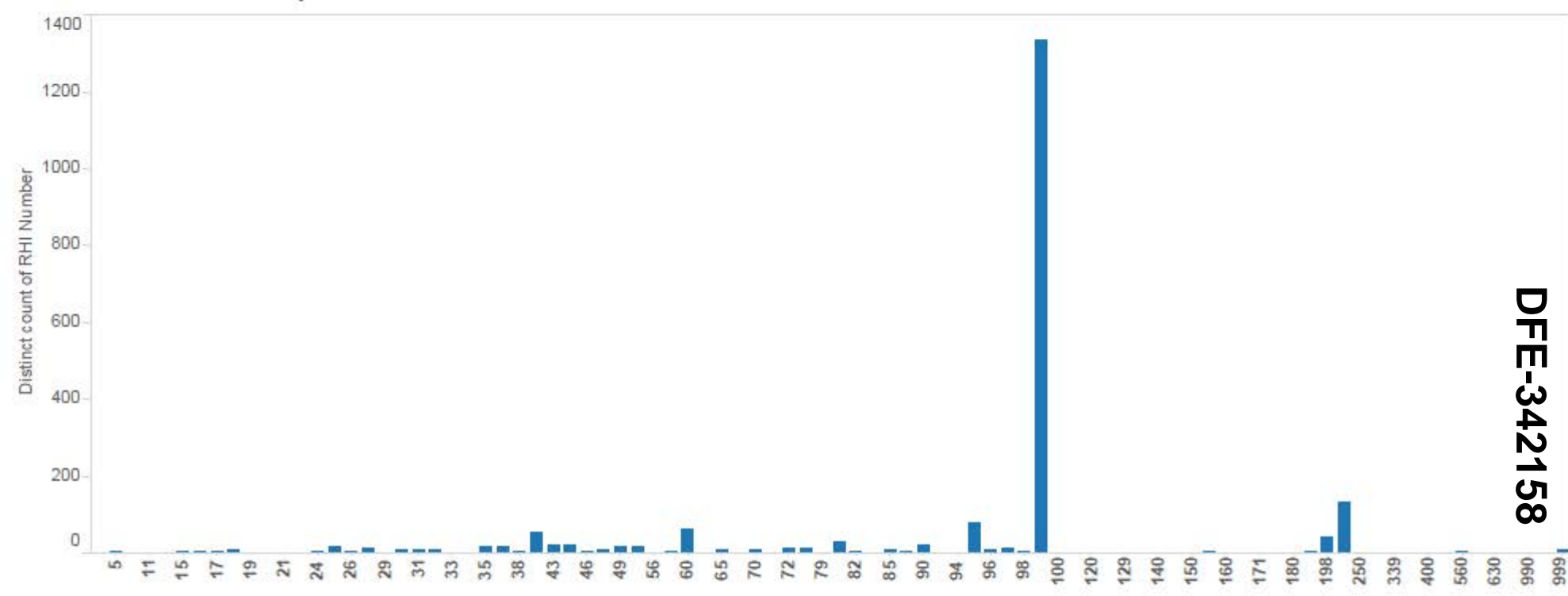


DFE-342157

Rep Sample distribution of capacities

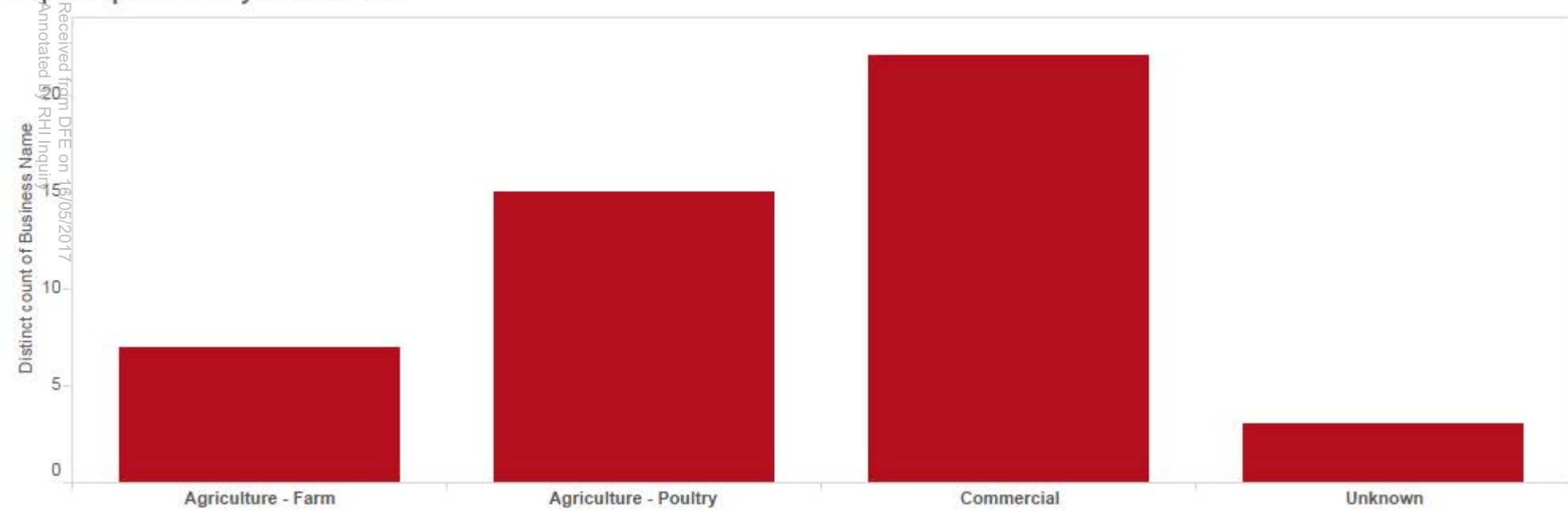


Actual distribution of capacities

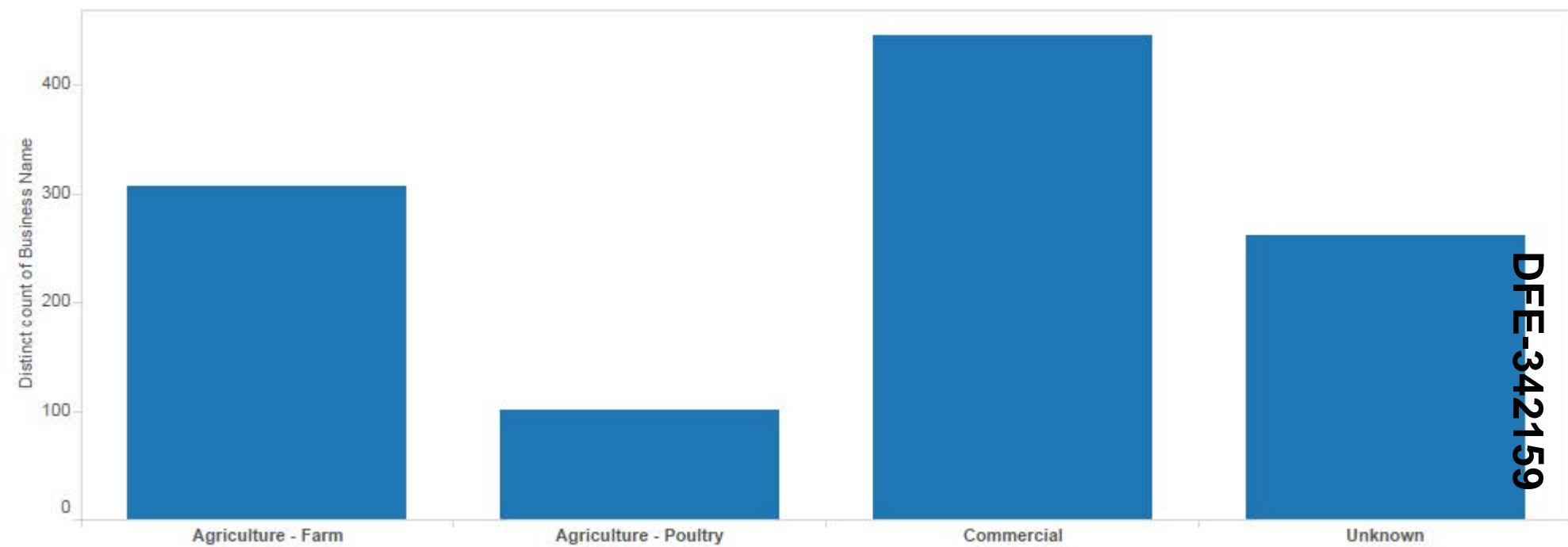


DFE-342158

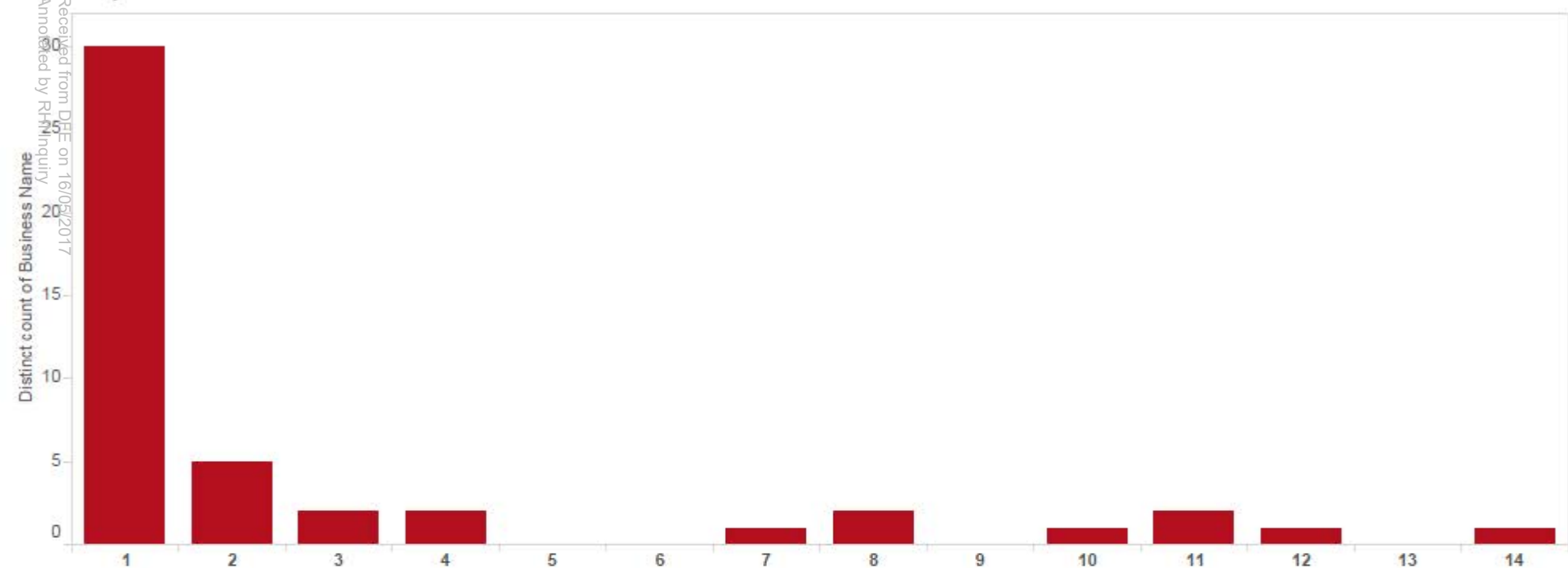
Rep Sample industry distribution



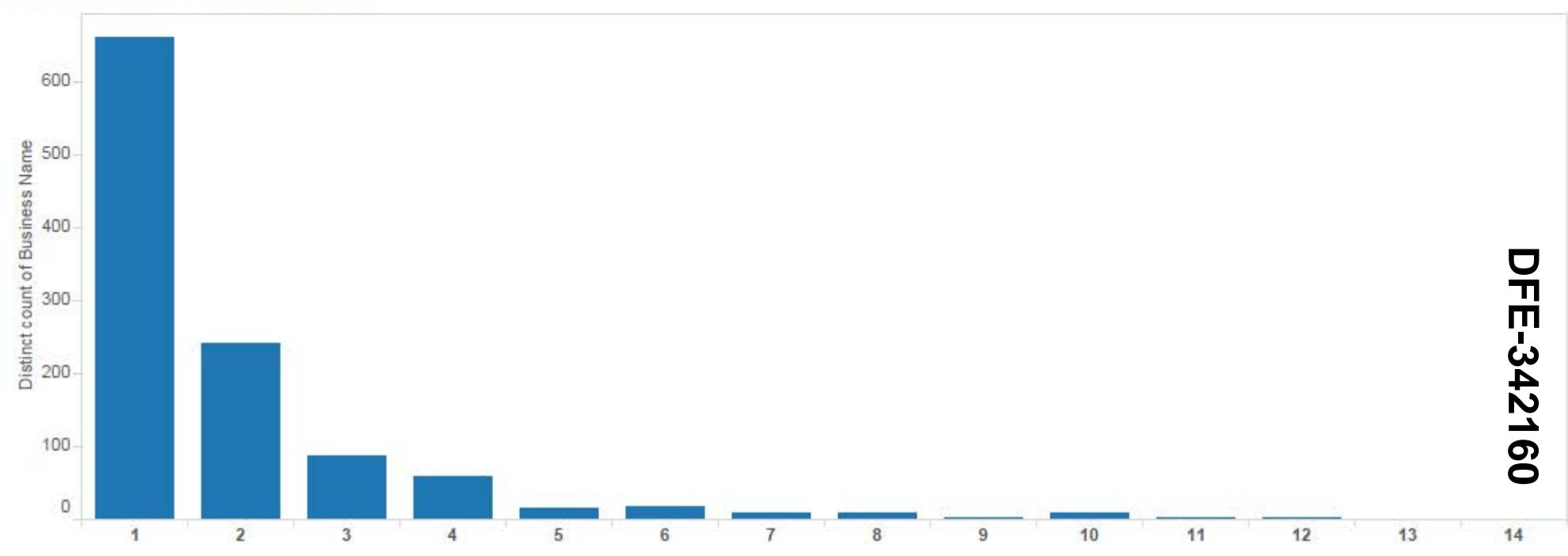
Actual distribution of industries



Rep Sample installation distribution



Actual Installation distribution



DFE-342160

Received from DFE on 16/05/2017
Annotated by RHM

From: [O'Neill, Brian](#)
To: [Murray, Debbie](#); [Woods, Michael \(DfE\)](#)
Subject: RE: Final Internal Audit Report - NI Non Domestic Renewable Heating Incentive (RHI)
Date: 17 August 2016 11:10:07
Attachments: [image001.gif](#)

Michael

Thanks for the report:

In finding number 3, it is mentioned in the report that:

"Internal Audit also notes that Ofgem developed a Fraud Prevention Strategy for the overall Non Domestic Renewable Heat Incentive Scheme. The Fraud Prevention Strategy was updated in August 2012 to include the Northern Ireland Non-Domestic RHI scheme. The current version of the strategy was included as an annex in the July 2015 Feasibility Study for the Implementation of the Phase 2 amendments to the NI RHI.

Could you please forward on a copy of the Fraud Prevention Strategy.

Many thanks

Regards

Brian

From: Murray, Debbie
Sent: 12 August 2016 10:08
To: Wilkinson, Tomas; O'Neill, Brian
Cc: Donnelly, Kieran; Woods, Michael (DfE)
Subject: Final Internal Audit Report - NI Non Domestic Renewable Heating Incentive (RHI)

Tomas, Brian,

Please find attached the final Internal Audit report following our Review of the NI Non Domestic Renewable Heating Incentive within the Department.

An **Unacceptable** audit opinion has been provided with seven Priority 1 issues and one Priority 2 issue identified.

In forming this opinion Internal Audit recognises that the Scheme has been successful to the extent that the Programme for Government target to achieve 4% of heat generated from renewable sources by 2015 has been met. However, the scheme lacked by design an effective response to the spike in applications in late 2015/2016. The scheme was formally closed to new applications from 29 February 2016, at which point a total of 2,128 applications had been received over the life of the scheme. All applications received before the scheme closed are required to be considered by OFGEM and if valid, approved and funded. The potential annual liability for 2016/2017 if all applications are successful is estimated as £50m. The funding available from HM Treasury, based on 3% of DECCs projected budget (£640) is estimated as £18.3m. The consequence of the shortfall between the Scheme's commitments and the available funding means there is a potential shortfall of £140m in the period 2016/2017- 2020/2021 and this could rise to approximately £400m- £450m over the life of the Scheme.

Internal Audit has identified a number of control and design issues with the scheme, some of the recommendations that we have made are actions that should still be taken even though the Scheme has now closed. In particular, Internal Audit considers that a Value for Money Study to be undertaken on the Scheme to assess whether or not the level of subsidy provided by the

scheme is necessary and that the assumptions made at the design stage on costs of installations and fuel are still valid.

Internal Audit has also made a number of other recommendations, which given the Scheme has now closed, are targeted at ensuring that future or current programmes within the Department learn lessons from this Scheme.

Many thanks.

Regards.

Debbie.

Debbie Murray

Internal Audit

Department for the Economy

Adelaide House

39-49 Adelaide Street

Belfast, BT2 8FD

Tel: 028 9025 7436 (ext: 57436)

TextRelay: 18001 028 9025 7436

Web: www.economy-ni.gov.uk

[cid:image001.gif@01D1E98E.4C43BAB0](#)



[NI Year of Food & Drink 2016](#)

Please consider the environment - do you really need to print this e-mail?

Any views expressed by the sender of this message are not necessarily those of the Northern Ireland Audit Office. The information contained in the email, and any files transmitted with it, is intended only for the individual or entity to whom it is addressed. Such information may be confidential or privileged, and no mistake in transmission is intended to waive or compromise such privilege. If you have received the email in error, please notify the sender immediately by using the reply facility in your email software. This email has been virus scanned by IT Assist.

From: [McCann, Brendan](#)
To: [Woods, Michael \(DFE\)](#)
Subject: FW: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL SENSATIVE] [OFFICIAL]
Date: 18 August 2016 12:59:37
Attachments: [image001.gif](#)
[RE Urgent - Explanation needed around Ofgem to issues identified through Site Audits OFFICIAL .msg](#)
[RE HPRM RE HPRM FW Non-Domestic NIRHI - Draft Scope \(OFFICIAL\) OFFICIAL .msg](#)
[FY16-10 - Non-Domestic NIRHI - Final Scope - 23.03.2016.pdf](#)

From: Edmund Ward [mailto:Edmund.Ward@ofgem.gov.uk]
Sent: 18 August 2016 01:08
To: McCann, Brendan
Cc: Teri Clifton; Jane Pierce
Subject: RE: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL SENSATIVE] [OFFICIAL]

Brendan

Apologies for getting to this late in the day. I'm not in the office on Thursday, so I've set out my thoughts below – happy for you to pick up with Teri/Jane tomorrow, or to arrange to discuss first thing on Friday if you prefer.

To answer your question, yes, we've already fed back Deloitte's responses to the points in Michael's email below – to view these, please see the second part of the attached email 'Re: Urgent...' which I hope will provide some useful context. I appreciate this may pre-date your involvement in this matter – please do let me know if there's other background that it would be useful to see. [I've also attached John Mills' confirmation of agreement to the Phase 1 scope, and a copy of the agreed Phase 1 scope document).

In line with the Deloitte responses to Michael's points, we have secured some additional clarifications within the updated Deloitte draft report, where this is within the original scope for the phase 1 report – including on confirming that this was an exceptions-based report.

I agree that this report does not answer all of the questions set out in the original terms of reference for the *overall* joint review as agreed with then-DETI in March 2016. However, to reiterate one of the points I made on the call on Tuesday, it's important that this report clearly addresses the points as defined by the scope of work for the Deloitte phase 1 report, but does not introduce possible further complications or confusion by straying beyond that scope. This is particularly relevant in the current situation where we now expect there to be separate reviews and reports based on differing scopes. As I understood it, the review steering group had made a decision not to progress with the *overall* joint review originally proposed, on the basis that it wished to go beyond the terms of reference, and to achieve a level of independence, that exceeded that which had been previously agreed between Ofgem and DETI. We continue to be supportive of review activity, following that decision and the new review approach. I raise this mainly to illustrate that, in that context it is not surprising that the original phase 1 report does not satisfy all the current interests there may be for an overall review.

I would be very happy to address further with Deloitte any points where DfE has concerns that the original phase 1 scope, as agreed by John Mills on behalf of DETI on 25 March 2016, is not met in the Deloitte Phase 1 report. However, at this stage and based on fieldwork already

completed, I cannot see a way in which it would be practical for the report to go beyond that scope, without revising the scope in a way which would seem contrary to the steering group's decision to proceed with a separate and independent review.

If you have other thoughts on this, I am of course happy to discuss. As we agreed on Tuesday, we are also keen to draw this matter to a close to provide clarity and to avoid any perception of misalignment between our organisations, as in practice this is a review that was progressed productively and in a spirit of cooperative working between our teams. Simply to reassure you on our best endeavours on this, I note that we have already incurred some additional costs on seeking changes to this Phase 1 report, and have engaged robustly with Deloitte to represent the points raised by both DfE and Ofgem colleagues with regard to the accuracy and scope of the review.

Kind regards

Edmund

From: McCann, Brendan [<mailto:Brendan.McCann@economy-ni.gov.uk>]
Sent: 17 August 2016 10:00
To: Edmund Ward
Subject: FW: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL SENSATIVE]

Edmund,,

Further to our discussion yesterday can you please advise if the comments below from Michael were sent on to Deloitte? The present draft report really doesn't take us much further forward. A further conversation might be helpful.

Thanks

Brendan

Brendan McCann

Corporate Governance and Departmental Co-ordination
Department for the Economy
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9820 (ext: 29820)
Mob: Personal information redacted by the RHI Inquiry
TextRelay: 18001 028 9052 9820
Web: www.economy-ni.gov.uk



[NI Year of Food & Drink 2016](#)

Please consider the environment - do you really need to print this e-mail?

From: Woods, Michael (DfE)
Sent: 15 August 2016 14:21
To: McCann, Brendan
Subject: FW: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL SENSATIVE]

Brendan

See below my response to the draft report in April

Michael

From: Woods, Michael (DETI)
Sent: 29 April 2016 14:14
To: Wightman, Stuart; Edmund Ward
Cc: Hughes, Seamus; Mills, John (DETI); Stewart, Chris (DETI); McCormick, Andrew (DETI); Teri Clifton; Jane Pierce; chris.poulton@ofgem.gov.uk
Subject: RE: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL SENSATIVE]

Edmund /Stuart

Thank-you for letting me have sight of the Draft report from Phase 1 of Deloitte's investigation of the allegations received in respect of the Non-Domestic Northern Ireland Renewable Head Incentive.

Having read over the report, I will admit to having a number of significant concerns both on the contents of the report itself and whether as a consequence the overall assignment including Phase 2 will be able to demonstrate that the allegations received have been sufficiently robustly investigated.

With specific regard to the draft report I would make the following comments and observations:

- 1) The report provides no overall opinion or stated level of assurance on the system of control as it applies to the NI Scheme. The reason why the investigation has been commissioned is in response to allegations that have been received that the NI Scheme has been subject to Fraud and Abuse and that Scheme Controls are either insufficient to manage these risks or have not been operating effectively. Given that the risks associated with these allegations are the same risks recognised in Ofgem's Fraud risk Strategy, I would have expected the report on Phase 1 to have provided an overall opinion on the system of control to manage these risks as well as a specific opinion on the controls in regard to the 5 key areas specified in the scope;
 - Eligibility;
 - Ongoing Compliance;
 - Payments;
 - Governance; and
 - Site inspections.

The report lists the findings (in most cases there are none) in each of these areas but provides no specific level of assurance on controls in each area. It would be useful as part of the work on Phase 1 for the report to set out the key controls in each of these areas and the extent to which these were found to be adequate to manage the stated fraud risks and the extent to which any differences in the NI Scheme impacted on these controls.

- 2) The report includes two findings, the issues raised appear to be significant but receive Medium to Low ratings respectively. The report would need to include more information on the assessment of the consequences of these risks for the system of control and in particular if they increase the risks highlighted in the allegation: For example:

Finding 3.1 this finding highlights that a total of 6 on site inspections were carried on the NI scheme applications in 2015/2016 which represents 0.86% of the NI Population compared with 1.8% for the GB scheme. The report does not however, consider the impact of this on the effectiveness of the onsite inspections as a control over risks in the NI Scheme and the extent to which this figure is in line with the % of installations that would need to be inspected to provide a reasonable level of assurance on the NI Scheme. One of the allegations being that there is ineffective oversight of the scheme.

The finding goes on to state that three out of the four finalised reports for 2015/2016 identified non compliance issues related to fuel records and heat loss calculations (75%). There is no explanation of whether or not these non compliance issues are significant, the amount if any of grant at risk or how these findings affect the overall risks of fraud and abuse in the NI scheme. It states that all issues were investigated and managed by the compliance team but does not state if the issues were resolved without affecting eligibility or if these findings are as a matter of course formally shared with DETI.

- 3) The second finding in the report, highlights the differences between the categorisation of Medium installations between NI and GB schemes. It recommends that management perform a review of process differences between GB and NI and the impact on Standard Operating Procedures (SOP) within the Scheme controls. The finding needs to make clear the impact of any differences, on how the NI scheme is controlled whether or not as a result there has been insufficient coverage on NI installations as part of onsite inspections . Further understanding the impact of any differences in SOPs and how they affect the control over the risks in the NI scheme is something that would need to be undertaken as part of Phase 2.

In considering the current draft report and the scope for Phase 2 of the review, it is critical that at the end of Phase 1 and 2 we have a completed piece of work that has investigated the allegations of Fraud and Abuse and not simply a systems audit review and a series of site inspections. To ensure the investigation meets its objectives it is important that the scope of the work undertaken in Phase 2 is such that Deloitte are in a position to express an opinion of whether or not the allegations have been found to be true or not. It is also important that this opinion is based on a sufficient substantive programme of inspections, that it considers and reports against the Fraud / Abuse / Gaming Risks that are recognised in the Ofgem Fraud risk

strategy and are at the centre of the allegations that have been received i.e. gaming the scheme, fraud, generation of unnecessary Heat etc. In the context of the draft report on Phase 1 it is important that it clearly states that there are clear controls to mitigate these risks and its opinion on the adequacy and effectiveness of these controls.

Given that the allegations were received several months ago it is also imperative that the programme of site inspections takes place as soon as is practical and that this programme is based on a robust risk analysis and sampling methodology.

Michael Woods

Internal Audit
Department of Enterprise, Trade & Investment
Adelaide House
39-49 Adelaide Street
Belfast, BT2 8FD
Tel: 028 9025 7410 (ext: 57410)
TextRelay: 18001 028 9025 7410
Web: www.detini.gov.uk



[NI Year of Food & Drink 2016](#)

Please consider the environment - do you really need to print this e-mail?

From: Wightman, Stuart
Sent: 23 April 2016 12:20
To: Woods, Michael (DETI)
Cc: Hughes, Seamus; Mills, John (DETI)
Subject: Fw: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL]

Fyi

Sent from my BlackBerry 10 smartphone.

From: Edmund Ward <Edmund.Ward@ofgem.gov.uk>
Sent: Friday, 22 April 2016 17:46
To: Mills, John (DETI); Wightman, Stuart; Hughes, Seamus
Cc: Chris Poulton; Gareth John; Teri Clifton; Jane Pierce
Subject: Deloitte Independent Assurance on NIRHI - Draft Report [OFFICIAL]

John, Stuart, Seamus

Please see attached a draft independent assurance report from Deloitte on the joint NI RHI review, phase 1.

We are sharing on receipt and haven't yet reviewed in detail, but have provided a brief summary view below. We will review and share further comments with you in the first instance, prior to reverting to Deloitte.

Initial view/summary:

We note that there are **no 'High' priority findings**.

There is **only one 'Medium' priority finding**, and this relates to the recommendation to **update the NIRHI site audit strategy**, which we note was already planned between DETI and Ofgem and will flow from Phase 2 of the review. This finding is therefore **in line with our expectations** from the report – we would anticipate suggesting some amendments to the draft report to clarify this.

There is also **a single 'Low' priority finding** relating mainly to some very specific updates to internal documentation, that we would expect to take on board to further support the proportionate manual and automated system controls in place to support our administration of the scheme.

Next steps:

There is a **high-level approach to future audits/site selection** indicated in the 'Proposed Management action' in Section 3.1 - we would expect greater clarity on the approach to the targeted audit programme to feed into the planning for Phase 2.

You're welcome to feedback any comments at this stage (via me) – or to wait for us to provide initial comments and then to add your comments at that stage, should you prefer. We would target a response to Deloitte by Friday 29 April, but please do let me know if further time is required for your review.

Kind regards,

Edmund

From: Fong, Tahlee (UK - London)
Sent: 22 April 2016 14:42
To: Edmund Ward; Gareth John
Cc: Carlton, Walter (UK - Edinburgh); Li, Lin L (UK - London)
Subject: Ofgem - Non-Domestic NIRHI - Draft Report

Good afternoon Edmund and Gareth

Thank you for sending the signed agreement letters back to me from yourself (on behalf of Ofgem) and DETI. Please find attached the draft report for the Non-Domestic NIRHI review, consistent with the findings we discussed in our closing meeting. Could I please ask that you populate the management response and timeframes, and return this to me by next Friday, 29th April.

I have [not] included DETI in the distribution list, so please do forward the draft report on as appropriate.

If you have any questions regarding this report, please don't hesitate to contact me.

Kind Regards

Tahlee Fong

Manager | Audit & Risk Advisory

Deloitte LLP

2 New Street Square, London, EC4A 3BZ

Direct phone: +44 20 7007 7724

tafong@deloitte.co.uk | www.deloitte.co.uk

IMPORTANT NOTICE

This communication is from Deloitte LLP, a limited liability partnership registered in England and Wales with registered number OC303675. Its registered office is 2, New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

This communication contains information which is confidential and may also be privileged. It is for the exclusive use of the intended recipient(s). If you are not the intended recipient(s), please (1) notify it.security.uk@deloitte.co.uk by forwarding this email and delete all copies from your system and (2) note that disclosure, distribution, copying or use of this communication is strictly prohibited. Email communications cannot be guaranteed to be secure or free from error or viruses. All emails sent to or from a Deloitte UK email account are securely archived and stored by an external supplier within the European Union.

To the extent permitted by law, Deloitte LLP does not accept any liability for use of or reliance on the contents of this email by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

Opinions, conclusions and other information in this email which have not been delivered by way of the business of Deloitte LLP are neither given nor endorsed by it.

[]

This message may be confidential, privileged or otherwise protected from disclosure. It does not represent the views or opinions of Ofgem unless expressly stated otherwise.

If you have received this message by mistake, please contact the sender and immediately delete the message from your system; you should not copy the message or disclose its contents to any other person or organisation.

[]

This message may be confidential, privileged or otherwise protected from disclosure. It does not represent the views or opinions of Ofgem unless expressly stated otherwise.

If you have received this message by mistake, please contact the sender and immediately delete the message from your system; you should not copy the message or disclose its contents to any other person or organisation.

Independent Assurance	Project Specification
-----------------------	-----------------------

Project Name	FY16-10 Non-Domestic Northern Ireland Renewable Heat Incentive
Project Outline	Independent Assurance work over the Non-Domestic Northern Ireland Renewable Heat Incentive Scheme
Project Sponsor	Gareth John, Associate Director, Non-Domestic Renewable Heat Incentive
Key Ofgem Contact(s)	Edmund Ward, Head of Technical & Compliance, Non-Domestic Renewable Heat Incentive
Deloitte Contact(s)	Walter Carlton, Head of Internal Audit 0131 535 7244/ Personal information redacted by the RHI Inquiry Tahlee Fong, Internal Audit Manager 0207 007 7724/ Personal information redacted by the RHI Inquiry

Background	<p>Background</p> <p>This review was requested by the Head of Technical & Compliance from the Non-Domestic Renewable Heat Incentive Team.</p> <p>The Northern Ireland Renewable Heat Incentive ('NIRHI') is a government environmental programme that provides financial incentives to increase the uptake of renewable heat and reduce the UK's carbon emissions. It provides subsidies to eligible non-domestic renewable heat generators and producers of biomethane based in Northern Ireland, payable in quarterly instalments for 20 years. The NIRHI policy, tariff rates and legislative framework are set by the Department of Enterprise, Trade and Investment ('DETI'). The scheme is administered by Ofgem in accordance with the Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2012, the Domestic Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2014, the Renewable Heat Incentive Schemes (Amendment) Regulations (Northern Ireland) 2015 and the Renewable Heat Incentive Schemes (Amendment) Regulations (Northern Ireland) 2016 (hereinafter referred to as the 'Scheme Regulations').</p> <p>The overall process for an NIRHI participant is as follows:</p> <div style="text-align: center;"> <pre> graph LR A[Owner decides to apply for accreditation to the Renewable Heat Incentive] --> B[Submits an application to Ofgem using their online account] B --> C[Ofgem considers the application and accredits the installation (providing all eligibility criteria are met, the identity of the applicant has been verified, and the prospective participant's bank details have been validated)] C --> D[Participant submits meter readings and other periodic data on an ongoing basis] D --> E[Participant receives quarterly RHI payments] E --> F[Support ends after 20 years] </pre> </div> <p>DETI has received recent allegations that the scheme is being abused or is vulnerable to abuse. There has also been a significant increase in the volume of NIRHI applications in advance of the 2015 regulation changes, and in response to the scheme suspension announcement (effective 29 February 2016) due to insufficient funding.</p>
-------------------	--

	<p>Audit Objective</p> <p>The objective of this review is to assess whether the operation of the NIRHI is in compliance with the Scheme Regulations and if there is any evidence of the NIRHI having been abused, fraud having occurred or if eligible scheme participants have failed to operate within the Scheme Regulations. This review is to be conducted in a two-part process:</p> <ol style="list-style-type: none"> 1. Phase 1 – an assessment of Ofgem’s processes and controls to administer the NIRHI in accordance with the Regulations, to assess whether the scheme is operating in compliance with the legislation and highlight any areas of concern warranting further investigation; and 2. Phase 2 - site inspections of a sample of (a) current applicants awaiting award; (b) scheme participants with multiple installations; and (c) scheme participants with single installations. <p>This document defines the scope for phase 1 only.</p> <p>Audit Scope</p> <p>The review (phase 1) will address the following areas:</p> <ul style="list-style-type: none"> • Eligibility: The process for accrediting installations and registering biomethane producers who meet the eligibility criteria, including verifying applicant identity, bank details and ownership of the installation; • Ongoing compliance: Monitoring and enforcing compliance with the initial eligibility criteria and ongoing requirements of the NIRHI. This includes the process for undertaking inspections to verify participants’ ongoing obligations under the NIRHI are being complied with and that information provided in the application remains true and accurate; • Payments: Assessment of the payments process to confirm that payments are only made on the receipt of valid, relevant and accurate information supplied by participants; • Governance: Consideration of any Ofgem NIRHI policies and procedures for administering the scheme; and • Site inspections: Appropriateness of the scope and approach undertaken by Ricardo Energy and Environment in carrying out site inspections of scheme participants on Ofgem’s behalf.
<p>Scope Limitations</p>	<p>This review (phase 1) will not:</p> <ul style="list-style-type: none"> • consider the adequacy and appropriateness of the NIRHI Regulations or policy framework (including eligibility criteria and Scheme Regulations), for which DETI is responsible; • extend to site visits or physical inspection of renewable heat generation equipment, meters or pipework; and • cover the Domestic Renewable Heat Incentive. <p>Phase 2 would involve conducting site visits or physical inspection; the commissioning of this work would depend on the findings from phase 1. These would not be conducted by Deloitte, but our understanding is that this could be delivered through Ofgem’s arrangements with Ricardo Energy & Environment.</p>

<p>Approach</p>	<p>We will apply the following approach:</p> <ul style="list-style-type: none"> • Make contact prior to audit commencement to identify key staff, arrange initial meetings and obtain documentation to which we will require access; • Conduct process discussions with key staff to understand the processes and controls in place for each of the above scope areas; • Obtain NIRHI system data and conduct basic analytics to identify any trends and anomalies; • Assess the design appropriateness of key controls; • Conduct sample testing to assess the operating effectiveness of key controls; • Meet with responsible management to discuss any findings and our proposed recommendations; and • Produce and issue a draft report, prior to the issue of the final report. 																	
<p>Deliverables</p>	<p>The deliverable will be an interim Independent Assurance Report based on the outcomes of phase 1.</p> <p>Note: After phase 1, a further detailed proposal for phase 2 will be prepared. The outcome would be a single Report, to be informed by the outcomes of phase 1, and the site audits conducted by Ricardo Energy and Environment as part of phase 2, to address the overall objective.</p> <p>Our Report will be prepared for the exclusive use of Ofgem and DETI (per our agreement letter with DETI dated 23 March 2016). Our work will be undertaken solely for the purpose of assessing whether the operation of the NIRHI is in compliance with the Scheme Regulations. Our work will not be planned or conducted with any other objective in mind and so cannot be relied upon for any other purposes. Our Report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ofgem and DETI for this Report or for the conclusions we have formed.</p>																	
<p>Timetable</p>	<table border="1"> <thead> <tr> <th>Key stages</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Planning meeting</td> <td>3 March 2016</td> </tr> <tr> <td>Fieldwork start</td> <td>23 March 2016</td> </tr> <tr> <td>Fieldwork end</td> <td>1 April 2016</td> </tr> <tr> <td>Closing meeting</td> <td>8 April 2016</td> </tr> <tr> <td>Draft report</td> <td>15 April 2016</td> </tr> <tr> <td>Management response</td> <td>22 April 2016</td> </tr> <tr> <td>Final report</td> <td>29 April 2016</td> </tr> </tbody> </table>	Key stages	Date	Planning meeting	3 March 2016	Fieldwork start	23 March 2016	Fieldwork end	1 April 2016	Closing meeting	8 April 2016	Draft report	15 April 2016	Management response	22 April 2016	Final report	29 April 2016	
Key stages	Date																	
Planning meeting	3 March 2016																	
Fieldwork start	23 March 2016																	
Fieldwork end	1 April 2016																	
Closing meeting	8 April 2016																	
Draft report	15 April 2016																	
Management response	22 April 2016																	
Final report	29 April 2016																	
<p>Fieldstaff</p>	<p>Meeting the above dates is dependent on our access to Ofgem personnel, provision of documentation, explanations and information necessary for completing our procedures and timely review and approvals by Ofgem.</p> <p>Lin Li, Senior Consultant</p>																	

Estimated Input

The following table outlines our estimated input:

Grade	Day Rate (£)	Estimated Input (Days)	Cost (£)
Partner	Sensitive commercial information redacted by the RHI Inquiry		
Manager	Sensitive commercial information redacted by the RHI Inquiry		
Senior Consultant	Sensitive commercial information redacted by the RHI Inquiry		
Total	Sensitive commercial information redacted by the RHI Inquiry		