

**TITLE OF PAPER:** Internal Audit Service – Update Report to Departmental Audit Committee

**PRESENTED BY:** Elaine Dolan

## KEY ISSUES

- The attached report includes a status update on progress v plan for 2010/11 and 2011/12, a summary of the recommendations registers and a table outlining current limited opinions for DETI, Invest NI and NITB.
- Progress has been made since the last Departmental Audit Committee (DAC) meeting in relation to the 2010/11 plans and, at the time of writing, the only work not yet at report stage is the DETI Risk Management review and four of the Invest NI EDO reviews (outsourced).
- No further reports have issued in relation to the 2011/12 programme of work since the last meeting of DAC. However, fieldwork is complete/nearing completion in relation to one DETI review, three Invest NI reviews and three NITB reviews. A further three DETI reviews are also underway.
- As highlighted at the last Audit Committee, IAS plans are not as advanced as desired and a business case has been approved and bid secured to outsource a number of reviews. IAS is currently liaising with CPD in this respect.
- Recommendations registers are now in place for DETI, Invest NI and NITB. The balance of recommendations being carried forward are 59 for DETI, 42 for Invest NI and 35 for NITB. It is important to note that the majority of recommendations being carried forward have not yet been subject to IAS follow up testing and therefore a number of these may now have been implemented. However, IAS would highlight that NITB are currently carrying a high and medium finding in relation to payroll which are past implementation date.
- No new limited opinions have arisen since the last Audit Committee meeting. DETI continues to carry one limited opinion and Invest NI continues to carry five limited opinions (note that, on the basis of discussions with management, it is likely that

IAS follow up testing will confirm that two of the Invest NI limited opinions can now be upgraded).

**DECISIONS REQUIRED**

- None

**ACTION REQUIRED**

- Departmental Audit Committee to note progress v plan, recommendations status and limited opinion reports status.

**TIMESCALE**

- N/A

# Department of Enterprise, Trade and Investment

## Internal Audit Service

*Update report to the Departmental Audit Committee  
15 December 2011*

**TABLE OF CONTENTS**

	<b>Page(s)</b>
1. Introduction	1
2. Executive summary	1 - 2
3. DETI: Status of 2010/11 Internal Audit Plan	3 – 4
4. DETI: Status of 2011/12 Internal Audit Plan	5 – 7
5. DETI: Recommendations register	8
6. Invest NI: Status of 2010/11 Internal Audit Plan	9 – 10
7. Invest NI: Status of 2011/12 Internal Audit Plan	11 – 13
8. Invest NI: Recommendations register	14
9. NITB: Status of 2010/11 Internal Audit Plan	15 – 16
10. NITB: Status of 2011/12 Internal Audit Plan	17 – 19
11. NITB: Recommendations register	20 - 21
12. Limited Opinions within DETI, Invest NI and NITB	22 – 25

## 1. INTRODUCTION

1.1 The purpose of this document is to outline the status of Internal Audit plans for DETI, Invest NI and NITB, to provide an update on the implementation of brought forward Internal Audit recommendations and to outline the status of all limited opinions for DETI, Invest NI and NITB.

## 2. EXECUTIVE SUMMARY

2.1 Since the last Departmental Audit Committee (DAC) meeting, two further reports have been finalised in relation to the DETI 2010/11 audit plan, two further reports have been finalised in relation to the NITB 2010/11 plan and one further report issued in draft in relation to the NITB 2010/11 plan. The Invest NI 2010/11 plan and all other 2010/11 reviews are complete, with the exception of the EDO programme of work (outsourced – refer to 2010/11 audit plans) and the DETI 2010/11 Risk Management review for which fieldwork has just

completed. The 2010/11 plans are detailed in Sections 3, 6 and 9.

2.2 At the time of writing, final reports have issued for two 2011/12 reviews at Invest NI and a number of reviews are ongoing/nearing completion in all three business areas. The status of the 2011/12 plans is set out in Sections 4, 7 and 10.

2.3 As highlighted at the last DAC meeting, the 2011/12 plans are not as advanced as desired. IAS has secured a bid to seek funding to outsource a number of reviews to ensure substantial progress against the plans has been made by the 2011/12 financial year end. IAS are currently liaising with Central Procurement Directorate (CPD) in this respect.

2.4 IAS has been working towards collating all brought forward recommendations onto registers for DETI, Invest NI and NITB. A summary of the register for DETI recommendations is provided at Section 5; Invest NI at Section 8 and NITB at Section 11. Overall, DETI is carrying forward 59 recommendations (6 outstanding/in

## DAC 8

progress and 53 yet to be followed up), Invest NI is carrying forward 42 recommendations (yet to be followed up) and NITB is carrying forward 35 recommendations (6 outstanding and 29 yet to be followed up) into the next reporting period.

- 2.5 Section 12 sets out all current limited opinions across DETI, Invest NI and NITB and provides an update on limited opinions as reported to the previous Departmental Audit Committee. In summary, there is one limited opinion for DETI and five limited opinions being carried forward for Invest NI. No new limited opinions have arisen since the last meeting of DAC.

### 3. DETI: STATUS OF 2010/11 INTERNAL AUDIT PLAN

- 3.1 The table below provides an overview of progress against the 2010/11 internal audit plan for DETI.
- 3.2 Fieldwork has been completed in relation to all reviews.
- 3.3 Two reports are at draft stage (refer to no. 1 – 2 below).
- 3.4 As discussed at the last Departmental Audit Committee, one limited opinion was issued in relation to the 2010/11 programme of work – this is detailed further in Section 12.

No.	Review	Objective	Status	Opinion
1	Innovation Policy	To provide an opinion on the risk management, control and governance arrangements established over Innovation Policy Unit.	Draft report issued (Awaiting management responses)	Satisfactory
2	Strategic Planning, Economics and Statistics	To ensure that a satisfactory system of internal control has been established over Strategic Planning, Economics and Statistics Branch.	Final report issued	Satisfactory
3	Energy (Domestic Markets)	To assess the adequacy and effectiveness of risk management, control and governance arrangements established over Energy Branch.	Draft report issued (Management responses received)	Satisfactory
4	GSNI/Minerals	To examine the system of internal control established over GSNI/Minerals Branch.	Final report issued	Limited
5	Finance & EU	To assess compliance with EU Structural Funds Regulations within the EU Audit Authority (including DETI, NITB & Invest NI)	Final report issued	Satisfactory
6	Finance & EU	To examine the EU administrative arrangements put in place over Priority 4.1 of the EU Competiveness Programme.	Final report issued	Satisfactory
7	Business Regulation	To provide an opinion on the risk management, control and governance arrangements established over	Final report issued	Satisfactory

No.	Review	Objective	Status	Opinion
		Consumer Affairs Branch.		
8	Risk Management	To assess the adequacy and effectiveness of risk management arrangements and compliance with relevant HM Treasury guidance e.g. 'Orange Book – management of Risk – Principles & Concepts'.	Fieldwork completed	-
9	Government Procurement Card	To ensure that a satisfactory system of internal control has been established over the Government Procurement Card.	Final report issued	Satisfactory
10	Information Security	To assess the processes and procedures put in place to mitigate the risk of the mishandling and / or inappropriate use of personal and sensitive data across DETI.	Final report issued	Satisfactory
11	International Fund for Ireland	To confirm that all IFI payments are complete, accurate, fully vouched and made in accordance with the original Letters of Offer (LoO).	Final report issued	Satisfactory
12	External Delivery Organisations (Sponsor control arrangements and EDO Inspection)	To ensure that adequate and effective risk management, control and governance arrangements have been established over the Northern Ireland Science Park.	Final report issued (x2)	Satisfactory
13	Follow up	To assess progress made by management in the implementation of recommendations made during previous Internal Audit reviews.	Ongoing	Refer to section 5

**4. DETI: STATUS OF 2011/12 REVISED INTERNAL AUDIT PLAN**

- 4.1 The table below provides an overview of progress against the 2011/12 internal audit plan for DETI.
- 4.2 One review (Managing Attendance) is nearing completion. Fieldwork has commenced on three further reviews – Procurement, Business Continuity and the External Quality Review of the HSENI Internal Audit function.
- 4.3 Provisional timing has been inserted for a number of other reviews and IAS will soon be contacting relevant Heads of Branches to confirm scheduling for all 2011/12 reviews.
- 4.4 A bid for additional resources has been accepted in order to assist with the completion of the 2011/12 plan and a number of DETI reviews have been identified for outsourcing. A Terms of Reference has issued to CPD with an appointment expected early in 2012.

No.	Review	Objective	Status	Opinion
1	Financial Management (Cash & bank, budgetary control, general ledger & month-end close processes)	To ensure that a satisfactory system of internal control has been established over financial management processes within DETI.	January/February 2012	-
2	Procurement	To ensure that procurement of goods and services is performed in accordance with relevant public sector and Departmental requirements.	November 2011 (Fieldwork commenced)	-
3	Government Procurement Card / DETI Credit Cards	To assess the design and operating effectiveness of procedures and controls relating to the Government Procurement Card and TSS credit card.	December 2011	-
4	H&W PLC	To assess the adequacy and effectiveness of the procedures and processes in place in relation to Employers and Public liability claims.	January/February 2012	-
5	Presbyterian Mutual Society	To assess the adequacy and effectiveness of the procedures and processes in place in relation to	February/March 2012	-

No.	Review	Objective	Status	Opinion
		oversight and monitoring of the Scheme Supervisors.		
6	Project Management	To assess the adequacy and effectiveness of project management arrangements in respect of large projects administered by DETI.	January/February 2012	-
7	Next Generation Broadband	To assess the management and control systems established in relation to the ERDF funded project and to test compliance with Structural Fund Regulations (DARD Audit Authority Request).	February/March 2012	-
8	Managing Attendance	To assess the adequacy and effectiveness of DHR's procedures and process for managing attendance.	Fieldwork ongoing	-
9	Insolvency	To assess the design and operating effectiveness of the internal review process of the handling of the official receiver.	December 2011/January 2012	-
10	External Quality Review of IA function (HSENI)	To evaluate the quality of the internal audit service and to identify actions for improvement (in line with the Internal Audit Quality Assessment Framework where applicable).	Fieldwork ongoing	-
11	Business Continuity	To assess the adequacy and effectiveness of risk management, internal control and governance in relation to business continuity planning.	Fieldwork ongoing	-
12	Emergency Planning	To assess the adequacy and effectiveness of risk management, internal control and governance in relation to emergency planning.	January 2012	-
13	Risk Management	To assess the adequacy and effectiveness of procedures and processes in place in relation to risk management and to ensure compliance with relevant guidance.	February/March 2012	-
14	Corporate Governance	To assess the adequacy and effectiveness of corporate governance arrangements within the Department.	February/March 2012	-

No.	Review	Objective	Status	Opinion
15	Information Security	To assess the adequacy and effectiveness of the internal control environment in relation to information security and data protection.	February/March 2012	-
16	Information Security	To perform validation of Departmental information security returns as requested by the SIRO.	TBC	-
17	External Delivery Organisations	To ensure that adequate and effective risk management, control and governance arrangements have been established over EDOs.	February/March 2012	-
18	Follow up reviews	To assess progress made by management in the implementation of recommendations made during previous Internal Audit reviews.	Ongoing	Refer to section 5

**5. DETI: RECOMMENDATIONS REGISTER**

	<b>Number brought forward</b>	<b>Updates in period</b>	<b>Number carried forward</b>
<b>High</b>			
Pre 10/11	0	-	0
10/11	9	-	9
11/12	0	-	0
<b>Medium</b>			
Pre 10/11	0	-	0
10/11	12	-	12
11/12	0	-	0
<b>Low</b>			
Pre 10/11	6	-	6
10/11	32	-	32
11/12	0	-	0
<b>TOTAL</b>	<b>59</b>	<b>-</b>	<b>59</b>

*Note: recommendations from EDO reviews are currently included on the DETI register (7 low priority recommendations).*

- 5.1 A total of 59 recommendations have been carried forward from the previous reporting period; 53 relate to the 2010/11 financial year and have not yet been followed up by IAS and 6 (low priority) relate to the preceding period. Of the 6 from the preceding period (which are now past implementation date), 2 are due for implementation imminently, 2 have been put on hold pending the outcome of a fraud investigation and 2 are currently in the process of being implemented.
- 5.2 All high risk recommendations relate to the review of GSNI / Minerals which has recently issued and provided a limited opinion. Management have confirmed that work is underway in implementing the recommendations made. Internal Audit will continue to follow up all recommendations up on a rolling basis and provide a further update on the Recommendations Register to the next Audit Committee meeting.

**6. INVEST NI: STATUS OF 2010/11 INTERNAL AUDIT PLAN**

- 6.1 The table below provides an overview of progress against the 2010/11 internal audit plan for Invest NI.
- 6.2 The plan is substantially complete with the only outstanding work relating to the rolling programme of EDO inspections being performed by KPMG and RSM McClure Watters.
- 6.3 Two limited opinions have arisen from the 2010/11 plan to date – these are further detailed in Section 12.

No.	Review	Objective	Status	Opinion
1	Government Procurement Card	To ensure that a satisfactory system of internal control has been established over the Government Procurement Card.	Final report issued	Satisfactory
2	International Investment Offices	To examine the processes and procedures established within the US Boston Office to market and promote Northern Ireland to potential inward investors.	Final report issued	Satisfactory
3	Corporate Finance, Appraisal and Advisory Division (CFAAD) – Procurement & Payments	To assess the design and operating effectiveness of the control processes put in place over procurement and payment arrangements within CFAAD.	Final report issued	Satisfactory
4	Property Solutions Unit (PSU)	To examine the system of internal control established over the key business activities carried out within PSU.	Final report issued	Satisfactory
5	Letters of Offer and Financial Assistance Agreements	To ensure a satisfactory system of internal control has been established over amendments to Letters of Offer and Financial Assistance Agreement processes.	Final report issued	Satisfactory
6	Financial Management -Travel and Subsistence	To examine the system of internal control established over the administration of Travel and Subsistence iExpenses (including those of Board members) within Invest NI.	Final report issued	Satisfactory
7	Client Contact	To assess the design and operating effectiveness of	Final report issued	Satisfactory

No.	Review	Objective	Status	Opinion
	Management System (CCMS).	processes and controls put in place to oversee the management of CCMS.		
8	Risk Management	To confirm that adequate and effective risk management, control and governance arrangements have been established within Invest NI.	Final report issued	Satisfactory
9	External Delivery Organisations	To ensure that adequate and effective risk management, control and governance arrangements have been established over EDOs.	Fieldwork ongoing (11 reports finalised to date, 1 issued in draft and 4 outstanding)	Satisfactory x11 Limited x1 (draft)
10	Financial Management	To examine the system of internal control put in place over clawback processes administered by the Invest NI Offers Team.	Final report issued	Satisfactory
11	Contract and Facilities Management	To examine the system of internal control over the administration of Workplace Services contracts administered through Facilities Management (Human Resources Division).	Final report issued	Limited
12	Peace II and Interreg IIIA	Closure of programmes	Closed	-
14	Follow up	To examine the system of internal control established over the key business activities carried out within PSU.	Ongoing	Refer to Section 8

**7. INVEST NI: STATUS OF 2011/12 INTERNAL AUDIT PLAN**

- 7.1 The table below provides an overview of progress against the 2011/12 internal audit plan for Invest NI.
- 7.2 Two reviews have been completed to date and satisfactory opinions issued. Three further reviews are underway and near completion.
- 7.3 Approximate commencement dates have been agreed with Invest NI management in relation to all other 2011/12 reviews (with the exception of the EDO reviews which are outsourced).

No.	Review	Objective	Status	Opinion
1	Government Procurement Card	To ensure that satisfactory system of internal control has been put established over the Government Procurement Card.	Final report issued	Satisfactory
2	Market Visits – Missions and Exhibitions	To ensure that adequate and effective internal control arrangements have been put in place over Market Visits – Missions & Exhibitions.	Final report issued	Satisfactory
3	Financial Management (Budgeting and Management Accounts, Accounts Receivable & Purchasing/Accounts Payable)	To ensure that a satisfactory system of internal control has been established over financial management processes within Invest NI.	Fieldwork complete – draft report to issue soon	-
4	SFA – Full Systems audit of a sample of SME projects earmarked for ERDF drawdown (projects with spend over £25k)	To assess the design and operating effectiveness of grant management processes and control in EDRF drawdown projects with spend over £25K.	Fieldwork near completion	-

No.	Review	Objective	Status	Opinion
5	HRM	To that an effective system has been put in place to manage the attendance of staff.	Fieldwork complete – draft report to issue soon	-
6	Grant Management	To examine the systems established to monitor and control Grants for R&D and residual payments under legacy schemes.	Nov - Dec 2011	-
7	Corporate Services/SMP	To assess compliance with the functions defined in Article 60 of Council Regulation (EC) 1083/2006.	Jan – Feb 2012	-
8	Small Business Support Programme	To ensure that adequate and effective control arrangements have been established over the SB Support Programme.	December 2011	-
9	Corporate Governance Theme	To ensure that satisfactory hospitality arrangements have been established within Invest NI.	December 2011	-
10	Governance / Audit Theme (to be determined)	TBC	Jan – Feb 2012	-
11	Marketing - HQ	To assess the design and operating effectiveness of processes and controls put in place to oversee the marketing of Northern Ireland as an inward investment opportunity/destination.	February 2012	-
12	Overseas Offices (first wave) – US Boston Office	To examine the processes and procedures established in the US Boston Office to market and promote Northern Ireland to potential inward investors.	March 2012	-
13	Information Security	To assess the processes and procedures put in place to mitigate the risk of the mishandling and / or inappropriate use of personal and sensitive data across Invest NI.	March 2012	-
14	Risk Management	To assess the adequacy and effectiveness of risk management arrangements and compliance with relevant HM Treasury guidance e.g. 'Orange Book –	March 2012	-

No.	Review	Objective	Status	Opinion
15	8 EDO – Inspections and Sponsor Control Reviews	management of Risk – Principles & Concepts’. To ensure that adequate and effective risk management, control and governance arrangements have been established over EDOs.	TBC	-
16	Follow-up of outstanding IAS recommendations	To assess progress made by management in the implementation of recommendations made during previous Internal Audit reviews.	Ongoing	Refer to Section 8

**8 INVEST NI: RECOMMENDATIONS REGISTER**

	Number brought forward	Updates in period	Number carried forward
<b>High</b>			
Pre 10/11	1	-	1
10/11	1	-	1
11/12	0	-	0
<b>Medium</b>			
Pre 10/11	4	(2)	2
10/11	10	-	10
11/12	0	-	0
<b>Low</b>			
Pre 10/11	15	(13)	2
10/11	20	-	20
11/12	0	6	6
<b>TOTAL</b>	<b>51</b>	<b>(9)</b>	<b>42</b>

*Note: recommendations from EDO reviews are currently not included on the register.*

- 8.1 The Invest NI recommendations register currently contains 51 recommendations carried forward into the 2011/12 financial year. A further 6 recommendations have been added to the register in relation to 2011/12 reviews finalised to date. 31 recommendations relate to findings identified during the 2010/11 audit plan and have not yet been subject to follow up review by IAS. High risk recommendations relate to the review of Environmental and Energy Schemes (Sustainable Development) – IAS 26/09 and HR Facilities Management – Workplace Service Contracts – IAS 43/10, both of which have been issued with a limited opinion (refer to Section 12).
- 8.2 A total of 20 recommendations have been carried forward from reviews performed pre 2010/11. Two medium and 13 low risk recommendations have been confirmed by IAS as addressed. Five have not yet been followed-up (1 high and 2 medium relate to Environmental and Energy Schemes (Sustainable Development) – IAS 26/09)) as referred to above.
- 8.3 There are, therefore, 42 recommendations being carried forward to the next reporting period for Internal Audit follow-up.

**9 NITB: STATUS OF 2010/11 INTERNAL AUDIT PLAN**

- 9.1 The table below provides an overview of progress against the 2010/11 internal audit plan for NITB.
- 9.2 At the time of writing, the 2010/11 Internal Audit Plan is substantially complete with one report remaining in draft (Risk Management).

6	Financial Management		Complete	Satisfactory
2.7	Human Resource Management International Fund for Ireland		Complete	Satisfactory
8	External Delivery Organisations:	Other (LOO). To examine the administration and allocation processes		
	<i>Belfast Visitor and Convention Bureau</i>		Complete	Satisfactory
			Complete	Satisfactory
	<i>Causeway Coast &amp; Glens Heritage Trust</i>		Complete	Satisfactory
		Inspection	Complete	Satisfactory
9	Follow up reviews	To assess progress made by management in implementation of the Internal Audit recommendations relating to Titanic,	Ongoing	Refer to Section

Information Security, Payroll, EU Promotional Activity, SAGE  
Procurement system & Procurement

11

**10. NITB: STATUS OF 2011/12 NITB INTERNAL AUDIT PLAN**

- 10.1 The table below provides an overview of progress against the 2011/12 internal audit plan for NITB.
- 10.2 Fieldwork has been completed for three Internal Audit reviews and draft reports are due to issue.
- 10.3 Commencement dates have been agreed with NITB management for all other reviews (with the exception of the EDO reviews which are outsourced).
- 10.4 As referred to previously, a bid for additional resources has been accepted in order to assist with the completion of the 2011/12 plan and a number of NITB reviews have been identified for outsourcing.

No	Review	Objective	Scheduled / Status	Opinion
1	Financial Management	To ensure that a satisfactory system of internal control has been established over travel & subsistence payments and fixed assets management arrangements.	January 2012	-
2	Giant’s Causeway – Signature Project	To ensure that satisfactory risk management, control and governance arrangements have been established over the Giant’s Causeway Signature Project and that EU Structural Funds Regulations have been fully complied with.	Fieldwork complete	-
3	Events	To confirm that Events are suitably authorised and managed as part of the strategic direction of NITB.	Jan/Feb 2012	-

4	Corporate Planning	To ensure that adequate & effective corporate and business planning processes have been developed to support the achievement of Departmental/NITB strategic objectives.	Jan / Feb 2012	-
	Risk Management	To assess the adequacy and effectiveness of risk management arrangements and compliance with relevant HM Treasury guidance e.g. 'Orange Book – management of Risk: Principles & Concepts' & NIAO 'Good Practice in Risk Management' guide.	Refer to 6.3	-
7	IT System Controls –	To provide assurance on the adequacy and effectiveness of IT system controls, including access controls, over the NITB C&M.	Fieldwork complete	-
5	Grant Management			
8	Information Security	To assess the processes and procedures put in place to mitigate the risk of the mishandling and / or inappropriate use of personal and sensitive data across NITB.	March 2012	-
6	Procurement	relevant Departmental policies & procedures.	Fieldwork complete	-
9	Corporate Governance	To ensure that satisfactory Governance processes have been established in accordance with relevant HM Treasury guidance / DfP DAOs.	January 2012	-
10	External Delivery Organisations	To ensure that adequate and effective risk management, control and governance arrangements have been established over EDOs.	To be scheduled	-
11	Follow up reviews	To assess progress made by management in implementation of the Internal Audit recommendations relating to Policy & Environment, HRM and Tourism Innovation Fund	Ongoing	Refer to Section 11

DAC 8

**11. NITB RECOMMENDATIONS REGISTER**

	<b>Number brought forward</b>	<b>Updates in period</b>	<b>Number carried forward</b>
<b>High</b>			
2009/10	1	-	1
2010/11	1	-	1
<b>Medium</b>			
2009/10	4	(2)	2
2010/11	3	7	10
<b>Low</b>			
2009/10	7	(4)	3
2010/11	13	5	18
<b>TOTAL</b>	<b>29</b>	<b>6</b>	<b>35</b>

*Note: recommendations from EDO reviews are currently not included on the register.*

- 11.1 A total of 29 recommendations have been carried forward into the reporting period; 12 relating to work completed during 2009/10 and 17 relating to work completed during 2010/11. Follow-up reviews have been completed on all work undertaken during 2009/10 and IAS can confirm that six recommendations have been fully implemented leaving six not yet implemented (refer to 11.3).
- 11.2 Following the completion of reviews on Information Security and Financial Management a further 12 recommendations have been added to the register for the 2010/11 year. Overall, therefore, there are a total of 35 live recommendations on the register (29 yet to be followed up and 6 which should have been implemented but have not). Follow-up work on all 2010/11 work has been scheduled for completion by the end of the 2011/12 financial year.
- 11.3 IAS would highlight that 5 of the 6 recommendations not yet implemented by management relate to the 2009/10 review of Payroll (1 high, 1 medium and 3

DAC 8

low). The high and medium priority recommendations not yet addressed relate to:

- High - a review of current NITB pay scales, given the legislative changes to employee pension contributions.
- Medium - concerns the rationale for paying Dublin based staff Foreign & Commonwealth Office (FCO) rates of pay and the need to seek advice from the FCO on the suitability of this practice.

The proposed implementation date for the above recommendations was January 2010.

- 11.4 NITB management have advised that the remaining outstanding high priority recommendation is no longer relevant but this has not yet been confirmed by IAS.

**12. LIMITED OPINIONS WITHIN DETI, INVEST NI AND NITB**

12.1 The table below provides an overview of all limited opinions (draft and final) currently issued to the Department, Invest NI and NITB and an update on limited opinions previously reported. In summary, there is currently one limited opinion in relation to DETI, five in relation to Invest NI and none in relation to NITB.

No.	IAS ref.	Audit report title	Key issue(s)	Current status	Action
DETI					
1	IAS 23/10	GSNI/Minerals	Recommendations related to: <ul style="list-style-type: none"> <li>• Governance arrangements have not been formally documented setting out the relationships between GSNI, Minerals Branch and ITI/Liaison Branch;</li> <li>• Non compliance with NICS Procurement guidance e.g. a historical security contract let in 2001 (due to emergency incident) without competitive tender has not been competitively tendered since 2001 – approx costs since 2007/08 to December 2010 (based on info available) = £64K. Issues of non compliance with procurement guidance in connection with the purchase of a vehicle were also identified;</li> <li>• No formal processes and procedures in place to ensure that all monies owed have been brought properly to account e.g. invoicing of companies in relation to the recoupment of advertising and administration costs for licence applications. On</li> </ul>	Final	IAS follow-up review to be scheduled within six months of issue of final report.

No.	IAS ref.	Audit report title	Key issue(s)	Current status	Action
			<p>average, testing confirmed that it takes 6 months to issue requests for payments;</p> <ul style="list-style-type: none"> <li>• No Project Steering Group set up for the Tellus 2 Project as per instructions from the Casework Committee – approval granted on the condition that a Project Steering Group would be established;</li> <li>• Issues regarding income arrangements from sale of publications offset against DETI/National Environmental Research Council (NERC) Contract;</li> <li>• Tellus 2 Project - Lack of rationale to support the allocation of costs between DETI NERC contract and any additional sub-project costs.</li> <li>• Segregation of duties issues regarding approval of payments etc.</li> </ul>		
<b>INVEST NI</b>					
2	IAS 1/09 (T)	Enterprise NI – EDO Inspection	<p>High risk issues related to:</p> <ul style="list-style-type: none"> <li>• bank reconciliation procedures;</li> <li>• purchasing procedures;</li> <li>• Absence of SLAs with LEAs</li> <li>• IT Back-up and contingency arrangements;</li> <li>• No Audit Committee or formal Board oversight of audit matters;</li> <li>• No risk management strategy;</li> <li>• Limited segregation of duties;</li> <li>• Absence of business and corporate plans;</li> <li>• Code of conduct and declarations of interests to be formally documented; and</li> </ul>	At the request of Invest NI management, follow-up in relation to this review has been postponed.	No action to be taken until ongoing contractual issues between Invest NI and ENI are resolved.

No.	IAS ref.	Audit report title	Key issue(s)	Current status	Action
			<ul style="list-style-type: none"> <li>IT security to be improved.</li> </ul>		
3	IAS 26/09	Sustainable Development Team	<p>High risk issue related to:</p> <ul style="list-style-type: none"> <li>Issues to be addressed regarding the current treatment of Carbon Trust and Environwise programme delivery charges. Under the current arrangements, the Environwise delivery costs and a significant amount of Carbon Trust funding (the 'shared' costs element) are not sufficiently vouched to adequately mitigate risks or satisfy EC Regulatory verification requirements. As a result, until remedial work can be conducted, IAS considers that the overall Audit Opinion in respect of Sustainable Development Team activities is limited at this juncture.</li> </ul>	<p>Original report finalised on 21/1/11.</p> <p>IAS has contacted relevant staff with a view to commencing follow-up work.</p>	<p>Progress to be reported at the next meeting.</p>
4	IAS 1/09	Technology Strategy Board – EDO Sponsor control	<p>High risk issues relate to:</p> <ul style="list-style-type: none"> <li>The possible requirement for formal retrospective approval by the Invest NI Board and the Minister;</li> <li>Business Case / Options Appraisal to be put in place;</li> <li>Invest NI to ensure that all monitoring information is provided in accordance with the agreement; and</li> </ul>	<p>Invest NI currently considering responses to the revised draft report provided by ASM Horwath.</p>	<p>Upon receipt of management responses, the report is to be finalised and follow-up work scheduled.</p>

No.	IAS ref.	Audit report title	Key issue(s)	Current status	Action
			<ul style="list-style-type: none"> <li>Robust vouching procedures to be established and fully documented.</li> </ul>		
5	IAS 39/10	BioBusiness EDO Inspection.  Potential for limited opinion issued to CEO on 22/7/11.	Key issues: <ul style="list-style-type: none"> <li>Lack of formal procurement policy and procedures; and</li> <li>Absence of Fraud Policy and procedures</li> </ul>	The draft report has been referred back to KPMG for amendment before being finalised.	Progress to be reported at the next meeting.
6	IAS 43/10	HR Workplace Service Contracts	Key issues: <ul style="list-style-type: none"> <li>Absence of formal business cases and approvals for car park spaces leasing agreement and executive car contract.</li> </ul>	Final report issued 15/9/11.  Management responded positively to the recommendations and retrospective business cases and approvals have been put in place.	Follow-up work to be scheduled for March 12.