

TITLE OF PAPER: Internal Audit Service – Update Report

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KEY ISSUES

- The attached report includes a status update on progress v plans, a summary of the recommendations registers, a table outlining limited opinions for DETI, Invest NI and NITB and the outcome of mid-year reviews of the 2013/14 plans.
- Mid-year reviews of all plans has resulted in two proposed changes to the DETI plan, a proposed revised plan paper for Invest NI and no changes to the NITB plan (although additional days have been allocated to the upcoming TDS and Procurement reviews). Refer to Section 3.
- Since the last Audit Committee, four 2012/13 Invest NI reports have been finalised (all satisfactory), two final DETI 2013/14 reports have issued (satisfactory), two final Invest NI 2013/14 reports have issued (one substantial, one satisfactory) and two final 2013/14 NITB reports have issued (satisfactory). A number of further reviews are underway/fieldwork complete and no significant findings emerging to date. Refer to Sections 4, 6 & 8.
- Recommendations registers continue to be updated as and when resources permit. Significant progress has been made in following up recommendations on all registers with the number of open recommendations reducing for both DETI and NITB. The number of open recommendations for Invest NI has increased to 90 but management has recently advised that approximately 50 of these have been implemented and are ready for follow-up testing. Refer to Sections 5, 7 and 9.
- No new limited opinions have arisen since the last Audit Committee. Section 10 provides a status update on existing limited opinions within Invest NI and NITB.

DECISIONS REQUIRED

- None

ACTION REQUIRED

- Departmental Audit Committee to note progress v plans, status of recommendations registers and limited opinions.
- Departmental Audit Committee to endorse the changes to the DETI 2013/14 plan.

TIMESCALE

- N/A

Department of Enterprise, Trade and Investment

Internal Audit Service

*Update report to the Departmental Audit Committee
4th December 2013*

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1. INTRODUCTION

- 1.1 The purpose of this document is to outline the status of the 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.
- 1.2 This report also sets out the outcome of a mid-year review of all 2013/14 Internal Audit plans (subject to Audit Committee endorsements)

2. EXECUTIVE SUMMARY

- 2.1 Sections 4, 6 and 8 set out the status of the Internal Audit Plans. In relation to DETI (refer to Section 4), two final reports and one draft report have issued since the last Departmental Audit Committee and a further three reviews are complete/underway.

- 2.2 For Invest NI (refer to Section 6), four 2012/13 reports have been finalised since the last Departmental Audit Committee leaving three 2012/13 draft reports to be finalised. IAS is liaising with Invest NI management to progress these. In relation to the current year plan, two final reports have issued since the last Departmental Audit Committee and fieldwork is progressing/complete for seven further reviews.
- 2.3 For NITB (refer to Section 8), two final reports have issued in the period and fieldwork is complete for two further reviews.
- 2.4 There are no new issues arising from fieldwork to date to draw to the Committee's attention.
- 2.5 A summary of the updated recommendations registers are included at Sections 5, 7 and 9. Overall, DETI is carrying forward 37 recommendations (brought forward balance: 70 recommendations), Invest NI is carrying forward 90 recommendations (brought forward

balance: 79 recommendations) and NITB is carrying forward 27 recommendations (brought forward balance: 29 recommendations). Whilst the number of recommendations on the Invest NI register has increased in the period, Invest NI management has recently advised that approximately 50 of the closing 90 recommendations have been addressed and IAS will shortly be following these up.

2.6 Section 10 of this report 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. No new limited opinions have arisen in the period. NITB continues to carry two limited opinions in relation to Procurement and the Walled City Signature Project and Invest NI continues to carry a draft limited opinion in relation to Programme Evaluation.

2.7 The outcome of the mid-year review of all plans is set out in the next Section.

3. MID-YEAR REVIEW OF 2013/14 PLANS AND CURRENT RESOURCE POSITION

3.1 IAS has carried out a mid-year review of the Internal Audit plans based on the current IAS resource position and with consideration of any emerging risks.

DETI

3.2 In relation to the DETI plan and based on the current resource position, IAS is content that the current plan can be substantially delivered in advance of the year-end Audit Committee. However, IAS proposes to cancel the Travel & Subsistence review on the basis that sufficient reliance can be placed on DFP Internal Audit assurance over this area. IAS also proposes to cancel the review of Sponsor Control Arrangements in the current year in light of the NIAO coverage of this during the 2012/13 audit (with focus on NITB) and on the basis that this review features on the Strategy in 2014/15 also. As only minimal changes are proposed, no separate revised plan paper has been prepared in the current year. The Accounting Officer and Top

Management Team have confirmed they are content with the above revisions.

Invest NI

3.3 A mid-year review of the Invest NI plan has resulted in two reviews being proposed for deferral:

- Access to Finance - deferral into 2014/15 will enable the Agri-Food Loan Scheme to be brought into scope. The ongoing programme of EDO reviews also provides assurance in this area and a recent focus on Access to Finance by the NIAO (during 2012/13 audit) did not highlight any concerns; and
- Recoveries/Clawbacks – deferred for consideration in 2014/15 plan. Invest NI management are content that this is a low risk area and IAS follow-up in 2012 confirmed previous recommendations in this area had been implemented.

3.4 In addition to the above deferrals, the Invest NI Risk Management review has been reclassified from a systems audit to consultancy to reflect that IAS will provide advice and guidance in relation to the Risk Management Policy and Strategy documents recently drafted as opposed to undertake an audit in the current year. Compliance against the revised Policy and Strategy will then be tested by IAS early in 2014/15.

3.5 Three further reviews have been identified as 'below the line' to seek to assure the Invest NI Board Audit Committee that it will not impact upon the ability of the HIA to provide an overall opinion if these reviews are not commenced/well progressed in the current financial year. However, IAS currently anticipates that these reviews will be substantially delivered in advance of year-end Audit Committees.

3.6 At the time of writing, a revised Invest NI plan paper has been prepared and is awaiting approval of the

Invest NI Accounting Officer before being submitted to the Invest NI Board Audit Committee for endorsement.

NITB

3.7 A mid-year review of the NITB Internal Audit Plan has resulted in no change to the plan but additional days have been allocated for the reviews of TDS and Procurement in light of previous findings relevant to these areas. The NITB Accounting Officer has confirmed he is content with the above.

Resource Position

- 3.8 IAS currently has one SO Auditor vacancy but a candidate has been allocated to the post and is expected to commence with IAS in December/January.
- 3.9 The IAS resource position remains fluid as a result of Auditors and a Trainee Auditor being listed/reserve listed on recent DP and SO General Service boards. To date sufficient budget has been made available to utilise the staff substitution contract in place with ASM to address in-house resource constraints and further budget is available if required.
- 3.10 The plans and resource position continue to be monitored on an ongoing basis and any potential future issues/constraints will be escalated as appropriate.

4. DETI: CURRENT STATUS OF INTERNAL AUDIT PLANS

- 4.1 Three reports have issued in final with satisfactory opinions. One report has issued in draft (satisfactory) and fieldwork for a further three reviews is complete/underway.
- 4.2 Fieldwork is scheduled for most of the remaining reviews and there are no issues emerging which need brought to the attention of the Audit Committee at the time of writing.

No.	Review	Objective	Status	Opinion		
				P1	P2	P3
1	Travel & Subsistence	<ul style="list-style-type: none"> - Adequacy of policies and procedures - Authorisations and approvals 	Cancel			
2	Insolvency Central Accounting Unit	<ul style="list-style-type: none"> - Overall management of the Insolvency Account - Accounts payable/receivable - Budgeting / Forecasting - Operating plans - Cash deposits - Submission of Departmental returns 	Scheduled February 2014			
3	Government Procurement Card	<ul style="list-style-type: none"> - Compliance with DAO (DFP) 24/02 – Issue and Use of Payment Cards (inc. credit cards) - Policies and procedures - The issue and re-issue of cards including authorisations - Use & storage of payment cards - Audit trail inc. payment reconciliation process 	Scheduled February 2014			

No.	Review	Objective	Status	Opinion		
				P1	P2	P3
4	Presbyterian Mutual Society	- To assess the adequacy and effectiveness of the procedures and processes in place in relation to the oversight and monitoring of the Scheme's Supervisors	Fieldwork complete			
5	Project Management	- Business case/economic appraisals and approvals - Project monitoring & financial reporting - Vouching and approval of expenditure - Interim and post project evaluations - Compliance with National and EU rules & regulations	Scheduled February 2014			
6	NI Science Park (NISP) Connect Programme	- To ensure that the management and control systems established over the NISP Connect Programme fully comply with all relevant ERDF rules and regulations.	Fieldwork ongoing			
7	Government Funders Database	- To assess the completeness and accuracy of information recorded on the Government Funders database	Scheduled December 2013			
8	Policy	- To assess key parts of the policy cycle in line with the Policy Toolkit and best practice.	Scheduled January - March 2014			
9	Legislation	- To assess the design and operating effectiveness of procedures and processes in place for the development of legislation (to include Insolvency and TSS)	Final report	Satisfactory		
				-	-	1

10	Matrix	<ul style="list-style-type: none"> - To assess the design and operating effectiveness of procedures and controls in relation to MATRIX and the implementation of MATRIX recommendations 	Draft report			
11	Contract Management	<ul style="list-style-type: none"> - Business case/economic appraisals and approvals - Contract monitoring & reporting - Invoicing and approval of expenditure - Interim and post project evaluations 	Scheduled January 2014			
12	Sponsor Control Arrangements	<p>To ensure that adequate and effective sponsor control arrangements have been established for all NDPBs within DETI. This will include a review of:</p> <ul style="list-style-type: none"> - Contractual arrangements - Corporate Governance arrangements - Monitoring arrangements - Funding arrangements 	Cancel			
13	Freedom of Information	<ul style="list-style-type: none"> - Compliance with relevant legislation - Application of exemptions - Public Interest Tests - Senior management monitoring & review processes 	Final report	Satisfactory		
				-	1	-
14	Risk Management	<ul style="list-style-type: none"> - Risk Management processes & procedures - Risk identification process - Application of criteria to identified risks - Prioritisation of risks - Relationship between objectives and risks - Assignment of ownership of risks - Scenario planning - Review/revision of risk analysis 	Scheduled March 2014			

15	Stewardship Reporting	<ul style="list-style-type: none"> - Completeness, accuracy and appropriateness of returns completed - Collation of returns and integrity of process 	Scheduled December 2013			
16	Corporate and Operational Planning and Monitoring Performance	<ul style="list-style-type: none"> - Adequacy of policy and procedures in place - Effectiveness of the corporate planning process - Procedures in place ensuring the effective formulation of corporate objectives - Measurability of corporate objectives and allocation of responsibility - Approval and authorisation of the Corporate and Operating Plans - Monitoring and reporting on the achievement of plans and objectives 	Final report	Satisfactory		
				-	1	-
17	Information Management and Governance	<ul style="list-style-type: none"> - Information Security policy & procedures - Roles and responsibilities - ICT systems and accreditation - Progress on implementation of mandatory requirements of the Cabinet Office 'Security Policy Framework' (Feb 2011) - Records Management 	Scheduled February/March 2014			
18	Information Security Validation	<ul style="list-style-type: none"> - Validation of Departmental information security returns 	Scheduled May 2014			
19	External Delivery Organisations – A4E	<ul style="list-style-type: none"> - Compliance with funding agreement and proper use of funds - Information security 	Fieldwork complete			
20	Follow up reviews	To assess progress made by management in the implementation of recommendations made during previous Internal Audit reviews.	Ongoing		-	

5. DETI: RECOMMENDATIONS REGISTER

	Number brought forward	Confirmed as implemented in period	Additional in period	Closing position @ 4 Dec 2013
Priority 1				
Pre 11/12	-	-	-	-
11/12	-	-	-	-
12/13	1	(1)	-	-
13/14	-	-	-	-
Priority 2				
Pre 11/12	1	(1)	-	-
11/12	28	(12)	-	16
12/13	12	(5)	-	7
13/14	-	-	2	2
Priority 3				
Pre 11/12	9	(6)	-	3
11/12	11	(5)	-	6
12/13	7	(5)	-	2
13/04	1	-	-	1
TOTAL	70	(35)	2	37

- 70 recommendations have been carried into the reporting period.
- Since the last meeting of the Audit Committee, two audit reports (Freedom of Information and Corporate and Business Planning) have issued in final resulting in two recommendations (priority 2) being included on the recommendations register.
- In the period since the last Audit Committee, IAS has been actively following up brought forward recommendations and has requested status updates from management in relation to all outstanding recommendations.
- As a result of follow up work performed, IAS can currently confirm that a total of 35 recommendations (one priority one, 18 priority 2 and 16 priority 3) have been implemented.
- A total of 37 recommendations are being carried forward to the next reporting period.
- Of the closing 37 recommendations, 8 are not yet due for implementation, 4 are past implementation date by less than 6 months and 25 are over 6 months past implementation date (16 P2 and 9 P3). To date IAS is aware that 5 of the 25 recommendations have yet to be implemented and we are currently awaiting updates from management on the status of the remaining 20.

6. INVEST NI: STATUS OF INTERNAL AUDIT PLANS

- 6.1 Three reports remain in draft from the prior year and IAS is currently liaising with Invest NI management to finalise these. One of the draft reports contains a limited opinion – this is outlined at Section 10. A small number of prior year EDO reports have not yet been finalised but no significant issues have emerged to date.
- 6.2 In relation to the current year plan, one draft and two final reports have issued and fieldwork is progressing/complete for seven further reviews. No significant issues have emerged from current year work to date.

No.	Review	Objective	Status	Opinion		
				P1	P2	P3
1	Information Security Mgt Systems (12/13)	To ensure ISMS has adequate and effective controls that will enable it to continue to attain ISO27001.	Draft report issued			
2	Business Improvement Agent	To ensure that adequate and effective internal control arrangements have been established over BIA processes.	Fieldwork complete		-	
3	Interim Management Programme	To ensure that adequate and effective internal control arrangements have been established over IMP processes.	Fieldwork complete		-	
4	Offers and Claims Management System	To assess the design and operating effectiveness of procedures and controls relating to OaCMS.	Fieldwork complete		-	
5	Dusseldorf Office	To examine the processes and procedures established in the overseas Office to market and promote Northern Ireland to potential inward investors.	Final report issued	Satisfactory		
				-	-	8

No.	Review	Objective	Status	Opinion		
				P1	P2	P3
6	I-Expenses	To assess the design and operating effectiveness of procedures and controls relating to i-expenses.	Fieldwork ongoing	-		
7	General Ledger, Month End Close and Management Accounts	To assess the design and operating effectiveness of procedures and controls relating to input and maintenance of the general ledger, month end close and the production of management accounts.	Final report issued	Substantial		
				-	-	1
8	Government Procurement Card (GPC)	To ensure that adequate controls and safeguards govern the use of the Government Procurement Card in accordance with relevant DAOs.	Fieldwork ongoing	-		
9	Jobs Fund	To assess the adequacy and effectiveness of procedures and processes over the Jobs Fund.	Fieldwork ongoing	-		
10	Access to Finance (including Loan Fund)	To assess the design and operating effectiveness of procedures and controls in place over Access to Finance.	Defer	-		
11	Business Information Centres	To assess the adequacy and effectiveness of procedures and processes in place over Business Information Centres.	Fieldwork complete	-		
12	Selective Financial Assistance (SFA)	To assess the adequacy and effectiveness of procedures and processes in place to support growth, investment and employment related projects which increase business productivity.	Scheduled January 2013	-		
13	Technology Advisory Unit	To assess the adequacy and effectiveness of procedures and processes in place over Innovation Vouchers and Technology Development Vouchers.	Scheduled November 2013	-	-	-
14	Grant for Research and Development (R&D)	To assess the adequacy and effectiveness of procedures and processes in place to support the NI business base with R&D activities that will result in	Scheduled November 2013	-		

No.	Review	Objective	Status	Opinion		
				P1	P2	P3
		new products or improved processes.				
15	Accountability Grids	To review the status of outstanding PAC recommendations and assess the status of actions taken to address recommendations.	Scheduled December 2013	-		
16	Clawback/Recoveries	To assess the design and operating effectiveness of procedures and controls relating to recoveries and/or clawback.	Defer	-		
17	Corporate Governance Overview	To assess the adequacy and effectiveness of corporate governance arrangements.	Scheduled December 2013	-		
18	Government Funders Database	To assess the accuracy and completeness of information recorded on the GFD.	Scheduled January 2014	-		
19	Local Economic Development (LED)	To assess the adequacy and effectiveness of procedures and controls for the LED programme.	Scheduled December 2013	-		
20	Design Advice Service	To assess the adequacy and effectiveness of procedures and processes in place over the Design Advice Service.	Scheduled February 2014	-		
21	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.	Scheduled December 2014 <i>(Re-scope as consultancy)</i>	-		
22	Monitoring Performance	To assess the adequacy and effectiveness of procedures and processes in place in relation to	TBS			

No.	Review	Objective	Status	Opinion		
				P1	P2	P3
		performance monitoring				
23	Consultancy	HR Consultancy	TBS			
24	Consultancy	Account Managed Consultancy	TBS			
25	Consultancy	End to End Process Consultancy	Ongoing			
26	EDO – Inspections and/or Sponsor Control Reviews	<p><i>Sponsor Control</i></p> <ul style="list-style-type: none"> - Contractual arrangements - Corporate Governance arrangements - Monitoring arrangements (to include that of information security) - Funding arrangements <p><i>Inspection</i></p> <ul style="list-style-type: none"> - Corporate Governance (including external audit arrangements) - Financial Controls - Financial Reporting and MIS - Information Management controls (including gathering, storing; handling, using and transmitting information) - Related Parties - Compliance with Funding Agreement - Use of Funds - Management of Public Assets 	TBC Contract recently awarded			
27	Follow-up of outstanding IAS recommendations	To assess progress made by management in the implementation of recommendations made during previous Internal Audit reviews.	Ongoing			

7. INVEST NI: RECOMMENDATIONS REGISTER

	Number brought forward	Confirmed as implemented in period	Additional in period	Closing position @ 4 Dec 2013
Priority 1				
10/11	-	-	-	-
11/12	1	-	-	1
12/13	1	-	-	1
13/14	-	-	-	-
Priority 2				
10/11	-	-	-	-
11/12	-	-	-	-
12/13	6	-	10	16
13/14	-	-	-	-
Priority 3				
10/11	4	(1)	-	3
11/12	43	(18)	-	25
12/13	24	-	11	35
13/14	-	-	9	9
TOTAL	79	(19)	30	90*

** The number of recommendations carried forward is not reflective of the number of outstanding recommendations as full follow-up reviews have not yet been performed*

- A total of 79 recommendations have been carried forward from the previous Audit Committee. A number of reports have issued since then adding 30 (10 priority two and 20 priority three) recommendations.
- The priority one issues on the register relate to supporting documentation being unavailable to support 37 cheque payments made from the Dubai bank account and concerns around the documentation in support of claim verifications being performed (SFA ERDF).
- 19 recommendations have been cleared during the period and IAS is currently following up on a number of other recommendations (Invest NI management have advised that approximately 50 further recommendations have been addressed and are awaiting follow-up).
- A total of 90 recommendations are being carried forward to the next reporting period (2 priority one, 16 priority two and 72 priority three).

8. NITB: STATUS OF INTERNAL AUDIT PLANS

8.1 Two final reports have issued with satisfactory opinions and fieldwork is complete for two further reviews.

8.2 All other reviews have been scheduled and no significant issues have emerged from current year work to date.

No.	Review	Objective	Status	Opinion		
				P1	P2	P3
1	Income and debtors	<ul style="list-style-type: none"> - Payment processing procedures - PPI – timeliness of payments and management review process - Supplier maintenance and approval processes - Accuracy and validity of payment detailed keyed onto Sage - Sage access controls - Management information and reporting - Adequacy of the audit trail 	Fieldwork complete			
2	Budgetary Control	<ul style="list-style-type: none"> - Payroll authorisations - Review of payroll data e.g. starters, leavers, re-grades, overtime - Supervisory arrangements and segregation of duties - HR interfaces 	Fieldwork complete			
3	Tourism Development Scheme (TDS)	<ul style="list-style-type: none"> - The receipt, evaluation and approval of applications - Eligibility of approved projects - Content of Letters of Offer issued - The adequacy of vouching and payment procedures - Monitoring and evaluation of projects funded 	Scheduled November 2013			
4	Events	<ul style="list-style-type: none"> - The receipt, evaluation and approval of 	Final report	Satisfactory		

No.	Review	Objective	Status	Opinion		
				P1	P2	P3
		<ul style="list-style-type: none"> applications - Eligibility of approved projects - Content of Letters of Offer issued - The adequacy of vouching and payment procedures - Monitoring and evaluation of projects funded 			3	1
5	Procurement	<ul style="list-style-type: none"> - Adequacy and appropriateness of systems and procedures in place - Compliance with relevant procedures and best practice - Adequacy and appropriateness of key tendering and procurement documentation - Utilisation of CPD - Monitoring of supplier performance - Management information and reporting 	Scheduled February 2014			
6	Corporate Governance – Statutory Compliance	<ul style="list-style-type: none"> - To assess the design and operating effectiveness of key processes and controls in place to address selected legislative requirements, for example, Health & Safety at Work Act 1974: <ul style="list-style-type: none"> • Policies and procedures • Risk assessments • Training • Incident reporting • Compliance checks 	Final report	Satisfactory		
				-	2	2
7	Risk Management	<ul style="list-style-type: none"> - Risk Management processes & procedures - Risk identification process 	Scheduled February 2014			

No.	Review	Objective	Status	Opinion		
				P1	P2	P3
		<ul style="list-style-type: none"> - Application of criteria to identified risks - Prioritisation of risks - Relationship between objectives and risks - Assignment of ownership of risks - Scenario planning - Review/revision of risk analysis 				
8	Information Management and Governance	<ul style="list-style-type: none"> - Information Security policy & procedures - Roles and responsibilities - ICT systems and accreditation - Progress on implementation of mandatory requirements of the Cabinet Office 'Security Policy Framework' (Feb 2011) 	Scheduled February 2014		-	
9	External Delivery Organisations – Belfast Visitor and Convention Bureau	<p><i>Sponsor Control</i></p> <ul style="list-style-type: none"> - Contractual arrangements - Corporate Governance arrangements - Monitoring arrangements (to include that of information security) - Funding arrangements <p><i>Inspection</i></p> <ul style="list-style-type: none"> - Corporate Governance (including external audit arrangements) - Financial Controls - Financial Reporting and MIS - Information Management controls (including gathering, storing; handling, using and transmitting information) - Related Parties - Compliance with Funding Agreement - Use of Funds 	TBC Contract recently awarded		-	

No.	Review	Objective	Status	Opinion		
				P1	P2	P3
		- Management of Public Assets				
10	Follow Up Reviews. All business areas	To assess progress made by management in the implementation of recommendations made during previous Internal Audit reviews.	Ongoing			

9. NITB RECOMMENDATIONS REGISTER

	Number brought forward	Confirmed as implemented in period	Additional in period	Closing position @ 4 Dec 2013
High (Priority 1)				
Pre 2011/12	1	-	-	1
2011/12	3	-	-	3
2012/13	-	-	-	-
2013/14	-	-	-	-
Medium (Priority 2)				
Pre 2011/12	1	(1)	-	-
2011/12	7	(3)	-	4
2012/13	9	(3)	-	6
2013/14	-	-	5	5
Low (Priority 3)				
Pre 2011/12	3	(1)	-	2
2011/12	2	(1)	-	1
2012/13	3	(1)	-	2
2013/14	-	-	3	3
Total	29	(10)	8	27

- 29 recommendations have been carried into the reporting period.
- The priority 1 recommendations relate to:
 - NI based staff pay scales which IAS understands remains with DETI/DFP for a decision (1 recommendation); and
 - Procurement (a draft follow-up report on Procurement issued in April 2013 which confirmed that the 3 priority one issues have not yet been fully addressed).
- In the period since the last Audit Committee IAS has confirmed that seven priority 2 and three priority 3 recommendations have been implemented.
- A further eight recommendations have been added to the register as a result of two final reports issuing (Events and Statutory Compliance).
- IAS performed a recent age analysis of recommendations which highlighted that seven outstanding recommendations are over 6 months overdue. NITB management are currently reviewing these and a further update will be provided to the next Audit Committee.

10. LIMITED OPINIONS WITHIN DETI, INVEST NI AND NITB

- 10.1 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. No new limited opinions have arisen in the period.
- 10.2 NITB is currently carrying two limited opinions – NITB Procurement (draft follow - up report issued April 2013) and the Walled City Signature Project (final report issued October 2013).
- 10.3 Invest NI is currently carrying one potential limited opinion in relation to Programme Evaluations (draft report issued May 2013).

No.	IAS ref.	Audit report title	Key issue(s)	Current status	Action
NITB					
1	IA10/NITB/11	Procurement	High risk issues relate to: <ul style="list-style-type: none"> • Absence of business cases / lack of appraisal or review of long term NITB contracts; • Lack of appraisal / evaluation of high value contracts / projects; and • Lack of evidence of formal approval for contracts procured by Single Tender Action. 	NITB to provide management responses. A full review of procurement has been scheduled for completion in February 2014. The review will take into account the issues raised during the follow up review.	NITB to provide management responses to draft follow-up report.
2	IAS03/NITB/12	Walled City Signature Project	High Risk Issues relate to: <ul style="list-style-type: none"> • Memoranda of Understanding (MoU) 	Final report issued As a result of the finding	Final Audit report issued. Internal report

No.	IAS ref.	Audit report title	Key issue(s)	Current status	Action
			<ul style="list-style-type: none"> - Testing revealed that for 3 projects, MoUs were still in draft. As a result, this pre-payment condition has not been met in relation to any of these projects - IAS is also concerned about the authenticity of the MoU for The First Derry & Claremont Presbyterian Church and was unable to confirm when the MoU was actually signed • Internal Breach of Procedures <ul style="list-style-type: none"> - IAS testing revealed that a grant payment of £50,400 for St Columb’s Cathedral School was made without sufficient supporting documentation that the Project Promoter had paid a third party. Testing also revealed that, on this occasion, the third party did not receive payment from the Project Promoter for the work performed and the Project Promoter went into administration. As a result, an amount of £50,400 could potentially have been claimed fraudulently. • Ministerial Approval of the Walled City Lighting Strategy 	<p>on St Columb’s Cathedral School, management initiated a preliminary investigation and concluded that a fraud investigation was required. The final fraud report issued in June 2013.</p>	<p>IAS follow-up to be carried out as part of the TDS review scheduled for November 2013.</p>

No.	IAS ref.	Audit report title	Key issue(s)	Current status	Action
			<ul style="list-style-type: none"> - Delegated limits dictate that projects over £1m require DFP and Ministerial Approval. However, IAS testing confirmed that there was no formal documented evidence of Ministerial approval of funding awarded of £1,426,668. IAS does, however, recognise that DFP approval was obtained. 		
Invest Northern Ireland					
3	IA10/INI/12	Programme Evaluation	High risk issues relate to: <ul style="list-style-type: none"> • Risk Potential Assessments not being completed as required for all programmes; and • Evaluations completed without the Evaluation Team’s involvement and, as a consequence, not in compliance with the Evaluation Protocol. 	A revised draft report issued following discussions with Invest NI management. Invest NI management are currently considering a revised management response.	Revised management response to be received and report then finalised.

APPENDIX 1 Internal Audit Opinion & Priority Rating Definitions

Opinions

Opinion	Definition
Substantial	There is a robust system of governance, risk management and control which should ensure that objectives are fully achieved.
Satisfactory	Overall there is an adequate and effective system of governance, risk management and control. While there is some residual risk identified, this should not significantly impact on the achievement of objectives. Some improvements are required to enhance the adequacy and / or effectiveness of governance, risk management and control.
Limited	There is an inadequate and/or ineffective system of governance, risk management and control in place. Therefore there is significant risk that the system will fail to meet its objectives. Prompt action is required to improve the adequacy and/or effectiveness of governance, risk management and control.
Unacceptable	The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives. Urgent action is required to improve the adequacy and/or effectiveness of governance, risk management and control.

Priority ratings

Risk Grade	Definition
Priority 1	An issue which requires urgent management decision and action without which there is a substantial risk to the achievement of key business/system objectives, to the reputation of the organisation, or to the regularity and propriety of public funds.
Priority 2	An issue which requires prompt attention, as failure to do so could lead to a more serious risk exposure.
Priority 3	Improvements that will enhance the existing control framework and/or represent best practice.