From:	McCutcheon, Joanne
To:	Keith Avis
Cc:	Mary Smith; Hutchinson, Peter; Thompson, Sandra
Subject:	RHI - Vouching of Devleopment Costs
Date:	27 November 2012 11:37:44
Attachments:	image001.png

Keith

I have now heard back from Audit colleagues. We have been advised that we need to be satisfied that the expenditure claimed is eligible and directly attributable to the NIRHI. We need you to provide a clear audit trail of all scheme transactions as a means of assuring that funding has not been claimed against another scheme / similar operation.

Specific advice is that:

Staff Costs

Staff will either be directed 100% towards the delivery of NIRHI or multi tasked. We need all staff salary related costs to be fully supported by contracts of employment , payroll records, authorised timesheets etc, accurately calculated (including hourly rates) and (where applicable) apportioned accordingly. Salary costs claimed should be traced through to a supporting payroll report / BACs report (or equivalent) and confirmed as leaving the Ofgem bank account i.e. paid.

Recruitment Costs

Supporting documentation should also be available to vouch the recruitment costs of staff. For example, costs incurred in advertising, staff timesheets etc for those staff involved in the recruitment process should be requested and used to support the calculation of any recruitment costs claimed.

Training Costs

Supporting documentary evidence should also be provided to vouch any training costs incurred through to payment. Invoices from training suppliers should be provided (if externally brought in). Some form of documentary evidence also needs to exist to demonstrate that the training has actually taken place, irrelevant of whether it has been delivered by an external supplier or in-house, and that it is directly relevant to staff working on the NIRHI. For example, training invoices, staff attendance sheets, course materials etc would all help to provide assurance in this area and confirm that any costs included on Ofgem invoices are reasonable.

Consultancy

We require documentation to support the basis of any consultancy expenditure e.g. project initiation document, economic appraisal etc as well as any document which supports the appointment of consultants e.g. tender submissions, awarded contracts etc. Timesheets, agreed hourly rates fully supported by contracts of appointment, should also be provided to confirm costs incurred in this area. Evidence of costs through to payment should be provided. Again, if relevant, the principles of proportionality should be applied however, this may be unlikely if directly related to the development and rollout of the NIRHI.

<u>IT</u>

If any IT costs are for IT software, upgrades etc, we need supporting documentation e.g. contractual agreements, invoices from IT suppliers to confirm that the costs have been incurred and can be directly linked to the NIRHI incentive.

<u>Overheads</u>

The overheads claimed appear to be flat rates. We require documentation to support the calculation of the % overheads payment.

Auditors are suggesting that most of this can be done through desk vouching but that we should also visit you from time to time.

As the current invoice relates to employment, recruitment, and IT costs – are you able to provide the information outlined above in relation to these costs? and also iro overheads – can you provide the explanation supporting the calculation? In addition, grateful if you could clarify what is included in 'other'.

Happy to discuss.
Joanne

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