

From: [Dolan, Elaine](#)
To: [McCutcheon, Joanne](#); [Hutchinson, Peter](#)
Cc: [Thompson, Sandra](#); [Cooper, Trevor](#); [Cardwell, Mark](#)
Subject: Audit access rights - NIAO
Date: 10 December 2012 12:43:47

Joanne/Peter

I finally got speaking to the NIAO to confirm their requirements in terms of audit access rights given that Ofgem is audited by the NAO. The NIAO Audit Director (Colette Kane) advised that the NIAO need to be able to follow the money wherever it is to ensure it is used for the purposes intended by Parliament. Therefore, the NIAO would expect audit access rights to be built into any agreement/contract put in place (similar to what is currently outlined in LoOs - my e-mail dated 20 November 2012 refers). Colette explained that in essence the NIAO could seek assurance from the NAO but it should still be within the gift of the NIAO to determine how they want to go about 'following the money'.

Kind regards
Elaine

Elaine Dolan

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From: [Dolan, Elaine](#)
To: [Hutchinson, Peter](#)
Cc: [Hepper, Fiona](#); [McCutcheon, Joanne](#); [Cardwell, Mark](#); [Thompson, Sandra](#); [Cooper, Trevor](#)
Subject: RE: RHI - update
Date: 11 December 2012 09:24:19

Peter

Thanks for this. Whilst the information below is not unhelpful, it doesn't fully address my specific queries. In order to progress, I've spoken to Trevor and he wants to meet with Fiona. We will also discuss the operating and development costs at that meeting. I've asked Rae to set something up.

Kind regards
Elaine

Elaine Dolan

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From: Hutchinson, Peter
Sent: 07 December 2012 09:42
To: Dolan, Elaine
Cc: Hepper, Fiona; McCutcheon, Joanne; Cardwell, Mark; Thompson, Sandra
Subject: RE: RHI - update

Elaine,

Ofgem have provided the following points of clarification regarding the scope and operation of their internal audit function, as provided by Deloitte;

- Ofgem's internal processes are designed to identify and address any instance of fraud. Ofgem have a fraud prevention strategy and the assurance reports undertaken by Deloitte ensure that we have adequately addressed fraud as part of our delivery mechanisms.
- Deloitte reports do provide assurance on the efficiency and robustness of

- Ofgem's own internal procedures and processes for individual schemes.
- The Terms of Reference of each report is agreed before work starts, and is targeted to ensure that Ofgem will be in the best position to operate and deliver against their objectives. In drafting the Terms of Reference, Ofgem will take account of all ongoing issues that are impacting on their operation of the scheme.
 - On the question of how often Deloitte would carry out such audits, Ofgem would anticipate that Deloitte would carry out audits once a year, with the potential for additional audits when new areas of work are added or any changes to the scheme are made. As this is a new process the timings may change slightly.
 - Ofgem anticipate that NI payments would be separated out in any RHI payment process report .
 - To be consistent with their current procedures Ofgem would be willing to share a summary of any report and any responses to them.

Grateful if you would consider these points as part of your ongoing considerations regarding the audit arrangements.

Thanks,

Peter

Peter Hutchinson

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From: Dolan, Elaine
Sent: 06 December 2012 07:52
To: Hutchinson, Peter
Cc: Thompson, Sandra; Cardwell, Mark; McCutcheon, Joanne
Subject: RE: RHI - update

Peter

These appear to be site inspections as opposed to verification whereby the audit trail is traced right through from the meter reading to payment. I would have thought that reliance could possibly be placed on the work of Ricardo-AEA in terms of the accuracy of meter readings but that the reviews necessary for our assurance purposes would be performed by Ofgem's internal auditors?

Happy to discuss.

Kind regards
Elaine

Elaine Dolan

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From: Hutchinson, Peter
Sent: 05 December 2012 11:07
To: Dolan, Elaine
Cc: Thompson, Sandra; Cardwell, Mark; McCutcheon, Joanne
Subject: RE: RHI - update

Elaine,

Please see attached response from Ofgem re questions raised by Joanne on current audit procedures.

Grateful if you would consider – if you have any further queries please let me know.

Thanks,

Peter