

**From:** [Hutchinson, Peter](#)  
**To:** [Hepper, Fiona](#)  
**Cc:** [McCutcheon, Joanne](#)  
**Subject:** Audit arrangements with Ofgem  
**Date:** 21 December 2012 11:02:33  
**Attachments:** [image001.png](#)  
[Ofgem - audit.docx](#)

---

Fiona,

Have been speaking to Keith this morning, Ofgem lawyer's have considered Joanne's paragraphs on audit and made a couple of minor changes, the new paragraphs are below;

- Ofgem shall notify DETI immediately in writing if any financial irregularity in relation to the NI RHI is suspected, and indicate the steps being taken in response. Irregularity means any fraud, theft or other impropriety, mismanagement, or use of funds for purposes other than that approved.
- Ofgem will communicate with DETI regarding the Terms of Reference for the audit activity undertaken by Deloitte/AEA, and endeavour to ensure that any DETI concerns regarding the NI RHI are adequately addressed. Upon completion of the audits, Ofgem will share the outcomes where they relate to the NI RHI.
- While being consistent with the obligations set out in the arrangements, including the requirement to comply with any legal contracts, Ofgem will provide any records, information, or explanations which may reasonably be required to enable DETI to follow scheme payments, including but not limited to information relating to accredited installations, calculation of payments and transfer of funds from Ofgem to the installer. If DETI has any issue requiring further consideration, Ofgem will provide DETI, or the Northern Ireland Audit Office, with access rights relating to the payments made to accredited installations.

The only changes appear to be replacing the word "consult" with "communicate" in the second bullet point above and they have combined two of the previous points to create the final point above. They have removed the words "DETI needs to be able to 'follow the Northern Ireland money'" however the words in bullet three do provide the general principal of this point. I have attached Joanne's original wording for ease of reference.

In addition, Keith has advised that they are proposing to put the section on Audit as an Annex to the admin arrangements, rather than in the actual body – again this comes from the lawyers after suggesting the wording of the audit sections does not fit with the rest of the arrangement. This is proposed as a compromise between having it in the arrangement or having it in the cover letter, it will therefore sit in the Annex of the Admin Agreement.

Grateful if you would consider and advise whether you are content with the wording above and the proposal to include it as an Annex in the admin agreement.

Thanks,

Peter

**Peter Hutchinson**

Renewable Heat  
Department of Enterprise, Trade & Investment  
Netherleigh  
Massey Avenue  
Belfast, BT4 2JP  
Tel: 028 9052 9532 (ext: 29532)  
Textphone: 028 9052 9304  
Web: [www.detini.gov.uk](http://www.detini.gov.uk)

*The new website for the European Sustainable Competitiveness Programme for NI is now available - visit [www.eucompni.gov.uk](http://www.eucompni.gov.uk)*



[www.ni2012.com](http://www.ni2012.com)

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

Ofgem shall notify DETI immediately in writing if any financial irregularity in relation to the NI RHI is suspected, and indicate the steps being taken in response. Irregularity means any fraud, theft or other impropriety, mismanagement, or use of funds for purposes other than that approved.

DETI needs to be able to 'follow the Northern Ireland money' through the Ofgem systems. Ofgem will provide any records, information, or explanations which may reasonably be required to enable DETI to do this, including but not limited to information relating to accredited installations, calculation of payments and transfer of funds from Ofgem to the installer.

Ofgem will consult with DETI regarding the Terms of Reference for the audit activity undertaken by Deloitte/AEA, and endeavour to ensure that any DETI concerns regarding the NI RHI are adequately addressed. Upon completion of the audits, Ofgem will share the reports/outcomes where they relate to the NI RHI.

If following the above audit activity, DETI has any issue requiring further consideration, Ofgem will provide DETI, or the Northern Ireland Audit Office, with access rights relating to the payments made to accredited installations (the £25m).