

To: Edmund Ward[Edmund.Ward@ofgem.gov.uk]
From: Edmund Ward
Sent: 2016-09-08T07:20:44Z
Importance: Normal
Subject: FW: NI RHI Audit/Inspection visits [OFFICIAL Internal Only]
Received: 2016-09-08T07:20:46Z
RHI Audit Checklist Template (All Technologies) v11 OCT 2015.docx

From: Edmund Ward

Sent: 18 December 2015 09:54

To: Teri Clifton; Hughes, Seamus

Cc: Wightman, Stuart; Willis, Adele; Briggs, Peter; Katy Read; Jane Pierce

Subject: RE: NI RHI Audit/Inspection visits

Seamus

Further to Teri's email and your letter, to aid our discussions this morning and subsequent joint actions on this, please find attached a template document outlining our current site audit scope, and a summary below of some of the ways we would expect to categorise audit findings in line with our audit strategy.

I must request that these documents **are not shared with third parties** without prior consent.

To note we've also considered the request for data and should be able to provide a summary to cover the areas you have requested; we have a few queries on scope that it would be useful to discuss in our meeting today prior to finalizing this.

In terms of audit scope for 15/16, based on the availability of our third party, Ricardo-AEA will be able to commit to up to an additional 6 audits in the current financial year, bring the NI total to 12 targetted site audits. We would propose to spend the outstanding balance of the available additional funding to target our application processing during 2015/16, as in our experience the prompt review of applications is a significant mechanism by which individual non-compliances can be identified, trends in potential non-compliance can be assessed, and the deterrent effect and ability to take action on any applications which may have been submitted to meet particular time pressures can be maximized. I would be grateful if you could confirm if you agree with this approach. We also propose to share summarized findings relating to our wider schemes-level audit programme for 15/16, which relates to audits across both GB and NI installations.

We look forward to meeting with you and your audit colleagues at our meeting later this morning.

Kind regards

Edmund

Ofgem E-Serve Technical Audit Assurance Categories			
Assurance Rating	General Description	Trigger Point(s)*	Description**
Unsatisfactory	Audit found major issues of non-compliance.	General: Major issue with eligibility. OR Financial: Impact on scheme considered to be in excess of £50,000 or 5% of lifetime payments. OR Fraud: There are suspicions of abuse, misuse or fraud	This assurance category will indicate that an audit has f 1. The audited station has been incorrectly accredited receipt of incorrect payments which will need to be rec possible removal of accreditation. This will include issu wider scheme and/or Ofgem. 2. The impact of the audit findings indicates a large p £50,000 or 5% of lifetime payments.) 3. There is a suspicion of abuse,
Weak	Audit found moderate issues of non-compliance.	General: Moderate issue with eligibility. OR Financial: Impact on scheme considered to be in excess of £1,000 or 2% of lifetime payments, but not exceeding £50,000 or 5% of lifetime payments.	This assurance category will indicate that an audit has f 1. The audited station has issues rectified within a reasonable times scheme legislation. This may result withheld until this happens. 2. The impact of the audit finding loss to the scheme (in excess of £1 but not exceeding £50,000 or 5%)
Satisfactory	Audit found minor issues or has recommended introduction of best practice.	General: Minor issues found on site. OR	This assurance category will indicate that an au 1. The audit has identified arc

		Financial: Impact on scheme considered to be less than £1,000 or 2% of lifetime payments.	station has not complied with ce impact of this will have a minor o and/or (
Good	No issues found during audit.	N/A	2. The impact of the audit finding to the scheme (less than £1,000 There were no issues noted during the audit.

Table: Ofgem Assurance categories

* Potential financial losses are calculated over the total lifetime of the scheme.

Risk category	Non-compliance type
Material impact, high frequency	Meter reading / PDS errors
	External pipework not declared
	Heat generated by ineligible plant
	Heat losses are not properly accounted for
	Undeclared contaminated fuel
Material impact, low frequency	Meter not calibrated for Glycol
	Fuel used does not match the Emissions certificate(s) / Wider range of fuels used than stated in application defunct as a result of AQ reg. changes)
	Building does not comply with RHI definition
	Biomethane related non-compliances - Data reporting the energy content of biomethane is incorrect / Method used to measure propane not confirmed with Ofgem /Methodology for heat supplied to biogas production is inadequate / Readings from propane meter not corrected for temperature and pressure
	Participant using fuel not recommended for boiler
	Eligible heat being used for ineligible purpose
	Accredited as NSD but appears to be Domestic
	Space heating in summer
	No evidence of installation
	Not properly commissioned
	Installation is improperly maintained
Non-material impact,	Meter component installed incorrectly

	Lack of fuel records
	Major schematic errors
	Faulty meter
Non-material impact, low frequency	No notification of change to installation
	Capacity unconfirmed
	Auditor unable to make contact
	Meter not recalibrated following repairs
	Unable to locate meter(s)
	Undeclared commercial cleaning/drying outside
	Nameplate different to that declared on the application
	Undeclared ancillary fuel use

Table: Examples of non-compliances and their risk category

From: Teri Clifton

Sent: 09 December 2015 14:02

To: Hughes, Seamus; Edmund Ward

Cc: Wightman, Stuart; Willis, Adele; Briggs, Peter; Katy Read; Jane Pierce

Subject: RE: NI RHI Audit/Inspection visits

Thanks Seamus

Edmund is on annual leave this week. At our meeting we agreed 5 with a view to Edmund speaking to Ricardo for more if funds were available, so I'll pick this up with him early next week.

I'm asking our Senior Reporting manager to see if he can identify early trends in the submissions over the last 2 months. I will be back to you as soon as we can gather any relevant information.

Regards

Teri

From: Hughes, Seamus [<mailto:Seamus.Hughes@detini.gov.uk>]

Sent: 09 December 2015 11:29

To: Edmund Ward

Cc: Wightman, Stuart; Willis, Adele; Briggs, Peter; Teri Clifton; Katy Read; Jane Pierce

Subject: NI RHI Audit/Inspection visits

Edmund

Please see attached letter from Stuart Wightman. We can discuss further at our teleconference meeting on 18 December.

Regards

Seamus

Seamus Hughes

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