

To: Wightman, Stuart[Stuart.Wightman@economy-ni.gov.uk]
From: Teri Clifton
Sent: 2016-05-20T07:22:21Z
Importance: Normal
Subject: RE: Urgent - Explanation needed around Ofgem to issues identified through Site Audits
Received: 2016-05-20T07:22:00Z

Hi Stuart

Can you give me a call on this as soon as you are in

Thanks

Teri

From: Wightman, Stuart [mailto:Stuart.Wightman@economy-ni.gov.uk]
Sent: 19 May 2016 20:35
To: Edmund Ward
Cc: Teri Clifton; Hughes, Seamus
Subject: Urgent - Explanation needed around Ofgem to issues identified through Site Audits

Edmund

Apologies for the very short turnaround, but we urgently need to respond to an early draft of an NI Audit Office Report on RHI tomorrow. The draft report includes the following text raising concerns / questions around the current audit programme and how any issues are identified. Now's the chance to challenge any inaccuracies in the draft report. Can I please ask you to provide a response or correct the text I've highlighted below. Can I please ask for a response asap?

Thanks again, Stuart

OFGEM also carried out physical inspections of the equipment installed to ensure it meets the scheme requirements. However I understand that the rate of inspection in Northern Ireland has been very low at around 0.86 per cent of applications (compared to around 1.86 per cent in Great Britain).

This very low rate of inspection is compounded by the fact that when issues are identified by the inspection process it is very unclear if anything is done about it – particularly by the Department. In 2015-16 of the four scheme inspections that had been completed at the time of this report, compliance issues were identified in three. However the Department is not routinely provided with any detail of these issues by OFGEM and it is unclear how issues arising from inspections are cleared.

Another important control operated by OFGEM to prevent abuse of the scheme is that it will query any increase in heating equipment hours used which is more than 25 per cent higher than had been predicted in the original application. However it is unclear how OFGEM challenges the veracity of the explanations received and in any case the Department does not routinely get to see the explanations.

To: Teri Clifton[teri.clifton@ofgem.gov.uk]
From: Hughes, Seamus
Sent: 2016-05-20T10:19:32Z
Importance: Normal
Subject: FW: Urgent - Explanation needed around Ofgem to issues identified through Site Audits
Received: 2016-05-20T10:19:38Z

Hi Teri
Your telephone call refers.
The reference in question comes from the draft Deloitte phase 1 report, (our Internal Audit must have mentioned this to the NIAO team). The relevant extract is shown below.

We have raised one medium priority finding from our independent assurance assessment, as follows:

- **Site inspection audit coverage:** Site inspection audits selected for FY2015/16 originally covered 0.86% of the full population of sites, with a further 8 sites added at DETI's request in January 2016. However, there has been no adjustment to take account of the 200% increase in applications between September 2015 to February 2016 (compared to the number of applications received for FY2014/15), or the non-compliance issues related to fuel records and heat loss calculation which have been identified in three out of four (75% non-compliance) finalised reports from the FY2015/16 audit plan. Furthermore, site inspections are not performed across all technology types utilised under the NIRHI.

On the matter of Gareth making introductory contact with Alison her details are as follows:-

Alison Clydesdale
Alison.clydesdale@economy-ni.gov.uk
Telephone 02890 529246
Regards
Seamus

Seamus Hughes

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

From: Wightman, Stuart
Sent: 20 May 2016 08:35
To: Hughes, Seamus
Subject: Fw: Urgent - Explanation needed around Ofgem to issues identified through Site Audits

Fyi

Sent from my BlackBerry 10 smartphone.

From: Teri Clifton <teri.clifton@ofgem.gov.uk>
Sent: Friday, 20 May 2016 08:25
To: Wightman, Stuart
Subject: RE: Urgent - Explanation needed around Ofgem to issues identified through Site Audits

Hi Stuart
Received from OFGEM on 22 05 2017
Can you give me a call on this as soon as you are in
Annotated by RHI Inquiry