

Presented pursuant to Industrial Organisation and Development Act 1947 10 & 11, c.40, s.9(4)

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# Industrial Organisation and Development Act 1947 Account 2004-2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 15 NOVEMBER 2005

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## Foreword

Under the powers conferred by Section 9 of the Industrial Organisation and Development Act 1947 the following order has been made imposing levies on the wool textile industry for the purpose of financing the promotion of export trade

The Wool Textile Industry (Export Promotion Levy) Order 1970, SI No 348 as amended by SI 1971, No 880 and further amended by SI 1982, No 485.

These levies are payable half-yearly by firms in the woollen yarn and wool industry. Amounts are based on a percentage of the annual salary costs for wool processors and the weight of wool handled by raw fibre suppliers. Monies received are paid into a deposit account kept by HM Paymaster General. Funds are periodically issued from this account to the National Wool Textile Export Corporation.

Under Section 9(4) of the Act the Secretary of State is required in respect of each financial year to prepare, in such form and manner as HM Treasury may direct, accounts for audit by the Comptroller and Auditor General of the sums recovered under orders made under that section and of the disposal of those sums. These accounts record the transactions in the financial year 2004-2005.

As required under Section 9(5) of the Act the body to whom sums are issued under Section 9(3) is required to prepare and send to the Secretary of State a statement of their Annual Accounts together with a copy of any report made by their auditors, and these are laid before Parliament.

*Sir Brian Bender KCB*  
Principal Accounting Officer and Permanent Secretary

31 October 2005

## Statement of Accounting Officers' responsibilities with respect to Financial Statements

Under Section 9(4) of the Industrial Organisation and Development Act 1947 the Secretary of State is required to prepare a statement of accounts for each financial year in a form directed by HM Treasury. The accounts are prepared on a cash basis and must properly present the receipts and payments for the financial year and the balances held at the year end.

HM Treasury has appointed an Accounting Officer for the account. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in the Accounting Officer's Memorandum issued by HM Treasury and published in 'Government Accounting'.

## Statement on Internal Control

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Wool Textile Industry Export Promotion Levy's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

Although I was not in post during the accounting period for the 2004-2005 Statement on Internal Control, my predecessor, Chairman of the Audit Committee and Head of Internal Audit have advised me about the control environment that operated in the Department up to the approval of the annual report and accounts.

The Finance and Resource Management (FRM) Directorate within the Department administered the levy during 2004-2005. Responsibility for administering the levy was transferred to Amey Accounts Services on 1 April 2005 with oversight from FRM. Levies are payable half-yearly by firms in the woollen yarn and wool industry. Amounts are based on a percentage of the annual salary costs for wool processors and the weight of wool handled by raw fibre suppliers. Monies received are paid into a deposit account kept by HM Paymaster General. Funds are periodically issued from this account to the National Wool Textile Export Corporation.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the Wool Textile Industry Export Promotion Levy for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### Capacity to handle risk

Procedures are in place to manage the risks around administering the levy and include management checks of the amounts companies pay into the levy. This helps to identify any overpayments or underpayments that companies might have made and enables corrective action to be taken. These procedures have now been transferred across to Amey.

More general guidance on risk management is available to staff in FRM through the Risk Management Intranet site. This site includes the Department's risk management policy and has specific guidance on undertaking risk self-assessment. Risk management workshops are available to all staff and practical guidance on its application has been incorporated into a wide range of internal training courses that staff in DTI can attend. These courses cover all ranges of staff and are tailored to be appropriate to their authority and duties.

The Department has also sought to integrate and embed risk management within individual performance management and personal development processes. This has resulted in a revision to the Personal Achievement Plan template for 2005-2006 that incorporates risk management within it. This means that consideration of risks and development of plans to manage them will be an integral part of the individual performance management process for all DTI management and staff.

## The risk and control framework

The risk management framework operates, within the Department, through the initial identification of risks that threaten achievement of objectives. These risks are then evaluated in terms of impact and probability. Consideration is then given to the actions required to effectively manage each risk. This process establishes the level of residual risk against which the Department is exposed which is monitored over time.

## Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of internal control by the Executive Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

As a result of recent priority reviews in the Department, it is currently unclear as to which part of the Department should take on future policy responsibility for the wool levy. We aim to reach agreement on this during 2005-2006.

*Sir Brian Bender KCB*  
Principal Accounting Officer and Permanent Secretary

31 October 2005

# The Certificate of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on page 8 in accordance with section 9 of the Industrial Organisation and Development Act 1947. These financial statements have been prepared in the form and on the basis determined by Treasury.

## Respective responsibilities of the Accounting Officer and Auditor

As described on page 3 the Accounting Officer is responsible for the preparation of financial statements in accordance with the Industrial Organisation and Development Act 1947 and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements properly present the receipts and payments of the Secretary of State for Trade and Industry under section 9 of the Industrial Organisation and Development Act 1947 and are properly prepared in accordance with section 9 of the Industrial Organisation and Development Act 1947, and whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Accounting Officer has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 4 to 5 reflects compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by HM Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

## Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.



## Opinion

In my opinion

- the account properly presents the receipts and payments of the Secretary of State for Trade and Industry under section 9 of the Industrial Organisation and Development Act 1947 for the year ended 31 March 2005 and has been properly prepared in accordance with section 9 of the Industrial Organisation and Development Act 1947 and the directions made thereunder by the Treasury; and
- in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General

9 November 2005

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# Account of the Receipts and Payments of the Secretary of State for Trade and Industry for the year ended 31 March 2005

## Wool Textile Industry (Export Promotion Levy) Account

	<b>2004-2005</b>	2003-2004
	<b>£</b>	£
<b>Receipts</b>		
Balance at 1 April	<b>5,760</b>	5,273
Levies collected	<b>212,470</b>	254,787
	<b><u>218,230</u></b>	<u>260,060</u>
<b>Payments</b>		
To the National Wool Textile Export Corporation	<b>197,300</b>	254,300
Balance at 31 March	<b><u>20,930</u></b>	<u>5,760</u>
	<b><u>218,230</u></b>	<u>260,060</u>

Note: in 2004-2005, four claims totalling £9,484.61 were abandoned as irrecoverable from companies in liquidation or receivership.

*Sir Brian Bender KCB*  
Principal Accounting Officer and Permanent Secretary

31 October 2005

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