

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

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# Wool Textile Industrial (Wool Levy) Account 2008-2009



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# Wool Textile Industrial (Wool Levy) Account 2008-2009

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## Foreword

- 1 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.

- 2 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.
- 3 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 2008-2009.
- 4 A Statutory Instrument (SI 2008, No 2932) came into force on the 12 November 2008 revoking The Wool Textile Industry (Export Promotion Levy) Order 1970, the Wool Textile Industry (Export Promotion Levy) (Amendment) Order 1971 and the Wool Textile Industry (Export Promotion Levy) (Amendment) Order 1982. Under the terms of the Revocation Order, only levies payable up to 30th September 2008 would be collected as well as any outstanding amounts from previous Levy periods. NWTEC subsequently entered liquidation in March 2009.
- 5 As Accounting Officer, as far as I am aware there is no relevant audit information of which the auditors are unaware. I have taken all of the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

## Machinery of Government Change

- 6 Following an announcement by the Prime Minister on 5 June 2009, about the way that the Government is organised, the Department for Business, Enterprise and Regulatory Reform (BERR), merged with the Department of Innovation, Universities and Skills (DIUS). The new Department of Business, Innovation and Skills (BIS) was created and will take forward the work of the two former Departments, including responsibility for the wool levy. The merger will be effective from 1 April 2009.

*Simon Fraser*  
Principal Accounting Officer and  
Permanent Secretary

10 July 2009

## Statement of Secretary of State's and Accounting Officer's 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 the Permanent Secretary for the Department for Business, Enterprise and Regulatory Reform, as 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 'Managing Public Money' as published by HM Treasury.

# Statement on Internal Control

## Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control to support the achievement of the Wool Textile Industry Export Promotion Levy's (Wool Levy) 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 Managing Public Money.

Although not in post during the accounting period for the 2008-2009 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 Business Relations Directorate within the Department jointly maintains policy responsibility for the Wool Levy with UK Trade & Investment (UKTI). Amey Accounting and Business Services (Amey) administers the levy on behalf of the Department with Finance Group maintaining oversight of the process. Levies were payable half-yearly by firms in the woollen and wool industry. Amounts were based on a percentage of the annual salary costs for wool processors and the weight of wool handled by raw fibre suppliers. Monies received were paid into a deposit account kept by HM Paymaster General. Funds were periodically issued from this account to the National Wool Textile Export Corporation (NWTEC).

A Statutory Instrument came into force on the 12 November 2008 revoking The Wool Textile Industry (Export Promotion Levy) Order 1970, the Wool Textile Industry (Export Promotion Levy) (Amendment) Order 1971 and the Wool Textile Industry (Export Promotion Levy) (Amendment) Order 1982. Under the terms of the Revocation Order, only levies payable up to 30 September 2008 would be collected as well as any outstanding amounts from previous Levy periods. NWTEC subsequently entered liquidation in March 2009.

## 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 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## Capacity to handle risk

During 2008-2009, Amey re-performed all the levy calculations based on the information provided by each levy payer and conducted 8 site visits / audits during the course of the year to ensure details submitted by companies in their returns were correct. These checks helped facilitate the identification of any overpayments or underpayments that companies might have made and any subsequent corrective action to be taken. Checks were also carried out to confirm the eligibility of registered companies to pay the levy.

Amey have their own risk management procedures in place and work in partnership with the Department to jointly manage shared risks. In BERR, general guidance on risk management is available to staff 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 BERR can attend. These courses cover all ranges of staff and are tailored to be appropriate to their authority and duties.



## 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 Management Board, the Audit & Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Following the levy periods from October 2007 – March 2008 and April – September 2008, a number of firms are being pursued for outstanding amounts. If necessary, the Department will consider if legal action is required to ensure firms pay the levy.

*Simon Fraser*  
Principal Accounting Officer and  
Permanent Secretary

10 July 2009

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

I certify that I have audited the financial statements of the Wool Textile Industry Export Promotion Levy (Wool Levy) for the year ended 31 March 2009 under the Industrial Organisation and Development Act 1947. These comprise the Account of the Receipts and Payments. These financial statements have been prepared in the form and on the basis determined by HM Treasury.

## Respective responsibilities of the Secretary of State, Accounting Officer and Auditor

The Accounting Officer is responsible for preparing the Foreword and the financial statements in accordance with the Industrial Organisation and Development Act 1947 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements properly present the receipts and payments and whether the financial statements have been properly prepared in accordance with the Industrial Organisation and Development Act 1947 and HM Treasury directions made thereunder. I report to you whether, in my opinion, the Foreword is consistent with the financial statements. I also report whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Wool Levy has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury is not disclosed.

I review whether the Statement on Internal Control reflects the Wool Levy's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Wool Levy's corporate governance procedures or its risk and control procedures.

## Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My 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 significant estimates and judgments 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 fraud or error, and that in all material respects the receipts and payments have been applied to the purposes intended by Parliament and the financial transactions 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.

## Opinions

### **Audit opinion**

In my opinion

- the financial statements properly present the receipts and payments, in accordance with the Industrial Organisation and Development Act 1947 and directions made thereunder by HM Treasury, for the year ended 31 March 2009;
- the financial statements have been properly prepared in accordance with the Industrial Organisation and Development Act 1947 and HM Treasury directions made thereunder; and
- information given within the Foreword is consistent with the financial statements.

### **Audit opinion on regularity**

In my opinion, in all material respects the receipts and payments have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Report**

I have no observations to make on these financial statements.

*Amyas C E Morse*  
Comptroller and Auditor General

14 July 2009

National Audit Office  
151 Buckingham Palace Road  
Victoria  
London SW1W 9SS

# Account of the Receipts and Payments of the Secretary of State for Business, Enterprise and Regulatory Reform for the year ended 31 March 2009

## Wool Textile Industry (Export Promotion Levy) Account

|   | <b>2008-2009</b>      | 2007-2008      |
|---|-----------------------|----------------|
|   | £                     | £              |
| <b>Receipts</b>                                 |                       |                |
| Balance at 1 April                              | <b>11,117</b>         | 6,253          |
| Levies collected                                | <b>144,207</b>        | 186,114        |
|   | <b><u>155,324</u></b> | <u>192,367</u> |
| <b>Payments</b>                                 |                       |                |
| To the National Wool Textile Export Corporation | <b>149,987</b>        | 180,862        |
| Refunds to Levy Payers                          | <b>337</b>            | 388            |
| Bank Charges                                    | <b>0</b>              | 0              |
| Balance at 31 March                             | <b>5,000</b>          | 11,117         |
|   | <b><u>155,324</u></b> | <u>192,367</u> |

Note: In 2008-2009 no claims were abandoned as irrecoverable from companies in liquidation or receivership.

The Accounting Officer has authorised these accounts to be issued on 14 July 2009.

*Simon Fraser*  
Principal Accounting Officer and  
Permanent Secretary

10 July 2009

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