

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

Wool Textile Industry Account 2006-2007

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 19 JULY 2007

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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 2006-2007.

As required under Section 9(5) of the Act, the body to whom sums are issued under Section 9(3) 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

12 July 2007

Statement of 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 of the Department Of Trade and Industry 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 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.

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 administer the levy on behalf of the Department with Finance and Resource Management (FRM) Directorate maintaining oversight of the process. Levies are payable half-yearly by firms in the woollen 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 (NWTEC).

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 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

In 2006-2007, Amey re-performed all the levy calculations based on the information provided by each levy payer and conducted 10 site inspections during the course of the year. This facilitated 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 and procedures for inputting data onto the general ledger and bank reconciliations were reviewed to ensure appropriate controls were in place to maintain accuracy and adequate separation of duties. FRM maintain appropriate oversight of Amey's work in relation to the verification of the levy calculations. These procedures are designed to enable the risks around administering the levy to be appropriately managed.

Amey have their own risk management procedures in place and work in partnership with the Department to jointly manage shared risks. In DTI, 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 DTI 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.

During the course of the year some firms had not paid the levy due to a misunderstanding that the levy was about to be terminated, or that they felt it was an inappropriate tax, which was disproportionate to the benefit they received from NWTEC. After clarification by DTI and Amey that the levy was not about to be cancelled most of the defaulting firms settled their accounts.

One account, however, remains unpaid. A submission went to Ministers in April 2007 informing them of the Department's intention to take legal action to ensure the levy is paid. The submission also recommended that the Department set in hand arrangements to consult with stakeholders about whether to end the levy and what the best way might be to terminate it. Ministers have agreed that legal action to recover the overdue payment should proceed as well as the consultation process about whether to end the levy. Ministers have met with officials to discuss resource arrangements and the timetable for completing the consultation exercise.

Sir Brian Bender KCB
Principal Accounting Officer
and Permanent Secretary

12 July 2007

The Certificate 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 2007 under the Industrial Organisation and Development Act 1947. These comprise the financial statements which have been prepared under the accounting policies set by Treasury.

Respective responsibilities of the Accounting Officer and Auditor

The Accounting Officer is responsible for preparing the financial statements in accordance with the Industrial Organisation and Development Act 1947 and 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 Treasury directions made thereunder. 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 Accounting Officer 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 relevant authorities regarding transactions 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 Wool Levy's corporate governance procedures or its risk and control procedures.

I read the information contained in the Foreword and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

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 judgements made by the Accounting Officer in the preparation of the financial statements, and whether the accounting policies are most appropriate to the Wool Levy's circumstances, consistently applied and adequately disclosed.

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 Treasury, for the year ended 31 March 2007;
- the financial statements have been properly prepared in accordance with the Industrial Organisation and Development Act 1947 and Treasury directions made thereunder; and

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.

John Bourn
Comptroller and Auditor General

16 July 2007

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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 2007

Wool Textile Industry (Export Promotion Levy) Account

	2006-2007	2005-2006
	£	£
Receipts		
Balance at 1 April	4,847	20,930
Levies collected	185,864	195,791
	190,711	216,721
Payments		
To the National Wool Textile Export Corporation	184,288	211,842
Refunds to Levy Payers	202	0
Bank charges	(32)	32
Balance at 31 March	6,253	4,847
	190,711	216,721

Note: in 2006-2007, three claims totalling £1,653.79 were abandoned as irrecoverable from companies in liquidation or receivership.

The Accounting Officer has authorised these accounts to be issued on 19 July 2007.

Sir Brian Bender KCB
Principal Accounting Officer
and Permanent Secretary

12 July 2007

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