

# Accountability



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# UKEF ministers and Board members

## UKEF ministers



**Rt Hon Anne-Marie Trevelyan MP**  
Secretary of State for International Trade and President of the Board of Trade



**Mike Freer MP**  
Minister for Exports and Minister for Equalities

## Members of the UKEF Board and its sub-committees



**Noël Harwerth**  
Chair of the UKEF Board and Remuneration Committee



**Samir Parkash**  
Chief Risk Officer



**Louis Taylor**  
Chief Executive Officer



**Jacqueline Keogh  
(from 1 April 2022)**  
Member of UKEF Board and member of Audit and Remuneration Committees



**Cameron Fox**  
Chief Finance and Operating Officer



**Oliver Peterken  
(to 31 March 2022)**  
Member of UKEF Board, Chair of Risk Committee and member of Audit and Remuneration Committees

## Members of the UKEF Board and its sub-committees (continued)



**Tim Frost**  
**(from 1st June 2022)**  
Member of UKEF Board, Chair of Risk Committee and member of Audit and Remuneration Committees



**Lawrence M. Weiss**  
Member of UKEF Board, member of Risk and Remuneration Committees, and Chair of Audit Committee



**Kimberley Wiehl**  
Member of UKEF Board and member of Audit, Risk and Remuneration Committees



**Alistair Clark**  
Ex-officio member of UKEF Board and Chair of Export Guarantees Advisory Council



**Candida Morley**  
Ex-officio member of UKEF Board, UK Government Investments, and member of Audit, Risk and Remuneration committees



**Andrew Mitchell CMG**  
Ex-officio member of UKEF Board, Director General for Exports and UK Trade at the Department for International Trade

### Register of interests

A register of interests is kept up to date to identify any potential conflicts of interest involving the senior executive directors and, if necessary, address them. At the start of Departmental Board meetings, members are asked to declare any potential conflicts of interest. Appropriate arrangements are in place to manage any conflicts identified, in line with Departmental and Cabinet Office policy. This could, for example, include recusal from Board discussions relating to those interests.

No conflicts of interest or potential conflicts of interest have been identified this year.

A register of non-executive directors directorships and shareholdings is available here: [gov.uk/government/organisations/uk-export-finance/about/our-governance](https://www.gov.uk/government/organisations/uk-export-finance/about/our-governance).

UKEF helped finance phase 2 of the construction of West Africa's largest market in Kumasi, Ghana



# Governance statement

As Accounting Officer for UK Export Finance (UKEF), I am responsible to ministers and Parliament for the management of its operations, including the stewardship of its financial resources. This governance statement sets out how I have discharged this responsibility for the period 1 April 2021 to 31 March 2022.

## Louis Taylor

Chief Executive Officer



The areas covered in this statement are:

- ▶ the organisational arrangements for managing operations, constituting our corporate governance framework
- ▶ my statement on the nature of UKEF's business and its vulnerabilities and resilience to challenges, requiring risk management and controls

## Background

Our mission is to deliver prosperity by ensuring no viable UK export fails for lack of finance and insurance, doing that sustainably and at no net cost to the taxpayer. We work with a wide range of private credit insurers and lenders to help UK companies access export finance (loans, insurance policies and/or bank guarantees) that enables international trade to take place. We complement the provision

of support from the private market, taking account of wider government strategy and policies.

In providing support, we seek to:

- ▶ provide value for money to the taxpayer
- ▶ engage with exporters, buyers and delivery partners such as banks, without displacing private providers
- ▶ provide a quality of service that is responsive to new business, with a focus on solutions within the bounds of acceptable risk and in accordance with our statutory purpose
- ▶ maintain the confidence of ministers, Parliament and customers
- ▶ effectively communicate what we do to interested parties

Our strategy, outlined in our Business Plan, is one of ambitious evolution, building on over a century's experience and success and on the advances made under our last Business Plan.

Realising the objectives in our current Business Plan will ensure we are better able to meet the needs of customers while appropriately managing the risks to which this exposes UKEF.

# Corporate governance framework

UKEF was set up in 1919, with its original statute introduced in 1920, and its legal name is the Export Credits Guarantee Department. It is a ministerial department of state carrying out statutory powers under the Export and Investment Guarantees Act 1991 (EIGA).

UKEF is strategically aligned with the Department for International Trade (DIT), but is a separate ministerial government department in its own right. Both departments report to the Secretary of State for International Trade.

I am the Chief Executive and Principal Accounting Officer of UKEF. The Secretary of State writes to me every year to outline the government's priorities for UKEF for the coming year.<sup>1</sup>

## Statutory powers

UKEF's statutory powers are derived from the EIGA, which provides that they may only be exercised with the consent of HM Treasury (Consent). HM Treasury sets a financial framework comprising financial objectives and reporting requirements, within which UKEF operates.

## Department for International Trade

DIT promotes the UK across the world as a great place to do business, helping to level up the economy by attracting inward investment to all parts of the UK. It negotiates ambitious Free Trade Agreements, supports exporters to maximise opportunities and works to open up new markets and trading partnerships for UK businesses. I am a member of the DIT Board and Executive Committee.

## Ministers

Throughout the year, we have provided ministers with regular written and verbal advice and briefings on a range of issues concerning UKEF's operations, including:

- ▶ climate change policy
- ▶ business planning
- ▶ developing business opportunities
- ▶ the International Trade Committee inquiry
- ▶ the UKEF portfolio
- ▶ the level of claims
- ▶ anti-bribery and corruption due diligence
- ▶ exposures to Russia and Ukraine
- ▶ new and prospective support for UK exporters

## HM Treasury

Along with other UKEF officials, I regularly meet with officials from HM Treasury to advise them on matters related to the Consent, business planning and performance. Throughout the year, and at least monthly, we supply HM Treasury with reports on key business metrics, including our financial performance. A representative from HM Treasury also attends UKEF Board meetings as an observer.

HM Treasury seeks to protect the taxpayer from excessive loss resulting from our lending or contingent liabilities, and the UK economy from economic detriment. It exercises this role primarily by monitoring our performance against the financial objectives agreed by ministers and the policy parameters they set for us.

## UK Government Investments (UKGI)

UKGI advises the Secretary of State on the exercise of ministerial responsibility for UKEF. A UKGI representative is an ex-officio member of the UKEF Board, representing the Secretary of State.

Particular areas of focus are:

- ▶ corporate governance matters such as the appointment and remuneration of UKEF's Chair, non-executive Board members and Chief Executive Officer
- ▶ financial and operating performance and key performance indicators
- ▶ risk management and assurance functions and processes
- ▶ business planning and strategic direction

UKGI may also support HM Treasury at HM Treasury's request to help ensure appropriate governance and oversight of the government's exposure to risk taken on by UKEF. This may include, but is not limited to, assisting HM Treasury with monitoring UKEF's performance against ministerially agreed financial objectives and examining consent requests for UKEF to

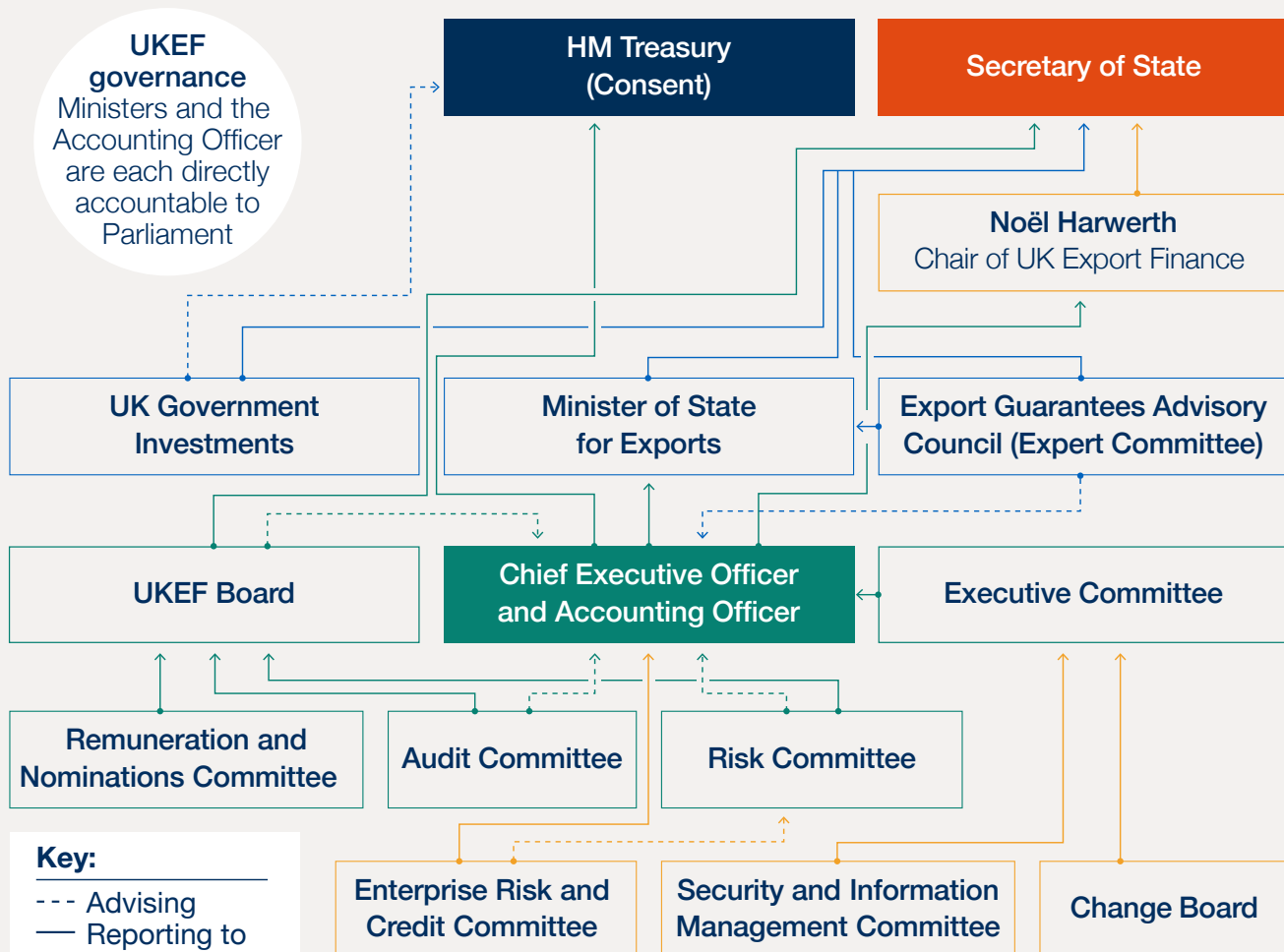
offer large, contentious and/or novel products or services.

## Export Guarantees Advisory Council (EGAC)

EGAC is a statutory body under the EIGA. It was designated as an Expert Committee in 2016. Its statutory role is to advise the Secretary of State for International Trade on the work of UKEF, which is executed through advising UKEF's CEO. EGAC focusses its advice on the ethical policies that UKEF applies when doing business, including those related to:

- ▶ climate change
- ▶ environmental, social and human rights matters

### UKEF's governance structure



- ▶ anti-bribery and corruption
- ▶ sustainable lending
- ▶ modern slavery
- ▶ disclosure, in line with information legislation

The Council independently publishes a report of its business in the year, which is available on page 114 and also from the Council's website.<sup>2</sup>

The Council does not hold any independent budget or spending authority. The Chair of the Council sits on the UKEF Board as an ex-officio member.

## UKEF Board

In discharging my responsibilities, I am advised by the UKEF Board, of which I am a member. The Board is led by a non-executive Chair to whom I report. Its membership consists of 3 executive directors (the Chief Executive, the Chief Risk Officer and the Chief Finance and Operating Officer) and 7 non-executive members including ex-officio representatives from DIT, UKGI and EGAC. There is also an observer from HM Treasury. The UKEF Board's terms of reference require there to be a majority of non-executive and ex-officio members.

The Board's role is an advisory one, supporting the Accounting Officer in the management of UKEF through operational oversight and by providing advice, challenge and assurance.

The non-executive members are appointed by the Secretary of State through open competition based on relevant expertise and merit. They provide the Secretary of State with an independent source of scrutiny and me with guidance on strategic and operational issues, UKEF's financial performance and our arrangements for financial reporting, risk management and control. A register of Board members' directorships and major shareholdings is published on UKEF's website.<sup>3</sup>

The Board has 3 sub-committees: the Audit Committee, the Risk Committee and the Remuneration and Nominations Committee. Membership of these sub-committees comprises non-executive Board members and ex-officio Board members agreed by the UKEF Board.

UKEF is committed to ensuring that the Board and its committees operate effectively and are continually improving. During the autumn of 2021, an external Board effectiveness review took place.

Overall, the review concluded that:

- ▶ the Board and its committees took their responsibilities seriously and operated in a professional manner, compliant with the principles of the corporate governance code for central government departments
- ▶ the Board provided effective governance of the organisation
- ▶ the Board was actively engaged in developing its governance system further

The review noted that the Board was efficient and professional and, though it is an advisory Board, operated in a "more than advisory" capacity facilitated by the strong working relationship built between the Chief Executive Officer and the non-executive members of the Board. It suggested that a key challenge facing the Board was maintaining the "more than advisory" way of working as members of the Board change over the next few years.

A report detailing the findings and suggested improvements was accepted by the Board and an action plan established for implementing key recommendations during 2022-23 and beyond.

The minutes of Board meetings are published on UKEF's website.<sup>4</sup>

## Quality of information used by the Board

UKEF Board meetings covered a variety of topics to support the running of the department and meet our objectives, including the emerging situation in Ukraine, climate change strategy, strategic risks, cross-governmental partnerships and the impact of COVID-19 on the UKEF portfolio. The Information Management and Governance Team provided a comprehensive secretariat service to the Board and its committees to ensure the effective and efficient administration of the Board and its activities. The Board was provided with high-quality papers before each meeting to aid informed discussion and decision-making.





## Audit and Risk Committees

The annual reports of the Audit and Risk Committees can be found on pages 139 and 141. Their respective chairs formally report on their activities to the Board.

## Remuneration and Nominations Committee

The Remuneration and Nominations Committee considers and decides on proposals from the Chief Executive on individual pay decisions (other than in relation to his own pay arrangements) in accordance with the criteria outlined in guidance from the Cabinet Office about the remuneration of its Senior Civil Service members. The committee comprises at least 3 non-executive directors and is chaired by the Chair of the UKEF Board (see page 129).

The committee also ensures that its recommendations consider any requirements or guidance from the Cabinet Office, including that the average increase to the Senior Civil Service pay bill is within any centrally determined budget.

The Remuneration Committee advises the Board on the effectiveness of systems for

identifying and developing leadership and high potential talent, scrutinising the available incentive structure and succession planning for the Board and the senior leadership of the department.

## Executive Committee

I am supported in the management of UKEF by the Executive Committee, which I chair. Its membership is composed of senior executives who are all members of the Senior Civil Service.

- ▶ **Gordon Welsh**, Business Group Director: responsible for our support for exporters and product development. Following Gordon's retirement at the end of March, Tim Reid became Business Group Director in April 2022
- ▶ **Cameron Fox**, Chief Finance and Operating Officer (CFOO): responsible for finance and accounting, business insight and analytics, middle office operations, change management and information technology
- ▶ **Davinder Mann**, Director of Strategy, Policy and Climate Change: responsible for the department's overall approach to climate change, cross-Whitehall and civil society

stakeholder management, international relations, strategic and operational planning, ministerial, Parliamentary and cross-Whitehall engagement, governance and information management

- ▶ **Esi Eshun**, Director of Legal and Compliance: responsible for legal and financial crime compliance matters and supporting the department in managing legal and compliance risks
- ▶ **Samir Parkash**, Chief Risk Officer: responsible for leading the organisation's overall approach to risk management by managing enterprise, financial and credit risk, country risk, operational risk, pricing and portfolio risk and related management systems and practices
- ▶ **Shane Lynch**, Director of Resources: responsible for all people-related issues, staff administrative functions, strategic workforce planning, commercial functions, facilities and security
- ▶ **Richard Simon-Lewis**, Director of Business Development, Marketing and Communications: responsible for securing global opportunities for UK exporters, raising awareness of UKEF's support among exporters and overseas buyers, and generating new business
- ▶ **Paul Neville**, Director of Digital, Data and Technology: responsible for technology, change, data and digital aspects, including implementation of significant parts of the department's Target Operating Model. Paul started this role in May 2022. During 2021-22 this portfolio was managed by Cameron Fox as part of his role as CFOO

The minutes of Executive Committee meetings are published on UKEF's website.<sup>5</sup>

There are 3 sub-committees of the Executive Committee, each of which is chaired by a member of the Executive Committee and whose membership is drawn from senior staff in UKEF.

- ▶ The Enterprise Risk and Credit Committee (ERiCC), chaired by the Chief Risk Officer, is responsible for advising the Chief Executive on the effective management of credit risk exposures at the case-specific and portfolio

levels, and operational and enterprise-wide risks across UKEF

- ▶ The Change Board, chaired by the Chief Finance and Operating Officer, advises on whether UKEF's investment in maintaining and improving its infrastructure, systems and processes is appropriately and effectively targeted and managed, and represents value for money
- ▶ The Security and Information Management Committee, chaired by the Director of Resources, is responsible for ensuring that the assets required for the security of UKEF's people, business operations, technological infrastructure and processes are in accordance with UKEF, legal, regulatory and central government requirements

UKEF keeps an up-to-date register of interests to identify and address any potential conflicts of interest involving senior executives and, if necessary, address them. No conflicts of interest or potential conflicts of interest have been identified this year.

UKEF has robust policies and supporting processes in place governing the declaration and management of outside business activities, financial interests and conflicts of interest. The relevant policies and procedures are published on the UKEF intranet and staff receive regular reminders throughout the year regarding their obligations in this area. All staff are required to make an annual return covering the declaration of in-scope financial interests. Staff are required to disclose potential conflicts of interest as they arise, and to seek permission to undertake any outside business activities before taking them up. Staff joining UKEF are required to make relevant declarations as part of the pre-employment checking process, and conflicts of interest are also covered in the new joiner induction.

A £300,000 General Export Facility boosted sales for jewellery distributor TLKE



## Governance in 2021–22

As Accounting Officer, I state that in the financial year:

- ▶ all instructions given to me by ministers were in accordance with the EIGA, the Consent and applicable international agreements
- ▶ UKEF met all its financial objectives
- ▶ UKEF suffered no material operational losses
- ▶ UKEF had no major security breaches, data thefts or losses
- ▶ I met ministers regularly to brief them on issues related to UKEF, and also briefed as necessary UKGI, HM Treasury and DIT officials so that they could provide informed advice to ministers if and when required

- ▶ the appropriate balance of non-executive directors and ex-officio members on the UKEF Board was maintained
- ▶ the Executive Committee met at least twice a month throughout the year
- ▶ the UKEF Board met 10 times in the year, the Audit Committee met 8 times, the Risk Committee met 4 times and the Remuneration Committee met 4 times, all consistent with their terms of reference

## Ministerial Directions

During 2021-22, there were two Ministerial Directions, on 8 December 2021<sup>6</sup> and 11 March 2022.<sup>7</sup> The former confirmed the instruction from the Secretary of State for International Trade to extend UKEF's cover for Ukraine to £3.5 billion, while the latter confirmed her instruction to retain it at that level following the invasion of Ukraine by Russia.

The uplift in UKEF's risk capacity for Ukraine to £3.5 billion in December 2021, and the decision to retain that level of capacity in March 2022, fell beyond UKEF's established risk framework, and consequently were both beyond my authority to approve. UKEF's risk framework is agreed as part of the Consent, and business falling outside that framework would be considered 'irregular' under the terms set out in Managing Public Money. In such circumstances, ministers can use their judgement of what is in the national interest to instruct UKEF to increase risk capacity for specific countries outside its normal risk framework.

The Secretary of State for International Trade consulted ministerial colleagues, including the Chancellor of the Exchequer, who concluded that raising UKEF's risk capacity for Ukraine to £3.5 billion, and then retaining it at that level, would be in the national interest. As a result, HM Treasury affirmed that business underwritten under this direction was considered 'regular', i.e. that it fell within UKEF's powers under the EIGA and within the HM Treasury Consent required under that Act.

The direction confirmed that UKEF's established risk underwriting standards were to be employed when considering support for transactions within the extended £3.5 billion risk capacity. All Ukraine business underwritten under account 3 will be reported as such in future annual reports. No business has yet been underwritten under this direction.

UKEF has written to the Public Accounts Committee (PAC) and the International Trade Committee (ITC) to inform them of both directions. UKEF has not yet received requests for further information from the PAC or the ITC about the increase to our Ukraine country limit.

## Russia and Belarus

UKEF announced in March 2022 that it will no longer issue any new guarantees, loans and insurance for exports to Russia and Belarus. UKEF has very limited exposure related to Russia and Belarus, with the majority issued

several years ago and the most recent guarantee provided in 2019-20.

UKEF is working closely with other government departments to ensure that it takes the UK's latest international commitments and sanctions into account before providing support.

## The Task Force on Climate-related Financial Disclosures (TCFD)

UKEF made its first financial disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in our 2020-21 Annual Report and Accounts, and in doing so became the first government department to make such disclosures. The recommendations of the TCFD provide a framework within which UKEF can disclose information about our proactive approach to mitigating the impacts of climate change across the four key pillars of governance, strategy, risk management, and metrics and targets. In our second TCFD disclosure (available on page 97), our climate-related progress during the last 12 months is disclosed, including how the UKEF Board has provided oversight of our climate-related risks and opportunities, and how our management assesses and manages the same. Our approach to TCFD is maturing in line with emerging best practice, in what is a new and constantly evolving area, and UKEF remains a leader in this area within the UK government and among our international peers.

## Members of the UKEF Board and its sub-committees (with attendance figures)

Directors	Role	UKEF Board	Audit Committee	Risk Committee	Remuneration Committee
Average attendance (members only)		94%	94%	100%	95%
<b>Individual attendance</b>					
Nöel Harwerth	Chair	10/10	7/8*	4/4*	4/4
Alistair Clark	Ex-officio Board member, Export Guarantees Advisory Council	10/10	–	–	–
Cameron Fox	Executive Board member	9/10	8/8*	4/4*	–
Andrew Mitchell	Ex-officio Board member, Department for International Trade	7/10	–	–	–
Candida Morley	Ex-officio Board member, UK Government Investments	10/10	8/8	4/4	4/4
Samir Parkash	Executive Board member	10/10	8/8*	4/4*	–
Oliver Peterken	Non-executive Board member and Chair of Risk Committee	8/10	6/8	4/4	3/4
Louis Taylor	Executive Board member	10/10	8/8*	4/4*	3/4*
Lawrence Weiss	Non-executive Board member and Chair of Audit Committee	10/10	8/8	4/4	4/4
Kim Wiehl	Non-executive Board member	10/10	8/8	4/4	4/4

\* Not a member of the committee but attends its meetings (except in relation to matters presenting a conflict of interest)

## International Trade Committee report

The International Trade Committee (ITC) conducted an inquiry into the work of UKEF during the spring and summer of 2021. Following a public call for evidence, the ITC held several oral evidence sessions during which it questioned a number of external stakeholders, as well as senior members of the UKEF Origination team. In June 2021, alongside the then Minister for Exports, Graham Stuart MP, I gave evidence to the Committee. The ITC published their report in September 2021.

This report recognised the important part UKEF plays in opening up export opportunities and supporting UK exporters to take advantage of them, and in particular its importance in helping businesses through the pandemic and the economic recovery. It also recognised recent progress in supporting government objectives, including SME exporters and net zero goals. As part of the report, the ITC made a number of recommendations for the department to follow.

Work is underway to implement the recommendations made in ITC report, and this is detailed in the government's response to the ITC, published in December 2021.<sup>8</sup>

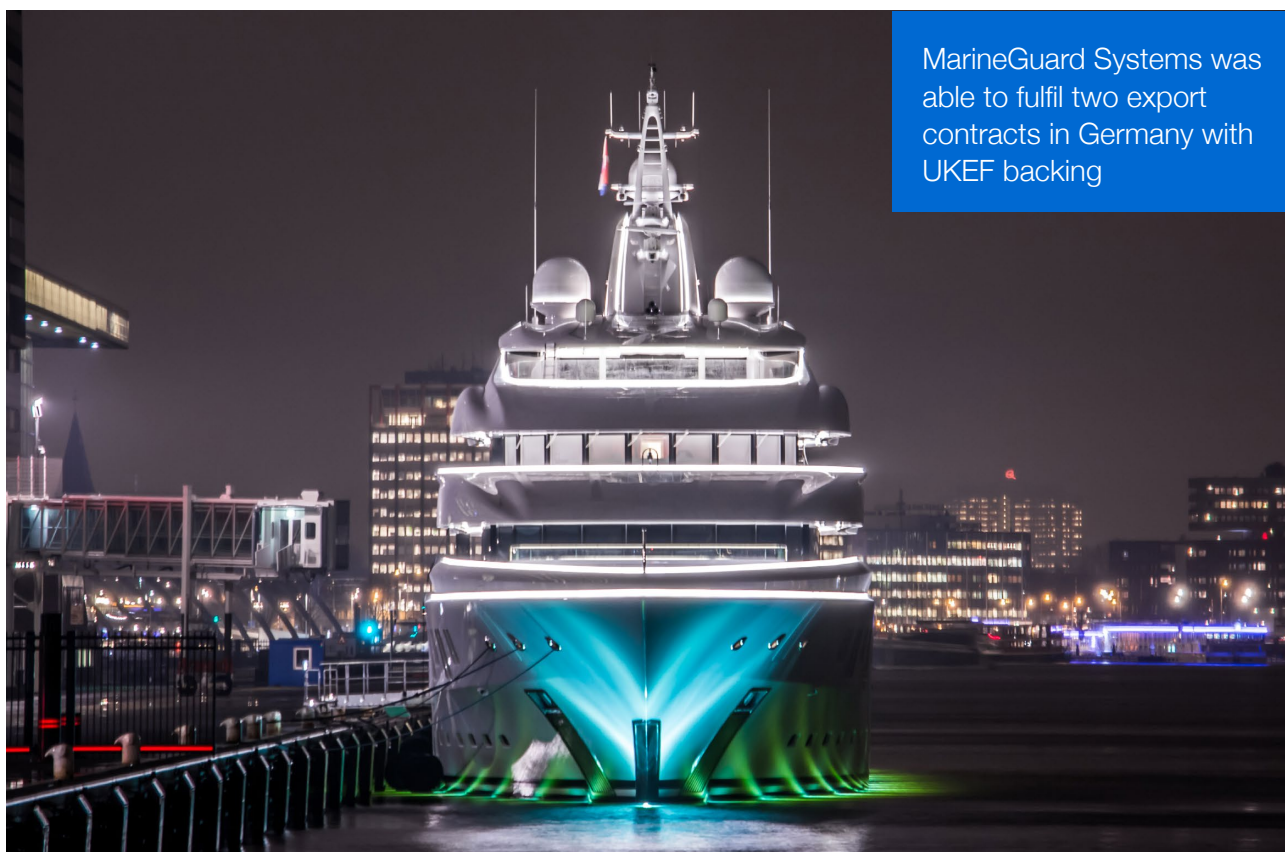
# Memorandum of Understanding between UKEF and DIT

In its first year, the Memorandum of Understanding (MoU) between DIT and UKEF formalised ways of strengthening and reinforcing the strong collaboration between the two departments.<sup>9</sup> This will enable DIT and UKEF to deliver shared objectives for trade and investment, leveraging opportunities across the two departments through increased engagement.

The MoU identifies Principles of Collaboration that are reflected in mutually agreed actions and key performance indicators, which form the basis for regular reviews of progress by senior officials. Action owners work across DIT and UKEF and report to MoU Managers quarterly, ensuring that the MoU remains relevant, effective, and accountable. The MoU is sponsored by the Director General, Exports and Trade, and the CEO of UKEF, who sit on both DIT and UKEF's Departmental Boards.

In 2021-22, collaboration between DIT and UKEF successfully supported the development and publication of the UK government's Export Strategy, contributed to the launch of the Clean & Green Initiative, deepened the working relationship between the two departments in the clean growth sector in the run up to COP26, and improved the flow of domestic and international referrals between the two departments. Twelve actions covering the breadth of the 2 departments' activities were fully delivered in 2021-22, reflecting the commitment to strengthen cross-departmental relations across all levels, while 27 actions were established for ongoing delivery and review.

In addition, the Public Accounts Committee (PAC)'s 'Government support for UK exporters' hearing and subsequent report in October 2020 provided a number of recommendations to DIT and UKEF. As part of the HM Treasury minuting process, the two departments worked collaboratively to provide comprehensive updates against the PAC recommendations. These were published as updates in the HM Treasury minutes in January, May and November 2021.



MarineGuard Systems was able to fulfil two export contracts in Germany with UKEF backing

Increased training, knowledge, and data sharing resulted in the successful delivery of 76 overseas workshops to DIT colleagues at Post by UKEF's Origination division, and a continued increase in DIT and UKEF enrolments of the 'Award in Trade Finance' training to upskill them on UKEF's offer and the role of finance in international trade. The two departments streamlined business referral systems, logging a total of 275 domestic referrals between DIT and UKEF on a reciprocal basis in 2021-22.

Over the next financial year, the departments will further develop their joint stakeholder engagement and strategic communications, strengthen cross-departmental sector-focussed cooperation, and increase join-up in responding to ministerial and cross-government priorities. UKEF and DIT are committed to continued collaboration to ensure they are strategically and operationally aligned in support of the government's trade and export agenda.

## Risk management and assurance

UKEF is committed to following good practice in the areas of governance, accountability, transparency and risk management. Our approach to risk management is described in detail in the Chief Risk Officer's report on page 45.

UKEF's enterprise risk framework provides senior management with a consistent structure and documented approach to identifying, assessing, evaluating and reporting known and emerging risks across UKEF. The framework fosters continuous monitoring, promotes good risk awareness across the organisation and encourages sound operational and strategic decision making.

## Risk culture

A strong risk culture is central to good risk management, starting with the 'tone from the top'. Senior leaders within UKEF are key influencers in inculcating the high standards of behaviour, conduct and risk-awareness expected in all our teams. To ensure that the Board is kept apprised of UKEF's primary risks and the effectiveness of UKEF's risk management, it receives a monthly report from the Chief Risk Officer covering credit, enterprise and operational risks.

Our risk culture is reinforced by the Civil Service Code and its core values of integrity, honesty, objectivity and impartiality. It forms part of our decision-making process for strategy setting, business planning, product governance, change management, customer service, resourcing and third-party suppliers and partners.

## 3 lines of defence

All employees are responsible for identifying and managing risk within the scope of their role. UKEF has embedded a '3 lines of defence' framework across the organisation which defines clear responsibilities and accountabilities for decision making and independent oversight and assurance. For more information on the three lines of defence, please see page 48.

## Strategic risk

UKEF maintains a strategic risk register that identifies risks and issues with the potential to materially impact the realisation of our Business Plan objectives. The register captures risks that may arise across any of our 9 primary enterprise risk categories (as detailed on page 49 of the Chief Risk Officer's Report) and sets out controls, mitigations and contingency plans for these risks, with clear ownership and accountability.

This year, ownership of the strategic risk register moved from the Enterprise Risk Division to the new Strategy Division, in order to better integrate strategic risk analysis into UKEF's overall business strategy and planning process, with the Enterprise Risk Division continuing to play an assurance function as the second line of defence. Working with the Board and Executive Committee, the Strategy Division revised the strategic risk register to put increased emphasis on the specific risks UKEF faces as a government department as well as a commercial entity and offer greater rigour around mitigations and ownership of strategic risks. The strategic risk register is reviewed at least bi-annually by the Executive Committee and annually by the Board, and regular deep-dives on individual risks will be undertaken by the Board throughout 2022-23.

## Operational risk

Operational risk management (ORM) is an integral part of the enterprise risk framework. Effective management of operational risk is central to achieving our strategic aim of delivering prosperity by ensuring no viable UK export fails for lack of finance or insurance, doing that sustainably and at no net cost to the taxpayer. UKEF's Operational Risk Policy details the minimum requirements for managing the department's operational risk. This in turn enables staff to make informed decisions based on a sound understanding of our operational risks.

UKEF's approach to ORM is designed to:

- ▶ embed risk management, process, control and risk ownership into the first line of defence
- ▶ ensure current and emerging operational risks are continually identified, assessed, monitored, managed and reported in a consistent manner
- ▶ ensure potential and crystallising risks and incidents are reported and escalated
- ▶ ensure appropriate risk management action is prioritised and completed

- ▶ provide me, through the Enterprise Risk and Credit Committee and Risk Committee, with regular assurance in respect of the control environment

UKEF's operational risks primarily arise from our business-as-usual activities. These risks typically involve the possibility of error or oversight leading to a financial loss (other than as a result of properly managed exposure to credit risk), a failure to properly discharge our obligations, or controls not being designed and/or applied appropriately. Examples of such failures could include:

- ▶ credit decisions being made on the basis of incorrect data
- ▶ a breach of our reporting requirements to HM Treasury
- ▶ a data breach due to a successful cyber-attack
- ▶ a failure to obtain requisite authority to enter into a commitment
- ▶ a failure to recognise a fraudulent application or request for payment
- ▶ procurement of goods or services not in accordance with Government Commercial Functional Standards

The Enterprise Risk Division actively works with the other second and third line assurance functions and all heads of division across UKEF to reinforce ownership and accountability for risk management, to ensure an appropriate culture prevails in relation to risk management and to ensure the appropriate design, implementation and monitoring of controls is undertaken. Risk is considered in significant strategic decisions by the Executive Committee and the Board, in major new projects by the Change Board and Executive Committee, and in other prioritisation and resource allocation commitments throughout the business.

A programme of assurance testing is undertaken by the Enterprise Risk Division to provide senior management with assurance that key controls are in place and operating in accordance with defined procedures.



## Governance assurance processes

Each directorate in UKEF identifies and manages their key operational risks using the risk and control assessment (RACA) process which is reviewed and updated quarterly as a minimum. Furthermore, each directorate RACA is subject to annual scrutiny by ERiCC. A bi-annual control environment certificate is also completed by all Executive Committee members and submitted to me. This has given us a more robust understanding of our risk and control environment, and greater confidence it delivers comprehensive assurance.

In addition, at year-end, supported by a non-executive member of the Board, I chaired a panel which challenged Executive Committee members on their control and assurance responsibilities, informed by the risk and control assessments, the bi-annual control environment certificate and any reported incidents.

## Financial crime compliance

UKEF recognises the risks that financial crime poses to communities, individuals and business integrity. It also recognises that UKEF faces risks of financial loss and damage to its integrity and reputation from providing support for transactions involving financial crime, including sanctions breaches, fraud, bribery and corruption.

Although, given its role and remit, UKEF cannot guarantee that it will never support such a transaction (UKEF is not an investigatory authority with the powers necessary to detect crime), we are committed to having in place and operating reasonable and proportionate processes, systems and controls to mitigate appropriately the risk of supporting such transactions, and also to deter financial crime.

UKEF's Compliance Division is responsible for ensuring that these risks are identified and appropriately managed, and reports to the Director of Legal and Compliance. The Compliance Division has lead responsibility for the provision of policies, guidance and

training across UKEF to assist in managing these risks. As such, all members of the Compliance Division hold, or are working towards, professionally recognised compliance qualifications. Three members of the team have been admitted as fellows of the International Compliance Association.

UKEF's intention is to provide increasing visibility to customers and external stakeholders on developments in relation to our approach to financial crime compliance, while respecting the privacy rights of those with whom we work.

UKEF's Business Group, Due Diligence Unit and Compliance Division have continued to undertake due diligence screening of parties in UKEF transactions as a key part of our business processes. During the course of 2021-22, this has included the screening of over 500 transactions, which have together involved over 1,700 corporate and sovereign entities and almost 9,000 individuals. In all, over 300 transactions were escalated by UKEF's Due Diligence Unit to the Compliance Division for detailed consideration of financial crime risks.

Some UKEF customers and transactions remain challenging from a compliance perspective, either as a result of ongoing law enforcement investigations or as a result of issues that have been brought to light by UKEF's own due diligence. UKEF is dealing with such customers and transactions with appropriate rigour and is applying enhanced and proportionate due diligence processes designed to ensure that the risk of supporting a transaction tainted by financial crime is appropriately managed.

Aside from managing the risk of supporting transactions tainted by financial crime, UKEF is committed to protecting itself (and the taxpayer) from loss as a result of becoming a victim of financial crime. UKEF is also committed to complying with the cross-government functional standard GovS 013 (counter-fraud) and is represented on the Board of the cross-government counter-fraud function. UKEF regularly discusses risks and mitigations with other government departments, and with law enforcement agencies.

UKEF has taken a strong lead on financial crime issues in the OECD Working Group on Export Credits, regularly presenting its approach and challenges, and discussing ways in which cross-OECD approaches to financial crime might be improved.

## Cyber security and information risks

Each government department is required to have a nominated Board member or executive director to discharge oversight and responsibility for security risk management. For UKEF, this is the Director of Resources, who is also the Senior Information Risk Owner (SIRO). The SIRO has Executive Committee-level responsibility for information risks, including cyber security risks. He also chairs the Security and Information Management Committee.

UKEF's security framework provides an overview of our approach to ensuring the information assurance of our people, processes and technology aligns with our security objectives and requirements, and also with our strategic aims and delivery objectives. These include background checks on recruitment, resilience training and empowerment of line managers to raise concerns about threats posed by staff. The framework includes a description of the pan-government security environment, overarching principles, and a commentary on UKEF's approach to the mandatory security outcomes set out by the Cabinet Secretary. UKEF focusses on outcomes required to achieve a proportionate and risk-managed approach to security that enables our business to operate effectively, safely and securely. To enhance the department's cyber security capability, UKEF has a dedicated protective monitoring function to identify vulnerabilities and threats to our IT infrastructure.

The government has implemented a 'cluster' model for security, aligning several departments to share appropriate best practice across their cluster. UKEF is an active member of Cluster 4, which is led by the Foreign, Commonwealth and Development Office, and both the Director of Resources and the Head

of Security are part of the cluster's formal governance arrangements. The cluster is supporting UKEF in upskilling staff in security essentials, including modules on cyber security and information risks. The department has also benefited from developing closer working relationships with key government stakeholders, including the Centre for Protection of National Infrastructure, the police and the National Cyber Security Centre (NCSC) (to improve the control environment).

The department has worked with external partners to test our cyber security defence capabilities, including penetration testing of hardware, and has delivered a remediation programme in response to vulnerabilities flagged in that testing. In parallel UKEF asked the Government Digital Service (GDS) to review our maturity against their functional standards and to make recommendations regarding the delivery model for Digital, Data and Technology (DDAT) services. The final report was issued in September 2021 and all the GDS recommendations were accepted. As a result, the department reorganised the various teams in scope of the review and our first DDAT Director will join the department in May 2022. The new directorate will lead to a significant strengthening of our capability, governance and professional standards across our DDAT teams.

In January 2021, UKEF was assessed by the Government Security Group as having exceeded framework the standards on all 4 technical areas (cyber, personnel, physical and incident management). This has been independently assessed and verified by an external NCSC cyber security professional organisation.

UKEF established a Knowledge and Information Management (KIM) function in 2020-21 to promote good information governance and maintain compliance with statutory obligations. During 2021-22 the KIM team produced an Information Management Strategy, which set out how the department will manage its information more effectively to improve efficiency and comply with relevant legislation. The KIM team has also implemented an assurance framework to ensure that all staff who process personal data do so in accordance with the UK General Data Protection Regulation.

The KIM team maintains UKEF's information asset register, which is available on the staff intranet. All staff with responsibilities for information management are required to undertake relevant training. Procedures are in place to respond to requests for information from the public under information legislation that gives the public rights of access.

## Records transfer

Section 3(4) of the Public Records Act 1958 (PRA) requires departments to transfer to the National Archives those records which have been selected for permanent preservation by the time the records are 20 years old. UKEF holds a number of records created between 1996 and 1998 which are potentially in scope of section 3(4), and which are beyond their due date for transfer to the National Archives. These records are currently subject to a retention instrument authorised by the National Archives Advisory Council, which extended the retention period by one year. The Knowledge and Information Management team has a plan in place to meet our compliance against the PRA by the end of 2022.

## Business continuity plan

UKEF has continued to develop its ability to respond to an actual or threatened disruption of service delivery with incident management and business continuity planning, training and simulation with quarterly strategic training and desktop exercises.

## Temporary COVID-19 Risk Framework

In April 2020, at the onset of the COVID-19 crisis, the government established a temporary £10 billion risk framework (the Temporary COVID-19 Risk Framework, or TCRF) to allow UKEF to continue to provide financial support to UK exporters whose credit ratings and access to financing were impacted by COVID-19. More details about the TCRF can be found on page 56.

## Data modelling & quality assurance

We perform appropriate quality assurance on our analytical and modelling work, in accordance with the Aqua book. Senior Responsible Officers (SROs) are accountable for reviewing business-critical models annually to ensure the best modelling and quality assurance practices are followed. A review of our modelling guidance is underway, with additional training and support being developed for new and current colleagues. A list of UKEF's business-critical models is published on the government website.<sup>10</sup>

## Internal audit

The Internal Audit and Assurance Division (IAAD) provides UKEF's internal audit function. IAAD's purpose, authority and responsibilities are defined by an internal audit charter which:

- ▶ establishes IAAD's position within UKEF
- ▶ authorises access to records, personnel and physical properties relevant to the performance of engagements
- ▶ defines the scope of internal audit activities

The Audit Committee, acting on behalf of the Board, approves the internal audit charter. Based on IAAD's continued engagement throughout 2021-22, the Head of Internal Audit's opinion in relation to the adequacy and effectiveness of the framework of governance, risk management and control was 'moderate'. This opinion raised thematic issues which are consistent with the contents of this governance statement, including requirements to maintain the strong level of risk management and internal control in our Risk Approval Division, maintaining the strong level of control over the activities of the Business Group, and the adequacy of our claims and recoveries procedures.

I meet regularly with the Head of Internal Audit, and he also has regular direct communication with the Chair of the Audit Committee and the Audit Committee itself.

## Whistleblowing policy

We have a whistleblowing and raising-a-concern policy in place. This policy is based on guidance provided by the Civil Service employee policy, one of the expert services for the Civil Service. This was last updated in April 2020. No disclosures were made under the policy in 2021-22.

## Significant risks and mitigating measures

### Judicial review

In March 2022, the High Court dismissed the judicial review brought against UKEF's decision to support the Mozambique Liquefied Natural Gas project, which took effect in March 2021. The court's ruling is being appealed and UKEF continues to defend the appeal, along with other defendants.

### Risk management

The Risk Committee is a sub-committee of the UKEF Board. It provides independent advice to me and the Board on the adequacy of the strategic processes and frameworks for risk management, including the overall risk appetite, and on the design and operating effectiveness of the risk management framework and associated controls and processes. IAAD carried out an in-depth review of our Risk Approval Division during 2021-22. I am pleased to report that IAAD concluded that the overall framework of governance, risk management and control were considered to be strong and effective.

## Business group: key controls

The key controls operating in our Business Group would likely have the greatest consequences for the department if they did not work appropriately. Failure of control could lead to errors or delays in providing exporters with the advice and support that they need as well as legal claims, breaches in security, financial loss, fraud, reputational damage, an adverse impact on the wellbeing of our employees, and the departure of key members of our staff. Our Business Conduct and Concerns Policy sets out the responsibility of staff to recognise and raise any concerns to the relevant nominated officer in relation to any breaches of law, the Civil Service Code or other wrongdoing, the consequences of which may undermine UKEF's reputation. This was last updated in March 2020. We are not aware of any disclosures having been made in 2021-22. The key controls of the Business Group are audited by IAAD every year. I am pleased to say that no major issues were reported in 2021-22 and that our internal auditors found a very strong level of management control.

### Claims and recoveries

The COVID-19 pandemic has caused great disruption to business and exporters over the past couple of years, with many smaller businesses going out of business and others under great pressure. I am proud of the way UKEF has reacted to this challenge and developed new products to ease that pressure wherever possible. Despite this, and in line with 2020-21 levels, the number of claims remained high over the past year, particularly with regard to the airline industry. IAAD carried out a review of our claims and recoveries processes during 2021-22, focussing on the adequacy and effectiveness of the operational and management procedures in place. I am pleased to report that IAAD did not identify any significant weaknesses or errors in the overall process, which is a credit to the team and their ability to manage a significant increase in volume of claims during very testing times.

# Corporate Governance Code for Central Government Departments

In preparing this statement, I have taken into account the Corporate Governance in Central Government Departments Code of Practice, 2017. I am satisfied that UKEF is able to demonstrate compliance with this code where it applies to UKEF for the relevant period.

**Louis Taylor**

Chief Executive and Accounting Officer

28 June 2022

## Notes

- 1 DIT. Letter from the Secretary of State for International Trade to UK Export Finance on UKEF's annual priorities. March 2021 [[gov.uk/government/publications/letter-from-the-department-of-international-trade-to-uk-export-finance-on-ukefs-annual-priorities](https://www.gov.uk/government/publications/letter-from-the-department-of-international-trade-to-uk-export-finance-on-ukefs-annual-priorities)]
- 2 EGAC [[gov.uk/government/organisations/export-guarantees-advisory-council](https://www.gov.uk/government/organisations/export-guarantees-advisory-council)]
- 3 UKEF. Our governance [[gov.uk/government/organisations/uk-export-finance/about/our-governance](https://www.gov.uk/government/organisations/uk-export-finance/about/our-governance)]
- 4 UKEF. Board minutes 2021. July 2022. [[gov.uk/government/publications/uk-export-finance-board-minutes-2021](https://www.gov.uk/government/publications/uk-export-finance-board-minutes-2021)]
- 5 UKEF. Executive Committee minutes 2021. June 2022. [[gov.uk/government/publications/uk-export-finance-executive-committee-minutes-2021](https://www.gov.uk/government/publications/uk-export-finance-executive-committee-minutes-2021)]
- 6 UKEF. Increase to UK Export Finance's cover limit for Ukraine. December 2021 [[gov.uk/government/publications/increase-to-uk-export-finances-cover-limit-for-ukraine](https://www.gov.uk/government/publications/increase-to-uk-export-finances-cover-limit-for-ukraine)]
- 7 UKEF. Increase to UK Export Finance's cover limit for Ukraine. December 2021 [[gov.uk/government/publications/increase-to-uk-export-finances-cover-limit-for-ukraine](https://www.gov.uk/government/publications/increase-to-uk-export-finances-cover-limit-for-ukraine)]
- 8 HM Treasury. Treasury minutes: Government responses to the Committee of Public Accounts on the Eighteenth and the Twentieth to the Twenty-Fourth reports from Session 2019-21. January 2021 [[committees.parliament.uk/publications/4584/documents/46348/default](https://committees.parliament.uk/publications/4584/documents/46348/default)]
- 9 DIT & UKEF. Memorandum of Understanding between the Department for International Trade and UK Export Finance. December 2021 [[gov.uk/government/publications/memorandum-of-understanding-between-the-department-for-international-trade-and-uk-export-finance](https://www.gov.uk/government/publications/memorandum-of-understanding-between-the-department-for-international-trade-and-uk-export-finance)]
- 10 GOV.UK [[gov.uk](https://www.gov.uk)]

# Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed UKEF to prepare for each financial year accounts detailing the resources acquired, held or disposed of during the year and the use of resources by UKEF during the year.

**Louis Taylor**  
Chief Executive  
Officer



The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of UKEF and of its net resource outturn, changes in taxpayers' equity and cash flows for the financial year. In preparing the accounts, the Accounting Officer must comply with the requirements of the Government Financial Reporting Manual and in particular to:

- ▶ observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ▶ make judgements and estimates on a reasonable basis
- ▶ state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- ▶ prepare the accounts on a going concern basis
- ▶ confirm that the Annual Report and Accounts as a whole is fair, balanced

and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

HM Treasury has appointed the Chief Executive as Principal Accounting Officer of UKEF.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding UKEF's assets, are set out in Managing Public Money published by HM Treasury. As the Principal Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that UKEF's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I believe that this Annual Report and Accounts is a fair, balanced and understandable account of UKEF's performance in the year, and I take personal responsibility for it and the judgements required for determining that it is fair, balanced and understandable.

**Louis Taylor**  
Chief Executive and Accounting Officer

28 June 2022

# Audit Committee

The Audit Committee report should be read in conjunction with the Governance Statement, which can be found on page 121.

## Lawrence Weiss

Chair, Audit Committee



UKEF's Audit Committee terms of reference require the Audit Committee to be made up of at least 3 non-executive Board members or other independent representatives agreed by the UKEF Board. During 2021-22, Lawrence Weiss (Chair), Oliver Peterken and Kim Wiehl, all of whom meet the relevant requirements for independence, served on this committee. Candida Morley is also a member of the committee, representing UK Government Investments (UKGI). At the end of March 2022, Oliver Peterken stepped down as a member of the committee.

Although not members of the Audit Committee, the Accounting Officer, Chief Finance and Operating Officer, Chief Risk Officer, Head of Internal Audit and a representative from the external auditors normally attend meetings. The Audit Committee may ask any or all of those who normally attend but who are not members to withdraw, so as to facilitate open and frank discussion of particular matters among the committee members. The Chair of the UKEF Board regularly participates in both the Audit and Risk Committees' meetings as an observer.

The Audit Committee terms of reference also provide that at least one member of the committee:

- ▶ should have significant, recent and relevant financial experience

- ▶ will also be a member of the Risk Committee to help facilitate coordination between the Risk and Audit Committees

The attendees discuss auditors' reports, review and assess the auditing concept and examination process and assess the activities of both external and internal auditors. Private sessions with external and internal auditors take place at Audit Committee meetings when necessary to enable discussion without the presence of management.

## Key tasks and responsibilities

In general, the Audit Committee:

- ▶ serves as a focal point for communication and oversight regarding financial accounting and reporting, internal control, actuarial practice, and financial and regulatory compliance
- ▶ reviews the Internal Audit and Assurance Department (IAAD) Charter and assesses the IAAD strategy and plan, and the adequacy of the resources available to fulfil it
- ▶ considers the adequacy of the policies for the prevention and detection of fraud and those for ensuring compliance with relevant regulatory and legal requirements on whistleblowing
- ▶ reviews the draft Annual Report and Accounts

# Activities 2021-22

The Audit Committee meets at least 4 times in each year. In 2021-22 it met 8 times due to additional meetings covering financial judgements on IFRS 9 & 17.

During 2021-22, among other matters the following topics were discussed:

- ▶ the Temporary COVID-19 Risk Framework (TCRF)
- ▶ post-balance sheet events 2020-21
- ▶ corporate data quality overview
- ▶ the Libor Transition project
- ▶ climate and sustainability reporting
- ▶ the Task Force for Climate-related Financial Disclosures (TCFD) project on three occasions, covering:
  - ▶ departmental leadership of TCFD
  - ▶ the governance around climate change strategy and progress on the TCFD reporting
  - ▶ UKEF's TCFD readiness report
- ▶ financial crime compliance
- ▶ UKEF's Information Management Strategy
- ▶ revisions to the Annual Reports and Accounts
- ▶ deep dives into several projects, including:
  - ▶ Digital Trade Finance Service (DTFS)
  - ▶ Fintech Project
  - ▶ Direct Lending
- ▶ IAAD work plans, IAAD findings and management implementation of remedial actions
- ▶ the work of the external auditors, the terms of their engagement and the external auditors' findings on key judgments and estimates in financial statements
- ▶ changes to accounting policies relating to new products, financial reporting changes and the deferment of the application of IFRS 9 & 17



# Risk Committee

The Risk Committee report should be read in conjunction with the Governance Statement which can be found on page 121.

## **Oliver Peterken**

Chair, Risk Committee



UKEF's Risk Committee terms of reference require the committee to be made up of at least 3 non-executive Board members or other independent representatives agreed by the UKEF Board. For 2021-22, Oliver Peterken (Chair), Lawrence Weiss and Kimberley Wiehl, all of whom meet the relevant requirements for independence, served on this committee. Candida Morley is also a member of the committee, representing UK Government Investments (UKGI). Oliver stepped down as Risk Committee Chair on 31 March 2022. He was replaced on a temporary basis by Lawrence Weiss, with Tim Frost becoming Risk Committee Chair 1 June 2022.

Although not members of the Risk Committee, the Accounting Officer, Chief Finance and Operating Officer, Chief Risk Officer, Head of Internal Audit and a representative of External Audit normally attend meetings. The Risk Committee may ask any or all of those who normally attend but who are not members to withdraw, so as to facilitate open and frank discussion of particular matters. The Chair of the UKEF Board regularly participates in both the Audit and Risk Committees' meetings as an observer.

The Risk Committee's terms of reference also provide that at least one member of the Risk Committee will also be a member of the Audit Committee to help facilitate coordination between the Risk and Audit Committees.

## Key tasks and responsibilities

In general, the Risk Committee:

- ▶ examines and reviews any material changes to UKEF's key strategic, operational, compliance, credit, country and reputational risks and considers the adequacy of the arrangements for effective risk management and control
- ▶ considers the completeness of the risk profile presented and identifies and evaluates potential emerging or new risk issues facing the organisation as a whole
- ▶ considers the key risk indicators, as set out by the Chief Risk Officer
- ▶ considers risk reports from the Chief Risk Officer
- ▶ considers management assurances on operational risk, compliance and information assurance
- ▶ reviews reports on the management of major incidents and lessons learned in the areas relevant to the committee's scope

# Activities 2021-22:

During 2021-22, among other matters the following topics were discussed:

- ▶ the UKEF credit portfolio
- ▶ an airline leasing platform
- ▶ enterprise and operational risks
- ▶ claims scenario analysis
- ▶ stress testing and reverse stress testing
- ▶ cyber security
- ▶ TCFD preparedness within the Risk Management Group
- ▶ compliance with the General Data Protection Regulation
- ▶ the assurance testing framework and 2021-22 testing plan
- ▶ Risk Management Group delegated authorities
- ▶ pricing and credit methodology statements

The Risk Committee's terms of reference state that it should meet at least 4 times in each year. In 2021-22 it met 4 times.

# Our people

UKEF's headcount hit a 20-year high this year, now standing at 492.1 full-time equivalent employees. We also continued expanding our overseas network of International Export Finance Executives to 18 executives, covering 16 markets. This growth is evidence of the escalating demand for our products and services.

## Shane Lynch

Resources  
Director



recent Spending Review commitments. The Prime Minister and Cabinet have also since stated their intention to bring the Civil Service workforce back to 2016 numbers over the next 3 years, and we will work with the Cabinet Office and HM Treasury to ensure UKEF's growth aligns with wider government action.

In April 2020, we launched our People Strategy for 2020-24 – and have now reached the halfway point in implementing it. Transforming this strategy into reality has required the commitment and support of all UKEF staff. Our success as a business depends on us harnessing all our talents.

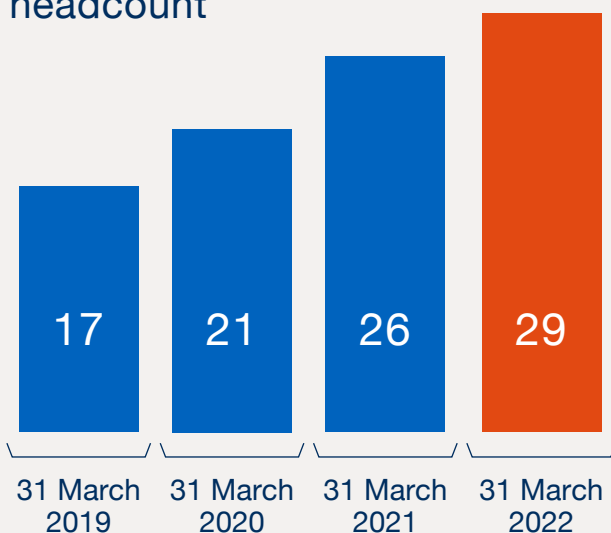
Heading into 2022-23, we currently plan to expand our workforce towards 618 UK-based staff in line with the government's most

## Workforce snapshot

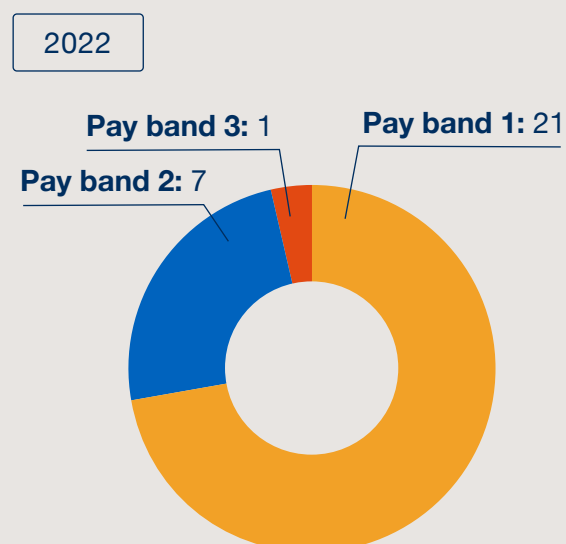
This section is subject to audit.

Staff turnover has increased, from 12% in 2020-21, to 13.5% by the end of March 2022.

### Senior Civil Service (SCS) headcount



### SCS headcount by pay band



# Diversity and inclusion

## Women in UKEF's workforce



## Staff belonging to ethnic minority groups

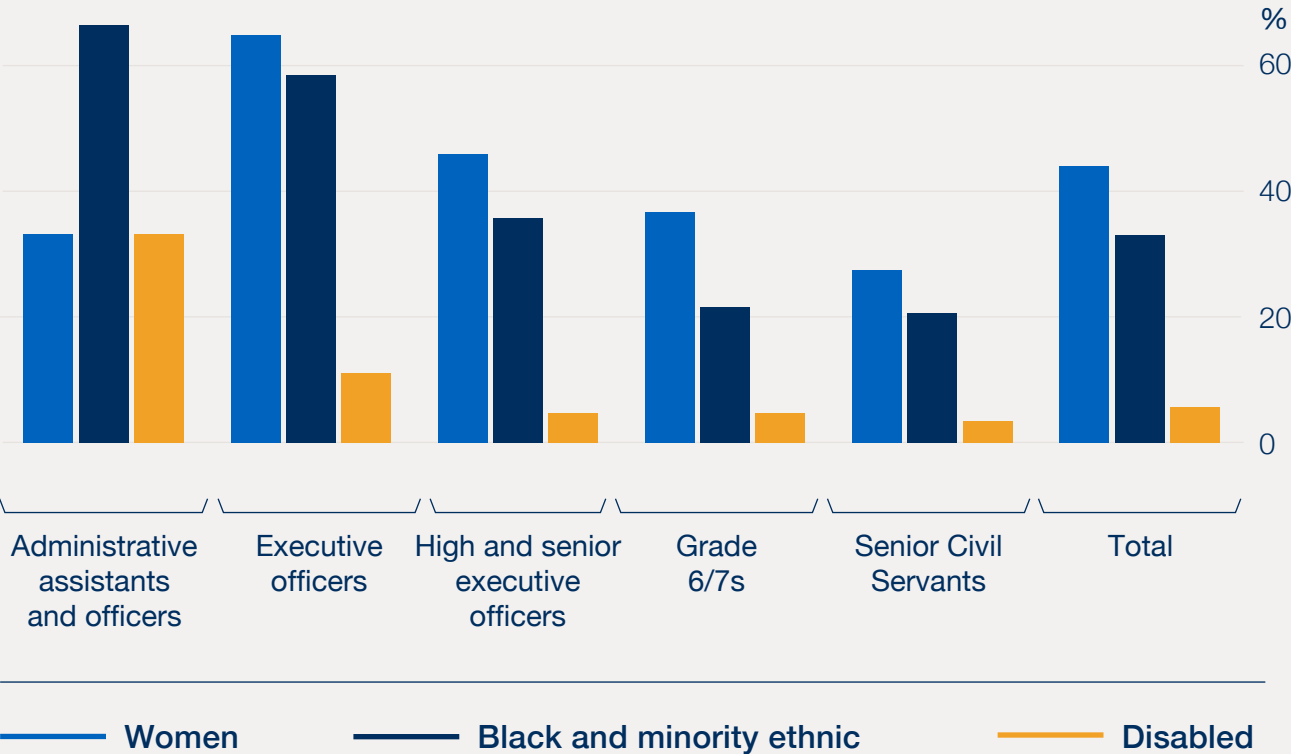


## UKEF staff declaring a disability



Accountability

## UKEF staff diversity as of 31 March 2022



Our People Strategy for 2020-24 includes an ambition to improve the diversity of our workforce. UKEF is now leading the way among government departments with the most ethnically diverse workforce in the Civil Service.

Still, we recognise that more can be done to ensure equal opportunities at all levels of the department. In line with the ambitions in the People Strategy, we will continue to work to this end.

One key enabler of diversity is the recruitment process. The selection process is anonymised to protect against bias, and we offer a guaranteed interview scheme to disabled applicants.

For more information, we publish a gender pay gap report each year to provide a full breakdown of pay for employees by gender.<sup>1</sup>

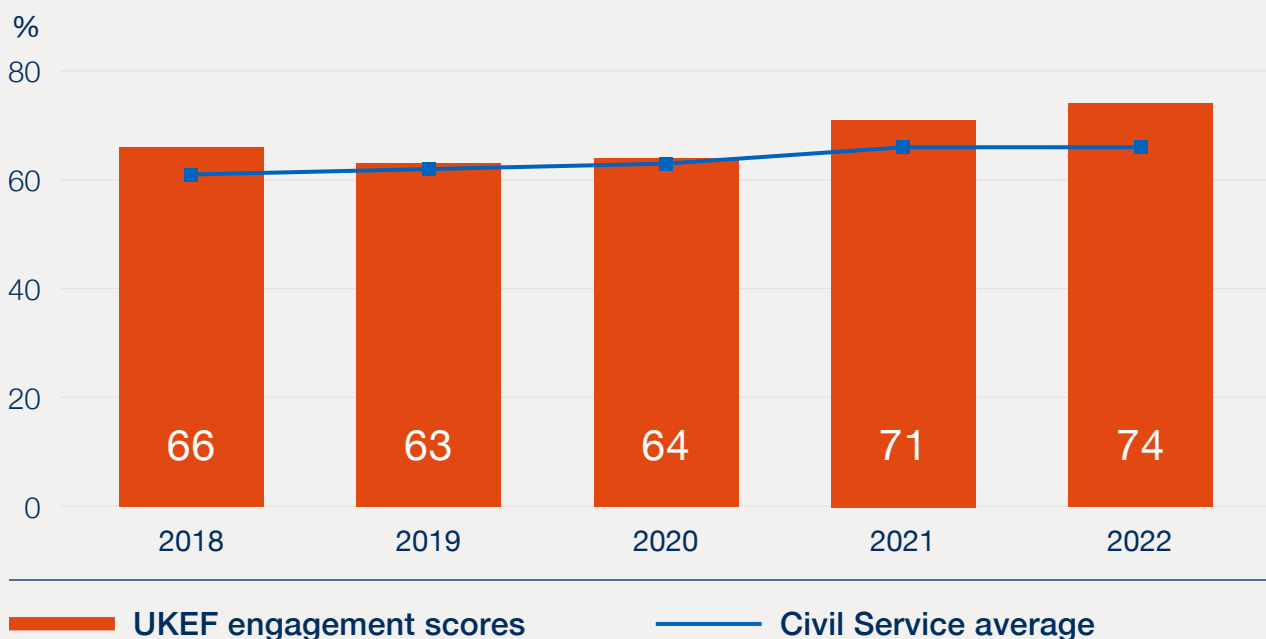
# Engagement and consultation

## Employee consultation

UKEF consulted with staff regarding the creation of a new Digital, Data and Technology (DDAT) directorate. The department worked with the Government Digital Service to design a new delivery model and affected staff were given the opportunity to comment on proposals during a formal consultation process. The department also consulted with staff on proposals to move two teams from the UKEF Business Group to the Strategy, Policy and Climate Change Group. Formal proposals were shared with staff and a consultation process was followed.

### Staff engagement

2022 **74%** Wider Civil Service **66%**



## Trade union relationships

Relationships with UKEF trade unions are productive and span a range of areas including pay and reward, HR policy development, diversity and inclusion, wellbeing and formal cases.

## Human capital management

The department's approach to human capital management is set out in our 2020–24 People Strategy. This strategy focusses on our key people challenges and is designed to ensure that we have a highly engaged workforce, operating within a culture of continuous development, where staff have the skills and support required to excel in their roles. We want to ensure that all colleagues are well managed and led, in an environment that recognises and values the rich diversity we all bring to UKEF.

We achieved our highest ever staff engagement score in this year's Civil Service People Survey, retaining our "high performing" status and achieving the joint highest score of any ministerial department. Of the 101 civil service organisations which took part, UKEF was ranked seventh.

This performance is consistent with our Business Plan ambition to be a great place to work, engaging and developing our staff to deliver better for our customers.

## Health, safety and wellbeing

UKEF has a range of supports in place to proactively manage the health, safety and wellbeing of staff. These include our employee assistance programme, a trained network of mental health first aiders, training programmes to support resilience, a health and safety induction for all staff and organised activities targeting physical wellbeing.

UKEF is also committed to recruiting, supporting and retaining staff with disabilities or long-term health conditions. To help disabled staff, we ask all staff to complete a workplace adjustment form and have an 'adjustment passport' to ensure they have the tools they need to do their job. We also have a Disability and Carers Network to further support staff.

Our sickness absence levels have remained low, albeit a very slight increase on last year; the level is still well below the average for the public sector, as reported by the Office for National Statistics.

### Average working days lost

UKEF  
2.7

Public sector average

7

### Staff with no sickness absence

2022  
68%

## Trade union facility time

Our recognised trade unions are the Public and Commercial Services Union (PCS) and the Association of First Division Civil Servants (FDA). There are 9 union representatives among UKEF's workforce, including one Health and Safety Representative. A number of nominated representatives attend monthly meetings with HR colleagues and bi-annual meetings with senior management.

This year, these meetings equated to an estimated 128.5 hours of facility time between the 9 representatives, for an estimated cost of £3,631 during the year.

Each trade union representative spent less than 1% of their working hours on facility time. We estimate the time spent on paid trade union activities as a percentage of total paid facility time hours to be 100%.

<b>Number of employees who were relevant union officials during the relevant period</b>	9
<b>Number of employees who were relevant union officials by percentage of working hours spent on facility time</b>	
0%	0
1-50%	9
51-99%	0
100%	0
<b>Percentage of the total pay bill spent on facility time</b>	0.01%
<b>Time spent on paid trade union activities as a percentage of total paid facility time hours</b>	128.5 hours

## Pay multiples/fair pay disclosures

This section is subject to external audit.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in UKEF in the financial year 2021-22 was £305,000-£310,000 (2020-21: £285,000-£290,000: an increase of 7% from last year to this). The highest-paid director's remuneration was 6.60 times (2020-21: 6.43) the median remuneration of the workforce, which was £46,586 (2020-21: £44,681, an increase of 4.26% compared with last year).

The average percentage change from 2020-21 to 2021-22, in respect of employees of UKEF (excluding the highest-paid Director) is -0.99% for salaries and allowances and +5.18% for performance pay/bonuses.

In 2021-22, no employees (2020-21: 0) received remuneration in excess of the highest-paid director. Remuneration ranged from £23,876 to £310,000 (2020-21: £23,626 to £290,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	2021-22	2020-21
Band of highest paid director's total remuneration (£'000)	305-310	285-290
Range of staff total remuneration (£)	23,876-310,000	23,626-290,000
Median staff total remuneration (£)	46,586	44,681
Remuneration ratio	6.60	6.43

Reasons for the increase in ratio: there were no increases in salaries this year for staff (except the lowest-paid person); performance-related pay for the workforce was a fraction higher than last year while the highest-paid director received performance-related pay at a higher level, compared with last year.

For **performance management**, UKEF set aside 3.2% of its pay bill to fund a non-consolidated performance pot for staff below the Senior Civil Service (SCS) salary band. A small element of this pot is utilised for in-year recognition awards, while the majority of the pot is utilised to fund year-end performance awards, based on employees' performance during 2020-21. Awards were paid to individuals in August 2021.

The criteria for performance awards were based on how individuals performed against their objectives (what they delivered) and the extent to which they demonstrated the department's values (how they delivered). All employees will have a year-end appraisal and any performance awards are subject to a validation process which includes final approval by UKEF's Executive Committee.

For all SCS staff, 3.3% of the pay bill is set aside to fund performance awards; again, a small part of this is set aside for in-year awards, with the majority being utilised for year-end awards. Following year-end assessments, one of 3 performance ratings will be assigned; only those receiving a "Top" rating will be eligible for an award. Any performance awards are subject to final ratification by UKEF's Remuneration Committee (UKEF's non-executive directors). Year-end performance awards for SCS staff were paid in June 2021.

The Chief Executive's contract allows for a year-end award based on performance. Following a year-end assessment which is conducted by the Department of International Trade's Permanent Secretary, feedback is then presented to UKEF's Remuneration Committee. The Remuneration Committee and the Chair of UKEF's Board then discuss any potential award and a formal submission is then sent to the Secretary of State for endorsement. The Chief Executive's award was paid in August 2021.

For the first time this year, we examined pay multiples in the lower quartile, mid-point and higher quartile. The prior year comparatives have not been included, due to the information not being readily available. As a result, we cannot yet determine whether there has been a change to the ratio as this is the first year of reporting, but year to year comparisons will be included in the Annual Report going forward.

The mid-point of the band for the highest-paid director is:

- ▶ £307,500 (total remuneration)
- ▶ £257,500 (salary component only)

**25th percentile:** total salary/allowances for all staff except the highest-paid director:

- ▶ £35,968 (a ratio of: 8.55:1)

Salary component only:

- ▶ £35,000 (a ratio of 7.36:1)

**50th percentile:** total salary/allowances:

- ▶ £46,586 (a ratio of 6.60:1)

Salary component:

- ▶ £44,000 (a ratio of 5.85:1)

**75th percentile:** total salary/allowances:

- ▶ £63,790 (a ratio of 4.82:1)

Salary component:

- ▶ £57,989 (a ratio of: 4.44:1)



# Directors' salaries and pension entitlements

Subject to external audit.

Director	Salary £'000		Bonus payments £'000		Pension benefits £'000		Total £'000	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
<b>Louis Taylor</b> Chief Executive Officer	255-260	255-260	50-55	30-35	n/a	n/a	305-310	285-290
<b>Cameron Fox</b> Chief Finance & Operating Officer	135-140	135-140	5-10	0	53	55	200-205	190-195
<b>Samir Parkash</b> Chief Risk Officer	200-205	200-205	5-10	5-10	n/a	n/a	205-210	205-210

## Notes

UKEF directors have salary, bonus and pension growth figures in their pay calculations and do not benefit from any allowances, overtime, or reserved rights to London.

This report is based on accrued payments made by the department and so is recorded in these accounts.

**Bonuses** are based on attained performance levels and are made as part of the appraisal process. The Cabinet Office sets the parameters for Senior Civil Servants' performance awards. Owing to the nature of the performance appraisal cycle, end-of-year bonuses are paid in the year following that for which the performance has been assessed, so the bonuses reported in 2021-22 relate to performance in 2020-21.

None of the directors received any benefits-in-kind during the year.

These disclosures have been subject to external audit.

The employment costs, remuneration and declarations of interest relating to UKEF's ministers and special advisers are disclosed in the Department for International Trade's Annual Report and Accounts.

# Civil Service pensions

Subject to external audit.

Official	Accrued pension as at 31 March 2022 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2022 £'000	CETV at 31 March 2021 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
<b>Louis Taylor</b> Chief Executive Officer	0	0	0	0	0	38,000
<b>Cameron Fox</b> Chief Finance & Operating Officer	22	3	263	221	25	0
<b>Samir Parkash</b> Chief Risk Officer	0	0	0	0	0	29,700

## Notes

**Accrued pension:** the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

**Cash equivalent transfer value (CETV):** the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV payment is made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued due to their total membership of the pension scheme, not just their service in the senior capacity to which the disclosure requirement applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member because they have bought additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

**Real increase in CETV:** the increase in CETV that is funded by the employer. It does not include the increase in accrued pension owing to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It uses common market valuation factors for the start and end of the period.

## Fees paid to non-executive directors and council members

Non-executive directors are paid a fee for their attendance at UKEF Board, Audit Committee, Risk Committee, Remuneration Committee and other ad hoc meetings, and the performance of other duties as required. They are also paid travel and subsistence expenses. Members of the Export Guarantees Advisory Council (EGAC) are also paid a fee for their meeting attendance.

The total payments to non-executive directors and EGAC members for the year were in the following ranges. These disclosures have been subject to external audit.

Non-executive member	Fees for 2021-22 £000	Fees for 2020-21 £000
<b>Noël Harwerth</b> Chair of UKEF Board, member of Remuneration and Nominations Committee	45-50	45-50
<b>Lawrence M. Weiss</b> Member of UKEF Board, member of Risk and Remuneration and Nominations Committees, Chair of Audit Committee	15-20	15-20
<b>Kimberley Wiehl</b> Member of UKEF Board, member of Audit, Risk and Remuneration and Nominations Committees	10-15	10-15
<b>Oliver Peterken</b> Member of UKEF Board, Chair of Risk Committee, member of Audit and Remuneration and Nominations Committees (left 31 March 2022)	15-20	15-20
<b>Shalini Khemka</b> Member of UKEF Board, member of Audit Committee 2020-21 (ceased to be a member of the UKEF Board and Audit Committee in February 2021)	0-5	10-15
<b>Alistair Clark</b> Chair of EGAC, member of UKEF Board	0-5	n/a
<b>Ben Caldecott</b> Member of EGAC	0-5	0-5
<b>Neil Holt</b> Member of EGAC 2020-21 (ceased to be a member in May 2021)	0	0-5
<b>John Morrison</b> Member of EGAC	0-5	0-5
<b>Stephen Prior</b> Member of EGAC	0-5	0-5
<b>Roseline Wanjiru</b> Member of EGAC	0-5	0-5

Civil servants and public servants employed by other departments and government companies do not receive fees for their attendance at UKEF Board meetings.

# Off-payroll engagements

Following the review of tax arrangements of public sector appointees published by the Chief Secretary to the Treasury in 2012, departments now publish annual information on their highly paid and/or senior off-payroll engagements.

The following tables provide information on those off-payroll engagements paid more than £245 per day during the financial year 2021-22.

## Highly paid off-payroll worker engagements that had lasted longer than 6 months as at 31 March 2022

<b>Number of existing engagements at 31 March 2022</b>	<b>10</b>
of which, had existed for	
less than 1 year	2
between 1 and 2 years	3
between 2 and 3 years	2
between 3 and 4 years	0
4 years or more at the time of reporting	3
<b>Total</b>	<b>10</b>

## Tax assurance for new off-payroll engagements

<b>No. of temporary off-payroll workers engaged during the year ended 31 March 2022</b>	<b>6</b>
of which:	
not subject to off-payroll legislation	0
subject to off-payroll legislation and determined as in-scope of IR35	5
subject to off-payroll legislation and determined as out-of-scope of IR35	1
No. of engagements reassessed for compliance or assurance purposes during the year	0
of which: No. of engagements that saw a change to IR35 status following review	0

### Notes

- 1 UKEF. Gender pay gap report 2020 to 2021. March 2022 [[gov.uk/government/publications/uk-export-finance-gender-pay-gap-report-2020-to-2021](https://www.gov.uk/government/publications/uk-export-finance-gender-pay-gap-report-2020-to-2021)]

The number of existing and new off-payroll engagements has decreased since 2020-21. As we have grown in size, we have required fewer interim contractors who have been replaced by employees; the creation of a Digital, Data and Technology directorate staffed by employees has reduced the requirement for temporary project contractors.

## Off-payroll engagements of Board members and/or senior officials with significant financial responsibility

No. of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility during the year	2
No. of individuals that have been deemed "Board members and or senior officials with significant financial responsibility" during the year	17

## Cost of off-payroll engagements

The total cost for the year 2021-22, including engagements of individuals whose daily cost was less than £245 per day, was £2,520,661 (2020-21: £1,811,376).

## Expenditure on consultancy

Total expenditure on consultancy in 2021-22 amounted to £4,556,053 (2020-21: £948,218). The increase this year is as a result of increased activity on the Financial Reporting Changes Programme, which will implement two new accounting standards.

## Severance payments

This section is subject to external audit.

UKEF made two severance payments during the year, both of which were voluntary exit payments.

The total amount paid was £113,851 (2020-21: nil). The highest was £71,966 and the lowest was £41,885, with a median of £56,925.

# Parliamentary Accountability and Audit

**Louis Taylor**

Chief Executive  
Officer



## Statement of Outturn against Parliamentary Supply

For the year ended 31 March 2022

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRoM) requires UKEF to prepare a Statement of Outturn against Parliamentary Supply (SoPS) and supporting notes.

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise. The

Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SoPS mirrors the Supply Estimates, published on [gov.uk](http://gov.uk), to enable comparability between what Parliament approves and the final outturn.

The SoPS contain a summary table, detailing performance against the control limits that Parliament has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Income (SoCNI) to tie the SoPS to the financial statements (note 2); and a reconciliation of outturn to net cash requirement (note 3).

The SoPS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on pages 77-88, in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on [gov.uk](http://gov.uk).

# Summary tables 2021-22

## Audited information

							2021-22		2020-21	
Type of spend	SoPS note	Outturn			Estimate			Outturn vs Estimates saving/(excess)		Outturn
		Voted £'000	Non-voted £'000	Total £'000	Voted £'000	Non-voted £'000	Total £'000	Voted £'000	Total £'000	Total £'000
<b>Departmental Expenditure Limit</b>										
Resource	SoPS1.1	–	–	–	1	–	1	1	1	(499)
Capital	SoPS1.2	1,413	–	1,413	1,600	–	1,600	187	187	784
<b>Total DEL</b>		1,413	–	1,413	1,601	–	1,601	188	188	285
<b>Annually Managed Expenditure</b>										
Resource	SoPS1.1	(323,965)	–	(323,965)	648,384	–	648,384	972,349	972,349	217,719
Capital	SoPS1.2	457,131	–	457,131	1,601,142	–	1,601,142	1,144,011	1,144,011	1,109,370
<b>Total AME</b>		133,166	–	133,166	2,249,526	–	2,249,526	2,116,360	2,116,360	1,327,089
<b>Total budget</b>										
Resource	SoPS1.1	(323,965)	–	(323,965)	648,385	–	648,385	972,350	972,350	217,220
Capital	SoPS1.2	458,544	–	458,544	1,602,742	–	1,602,742	1,144,198	1,144,198	1,110,154
<b>Total</b>		<b>134,579</b>	<b>–</b>	<b>134,579</b>	<b>2,251,127</b>	<b>–</b>	<b>2,251,127</b>	<b>2,116,548</b>	<b>2,116,548</b>	<b>1,327,374</b>

Figures in the shaded grey areas cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on [gov.uk](http://gov.uk), for detail on the control limits voted by Parliament.

## Audited information

Net cash requirement				2021-22	2020-21
	Note	Outturn £'000	Estimate £'000	Outturn vs Estimate, savings/ (excess) £'000	Outturn £'000
Net cash requirement	SoPS3	(117,027)	1,543,186	1,660,213	757,537

Administration costs				2021-22	2020-21
	Note	Outturn £'000	Estimate £'000	Outturn vs Estimate, savings/ (excess) £'000	Outturn £'000
Administration costs	SoPS1.1	–	1	1	(499)

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Explanations of variances between the Estimate and the Outturn are given within SoPS1 below.

The notes on pages 173 to 226 form part of the Statement of Parliamentary Supply.

## Notes to the SoPS, 2021-22

### SoPS1. Outturn detail, by Estimate line

SoPS1.1 Analysis of resource outturn by Estimate line

Audited information

Type of spend (Resource)												2021-22	2020-21
	Outturn Estimate							Estimate		Outturn vs Estimate, saving/(excess) £'000	Outturn Total £'000		
	Administration			Programme				Total £'000	Virements £'000			Total inc. virements £'000	
	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000						
<b>Voted spending in DEL</b>													
A. Export Credit Guarantees and Investments	66,329	(66,329)	–	–	–	–	–	1	–	1	1	(499)	
Total	66,329	(66,329)	–	–	–	–	–	1	–	1	1	(499)	
<b>Voted spending in AME</b>													
B. Export Credits	–	–	–	710,943	(948,183)	(237,240)	(237,240)	176,237	–	176,237	413,477	118,815	
C. Fixed Rate Export Finance Assistance	–	–	–	259	(298)	(39)	(39)	104	–	104	143	(27)	
D. Loans and interest equalisation	–	–	–	–	(107)	(107)	(107)	(101)	–	(101)	6	(240)	
E. Direct Lending	–	–	–	38,376	(124,955)	(86,579)	(86,579)	472,144	–	472,144	558,723	99,171	
Total	–	–	–	749,578	(1,073,543)	(323,965)	(323,965)	648,384	–	648,384	972,349	217,719	
<b>Total Resource</b>	66,329	<b>(66,329)</b>	–	<b>749,578</b>	<b>(1,073,543)</b>	<b>(323,965)</b>	<b>(323,965)</b>	<b>648,385</b>	–	<b>648,385</b>	<b>972,350</b>	<b>217,220</b>	

Virements are the reallocation of provision in the Estimates that do not require Parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury).



## Explanation of variances between Resource Outturn and Estimate

### A. Voted spending in resource DEL (RDEL)

– UKEF operates (with HM Treasury approval) a zero net RDEL regime for administration costs, whereby a proportion of UKEF's trading income is treated as negative RDEL to fund administration costs. As part of the Spending Review 2020 and 2021, UKEF has a maximum amount of income which can be used to fully offset expenditure. Annually, as part of the Supply Estimates process, HM Treasury approves the maximum amount of UKEF's trading income that can be treated as negative RDEL based on its expected level of activity and affordability. This arrangement is in place as it reflects the fact that UKEF prices premium written to cover risk and administration costs.

**B. Export Credits £413 million** – the budget includes underlying scenarios for volatile factors such as foreign exchange movements and credit risk, including expected losses on the portfolio and for provisions that might be required against our claims assets. In part due to the strengthening dollar and improved outlook in the aerospace sector, overall outturn came in below estimate.

**E. Direct Lending £559 million** – the variance largely relates to foreign exchange movements on expected lending activity for which a significant exchange loss was budgeted for in the estimate. The full year outturn was a foreign exchange gain. UKEF is not authorised by HM Treasury to hedge its exposure to foreign currency risk. See note 20 to the financial statements for further information on UKEF's foreign currency risk.

## SoPS1.2 Analysis of capital outturn by Estimate line

### Audited information

Type of spend (Capital)	Outturn						Estimate	2021-22	2020-21
	Gross	Income	Net	Total	Virements	Total inc.	Outturn vs Estimate, saving/ excess)	Outturn	
	£'000	£'000	£'000	£'000	£'000	virements £'000			
<b>Voted spending in DEL</b>									
A. Export Credit Guarantees and Investments	1,413	–	1,413	1,600	–	1,600	187	784	
Total	1,413	–	1,413	1,600	–	1,600	187	784	
<b>Voted spending in AME</b>									
B. Export Credits	–	–	–	–	–	–	–	–	
C. Fixed Rate Export Finance Assistance	–	–	–	–	–	–	–	–	
D. Loans and interest equalisation	–	(1,099)	(1,099)	(606)	–	(606)	493	(2,564)	
E. Direct Lending	655,187	(196,957)	458,230	1,601,748	–	1,601,748	1,143,518	1,111,934	
Total	655,187	(198,056)	457,131	1,601,142	–	1,601,142	1,144,011	1,109,370	
<b>Total Capital</b>	<b>656,600</b>	<b>(198,056)</b>	<b>458,544</b>	<b>1,602,742</b>	<b>–</b>	<b>1,602,742</b>	<b>1,144,198</b>	<b>1,110,154</b>	

Virements are the reallocation of provision in the Estimates that do not require Parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury).

## Explanation of variances between Capital Outturn and Estimate

**E. Direct Lending £1,144 million** – the budget included assumptions for foreign exchange movements as most loans are denominated in currencies other than sterling. Also an estimate for the value of direct lending deals likely to be done in-year was included to meet possible customer demand forecast by the business. There were overall lower drawings as some of those deals did not materialise or were not finalised by 31st March 2022.

More details of UKEF's risks, including foreign currency and liquidity risk, can be found in note 20 to the financial statements.

### SoPS2. Reconciliation of outturn to net operating expenditure

The total resource outturn in the SoPS is the same as net operating expenditure in the SoCNI, therefore this reconciliation is not relevant for UKEF.

### SoPS3. Reconciliation of net resource outturn to net cash requirement

#### Audited information

	SoPS Note	Outturn £'000	Estimate £'000	Outturn vs Estimate, saving/(excess) £'000
<b>Resource outturn</b>	SoPS1.1	(323,965)	648,385	972,350
<b>Capital outturn</b>	SoPS1.2	458,544	1,602,742	1,144,198
<b>Accruals to cash adjustments:</b>				
<b>Adjustments to remove non-cash items:</b>				
Depreciation and amortisation of equipment and intangible assets		(498)	(525)	(27)
Net foreign exchange differences and other non cash items		126,906	(545,540)	672,446
New provisions and adjustments to previous provisions		(213,478)	(393,467)	(179,989)
<b>Adjustments to reflect movements in working balances:</b>				
Increase/(Decrease) in receivables		(15,797)	131,275	147,072
(Increase)/Decrease in payables		(148,739)	100,316	249,055
Use of provisions		–	–	–
<b>Net cash requirement</b>		<b>(117,027)</b>	<b>1,543,186</b>	<b>1,660,213</b>

# Parliamentary accountability disclosures

These disclosures are subject to audit.

## Regularity

I can confirm that, for the financial year ended 31 March 2022, neither I, nor my staff, authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money and UKEF's Treasury Consent, and that Treasury approval was obtained for all novel, contentious or repercussive transactions relating to 2021-22.

## Other Parliamentary accountability disclosures

In 2021-22 UKEF has not made any special payments or gifts and does not have any remote contingent liabilities.

There are also no losses, individually or in aggregate, in excess of £300,000 which would require separate disclosure during the year or that have been recognised since that date.

### Louis Taylor

Chief Executive and Accounting Officer



28 June 2022

Jane Cooper who is Regional Head of Export Finance Managers for London and the South East



# The Certificate and Report of the Comptroller and Auditor General to the House of Commons

## Opinion on financial statements

I certify that I have audited the financial statements of the Export Credits Guarantee Department for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Department's:

- ▶ Statement of Financial Position as at 31 March 2022;
- ▶ Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- ▶ the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- ▶ give a true and fair view of the state of the Department's affairs as at 31 March 2022 and of the Department's net operating income for the year then ended; and

- ▶ have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Emphasis of Matter – Significant Uncertainty

Without qualifying my opinion, I draw your attention to the disclosures made in Note 1(B) to the financial statements concerning the significant uncertainty attached to the final outcome of the underwriting activities. The long-term nature of the risk underwritten means that the ultimate outcome will vary as a result of subsequent information and events and may result in significant adjustments to the amounts included in the accounts in future years. Details of the impact of this on the financial statements are provided in Note 1(B) to the financial statements.

## Opinion on regularity

In my opinion, in all material respects:

- ▶ the Statement of Outturn Against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2022 and shows that those totals have not been exceeded; and
- ▶ the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Export Credits Guarantee Department in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Export Credits Guarantee Department's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Export Credits Guarantee Department's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Export Credits Guarantee Department is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

## Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- ▶ the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ▶ the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the Export Credits Guarantee Department and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- ▶ adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or

- ▶ the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of remuneration specified by HM Treasury's Government Financial Report Manual are not made; or
- ▶ I have not received all of the information and explanations I require for my audit; or
- ▶ the Governance Statement does not reflect compliance with HM Treasury's guidance.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- ▶ I have not received all of the information and explanations I require for my audit; or
- ▶ adequate accounting records have not been kept by the Export Credits Guarantee Department or returns adequate for my audit have not been received from branches not visited by my staff; or
- ▶ the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- ▶ the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- ▶ maintaining proper accounting records;
- ▶ the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ▶ ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- ▶ internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- ▶ assessing the Export Credits Guarantee Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Export Credits Guarantee Department will not continue to be provided in the future.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level

of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud.**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud.**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- ▶ the nature of the sector, control environment and operational performance including the design of the Export Credits Guarantee Department's accounting policies, key performance indicators and performance incentives;
- ▶ Inquiring of management, the Export Credits Guarantee Department's head of internal audit, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Export Credits Guarantee Department's policies and procedures relating to:
  - ▶ identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
  - ▶ detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud; and



- ▶ the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Export Credits Guarantee Department's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000, Managing Public Money, the Export and Investment Guarantees Act 1991 and the HM Treasury consents made thereunder and the UK government sanctions regime
- ▶ discussing among the engagement team and involving relevant internal and external specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Export Credits Guarantee Department for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I also obtained an understanding of the Export Credits Guarantee Department's framework of authority as well as other legal and regulatory frameworks in which the Export Credits Guarantee Department operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Export Credits Guarantee Department. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriate (Main Estimates) Act 2021, Employment Law, tax legislation, the Export and Investment Guarantees Act 1991 and the HM Treasury consents made thereunder and the UK government sanctions regime.

### **Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- ▶ reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- ▶ enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- ▶ reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- ▶ in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal and external specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

## Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Report

I have no observations to make on these financial statements.

### **Gareth Davies**

Comptroller and Auditor General

29 June 2022

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