

# **Commissioner for the Rights of Trade Union Members Final Report and Accounts 1999-2005**

Presented pursuant to Section 28(1) of the Employment Relations Act 1999

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# **FINAL REPORT of the COMMISSIONER FOR THE RIGHTS OF TRADE UNION MEMBERS for 1999 to 2005**

## **FOREWORD**

This is the Final Report to be published, the post of Commissioner for the Rights of Trade Union Members having been abolished on 25 October 1999 under the provisions of the Employment Relations Act 1999. It was originally established in 1988.

As Commissioner I could provide material assistance to union members who were contemplating or taking proceedings in connection with matters specified in section 109 (as amended) of the Trade Union and Labour Relations (Consolidation) Act 1992. The Act also enabled union members to have reference to the Commissioner's support added after their names in the title of any proceedings I assisted, if they so wished, though I did not become an actual party to those proceedings.

The assistance I provided may have included the making of arrangements for me to bear the costs of the provision of advice and representation to the applicant by solicitors or Counsel. Where I granted assistance the assisted person was indemnified against any costs or expenses incurred in the proceedings. No Minister of the Crown could direct me to grant, or not to grant, assistance in response to any application.

For those matters which came within my powers it was always my policy to encourage the use of internal remedies before granting legal assistance. Funding was not normally provided until those internal procedures had been exhausted, except in exceptional cases.

Nevertheless, from 1 April 1999 to 25 October 1999 some 58 applications for assistance were received and further details regarding the nature of these are set out in the Report. As compared to some earlier years this was a relatively large number of applications for a period of just over six months. Not surprisingly, in the weeks immediately preceding the formal abolition of the office a number of substantial applications were received, the last of which was only formally settled in February 2003. Even then, given the length of time this case had been subject to legal deliberation and High Court proceedings, the final determination of costs took some considerable time to resolve – hence the delayed publication of this Final Report. The trade union concerned was not prepared to reach agreement on the amount of costs payable, which resulted in the matter having to be referred to the High Court for Costs Assessment. Shortly before the third scheduled Hearing at the beginning of September 2005 a compromise agreement was finally reached.

Another feature of this final period was the fact that a trade union sought a Judicial Review of my decision to assist an applicant, the first and only time that such a step had been taken since the office was established. Leave was granted and it ultimately became the subject of a full hearing in the High Court in November 2000. In refusing the union's application for review the Judge concluded that she was 'entirely un-persuaded the Commissioner's decision was wrong or unjustified. There is nothing before me to indicate that he took into account irrelevant matters or failed to take into account relevant matters, or that he applied the wrong test. He took wise precautions at each stage of the decision-making process and was plainly conscious of the extent of his statutory powers and duties'. Costs were awarded against the union.

Until May 2000 my office continued to operate from its base in Warrington, but, during this period, its staffing complement was progressively reduced to two personnel. Over the years I have very much valued and respected the staffs' professionalism and commitment, none less so than during the final year as closure of the office became a reality. In particular, I would want to place on record my thanks to Mr Terry Wafer, Assistant Commissioner, who, almost single-handedly, dealt with all matters relating to the physical closure of the Warrington office, involving liaison with numerous bodies regarding the disposal of files, records and other assets. Since May 2000 I have handled the several outstanding cases and other associated issues on a personal basis, in conjunction with the sponsor department as necessary.

## APPLICATIONS AND ASSISTANCE

58 formal applications for assistance were received by the Commissioner's office in the period 1 April 1999 to 25 October 1999.

During this time assistance was granted to one application carried over from the 1998/99 reporting year and to a further seventeen applications received after 1 April 1999. Of these, two cases proceeded to full High Court hearings and another was finally settled over three years after its receipt and shortly before full High Court proceedings were due to commence. Nine cases were resolved without the need for legal proceedings to be commenced. In five other cases assistance was withdrawn by the Commissioner on legal advice and the remaining case lapsed when the applicant withdrew.

An analysis of applications received during this reporting period is as follows:

### TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992

#### STATUTORY DUTIES AND RIGHTS

##### **Section 26 – Union has not observed statutory duties in connection with membership registers.**

One application was received, which was not assisted.

##### **Section 31 – Remedy for failure to allow access to union's accounting records.**

Three applications were received, of which two were assisted. One of the two assisted cases was resolved without the need for legal proceedings, the other proceeded to the High Court where access to the union's accounting records was granted to the member. Costs were awarded in favour of the applicant.

##### **Section 56 – Remedy for failure to comply with statutory requirements relating to elections to principal executive committee, and certain officers.**

Two applications were received, neither of which was assisted.

#### BREACH OF UNION RULES

##### **Section 109 (2) (a) – Appointment or election of a person to, or the removal of a person from, any office.**

Eight applications were received, of which one was assisted. This case became the subject of lengthy legal deliberation, the initial facts of which were heard in the High Court. The matter had been set down for a full High Court hearing and all the relevant facts lodged. Shortly before this was scheduled to be listed, settlement was reached in the applicants' favour, with an agreement as to the bearing of costs.

##### **Section 109 (2) (b) – Disciplinary proceedings by the union (including expulsion).**

Twelve applications were received, of which seven were assisted. One of these seven proceeded to the High Court where judgment was made in the member's favour. Costs were awarded against the union, but since agreement could not be reached the matter became the subject of an Assessment Hearing. Two of the other assisted cases were resolved without need of proceedings, in three cases the Commissioner withdrew assistance, and one case lapsed when the applicant withdrew.

##### **Section 109 (2) (d) – Balloting of members.**

Six applications were received, of which three were assisted. Two of these were resolved without the need for proceedings, and the Commissioner withdrew assistance in the other case.

**Section 109 (2) (g) – Constitution or proceedings of any committee, conference or other body.**

Eighteen applications were received, of which four were assisted. Three of these were resolved without the need for proceedings, and the Commissioner withdrew assistance in the other case.

**Applications out of scope of the Commissioner’s powers to assist.**

The Commissioner also received eight applications which could not be related to any of the above categories. All of these were complaints about inadequate representation by individual trade unions.

**ENQUIRIES**

A total of 119 enquiries were received during the period 1 April 1999 to 25 October 1999.

**FINANCE**

Until 31 March 2000 financial provision for the Commissioner was made by Grant-in-Aid from the former Department of Trade and Industry’s supply estimate in accordance with Section 270(2) of the Trade Union and Labour Relations (Consolidation) Act 1992. From 1 April 2000 until the final date, which was 31 December 2005, all expenditure of the Commissioner was made by the Department of Trade and Industry and was reported in the Department’s resource accounts.

The gross cost of the Commissioner’s office for the period 1 April 1999 to 31 December 2005 was £895,000.

A.G. Corless CBE  
COMMISSIONER

## Foreword to the Accounts

1. The Employment Act 1988, consolidated by the Trade Union and Labour Relations (Consolidation) Act 1992, and as amended by the Trade Union Reform and Employment Rights Act 1993, provided for the establishment of a Commissioner for the Rights of Trade Union Members with the power to grant assistance to a union member contemplating or taking proceedings against their union, or an official or trustee of the union, in connection with matters specified in Section 109 of the 1992 Act.
2. The Employment Relations Act 1999 Section 28, abolished the Commissioner for the Rights of Trade Union Members on 25 October 1999.
3. Statutory Instrument 1999 No. 2830 gave direction for the final accounting for the Commissioner for the Rights of Trade Union Members.

As soon as practicable after the final date, the Commissioner:

- a. Shall prepare a report on his activities from 1 April 1999 until the final date and shall send a copy of it to the Secretary of State, who shall lay a copy of it before both Houses of Parliament, and
  - b. Shall prepare a statement of accounts in such form as the Secretary of State may with the approval of the Treasury, direct and send copies of it to the Secretary of State and the Comptroller and Auditor General.
4. The Comptroller and Auditor General shall examine, verify and report on the statement of accounts and shall lay a copy of the statement and of his report before both Houses of Parliament.
  5. For the period 1 April 1999 to 31 March 2000 the Commissioner was financed by a single Grant in Aid (Department of Trade and Industry – Class V, Vote 1, Subhead A7). From 1 April 2000 until the final date which was 31 December 2005, all expenditure of the Commissioner for the Rights of Trade Union Members was made by the Department of Trade and Industry, and reported in the Department's combined resource accounts.
  6. The expenditure for the period 1 April 1999 to 31 December 2005 has been disclosed in two periods – 1 April 1999 to 31 March 2000, when the Commissioner for the Rights of Trade Union Members was receiving Grant in Aid, and the period 1 April 2000 to 31 December 2005 when all payments for the Commissioner for the Rights of Trade Union Members (CRTUM) were made by the Department of Trade and Industry (DTI).
  7. Following its abolition CRTUM's last year of operation as a non-Departmental public body (NDPB) was 1999-2000. During this time it had its own accounting system and bank account and received grant in aid funding from the DTI. After the closure of the CRTUM office the accounting records were transferred to the responsible policy team within the Department, who had them placed into the Department's physical records storage facility at Westfield House. Upon the commencement of the preparation of the final CRTUM financial statements the Department was unable to retrieve all of the CRTUM accounting records. Certain key records, such as the trial balance, monthly bank reconciliations and evidence to support the grant in aid funding were available, but the majority of invoices and other underlying documentation to support the operating payments and receipts could not be retrieved, and the Department is not able to demonstrate that the CRTUM 1999-2000 operating expenditure and receipts are properly presented or are regular, even though there is no evidence to suggest that these records were not maintained.
  8. From 1 April 2000 until the final date, 31 December 2005, the Commissioner's payments were met directly by the DTI, and along with any relevant receipts, were recorded in the Department's accounting ledger. No separate accounting ledger was maintained for CRTUM

beyond 31 March 2000. Some initial liaison about the handling of CRTUM's transactions took place between the responsible policy directorate and the central finance team, and it was agreed that a separate programme code be set up to record the transactions. However, it transpired that this was insufficient to ensure that a proper process for recording and subsequently identifying CRTUM's transactions was maintained, due to the unexpected lengthy period before all the Commissioner's outstanding cases were concluded. This prevented the Department from being certain of identifying all of the CRTUM transactions, and that all relevant transactions have been included in the final financial statements, even though the Department did carry out data searches of the accounting ledger, and wrote to the legal firms involved to obtain assurance of legal payments made.

9. The Department proposes to implement a plan for the closure of an NDPB, to ensure that all accounting records are securely stored and that any associated expenditure and receipts are easily identifiable within the Department's accounting ledger. The plan will be published as a Budgeting and Accounting Guidance Paper on the Department's intranet.
10. The Commissioner is Mr Gerry Corless. The Assistant Commissioner and Accounting Officer for the period 1 April 1999 to 31 March 2000 was Mr Terry Wafer. As Mr Terry Wafer has resigned, the responsibilities of the Accounting Officer are now the responsibility of the Permanent Secretary of the Department for Business Innovation and Skills (formerly the Department of Trade and Industry).

Simon Fraser  
Accounting Officer and Permanent Secretary  
10 March 2010



## **Statement of Accounting Officer's Responsibilities**

Under Section 28(1) of the Employment Relations Act 1999, and Statutory Instrument 1999 No. 2830 (C.72) the Commissioner is required to prepare a statement of accounts from 1 April 1999 until the final date, in the form and on the basis directed by the Secretary of State for Business, Innovation and Skills, with the consent of the Treasury. The accounts are prepared on a cash basis and must properly present the receipts and payments for the financial period and the balances held at the period end.

As the Assistant Commissioner, Mr Terry Wafer, has now resigned, the responsibilities of the Accounting Officer are now the responsibility of the Permanent Secretary of the Department for Business Innovation and Skills.

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 the assets, are set out in the Accounting Officer's Memorandum issued by HM Treasury and published in *Managing Public Money*.

## **Statement on Internal Control**

### **Scope of responsibility**

- 1 As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commissioner for the Rights of Trade Union Members policies, aims, and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in "Managing Public Money".

Although not in post during the accounting period in question, I have been advised about the control environment that operated up to the approval of the annual report and accounts.

The Employment Act 1988, consolidated by the Trade Union and Labour Relations (Consolidation) Act 1992, and as amended by the Trade Union Reform and Employment Rights Act 1993, provided for the establishment of a Commissioner for the Rights of Trade Union Members with the power to grant assistance to a union member contemplating or taking proceedings against their union, or an official or trustee of the union, in connection with matters specified in Section 109 of the 1992 Act. The post was abolished on 25 October 1999 under the provisions of the Employment Relations Act 1999. However, provision was made for the Commissioner to remain in post to see cases registered with him, and accepted for assistance before 25 October 1999, through to completion.

### **The purpose of the system of internal control**

2. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. A system of internal control did operate in CRTUM during its last year of operation in 1999-2000. After that, the operation of CRTUM was incorporated into the wider system of internal control operating in the Department. However, no specific system of internal control was in place in relation to CRTUM for the period ended 31 December 2005 and up to the date of approval of the annual report and accounts that would conform with Treasury guidance.

### **Capacity to handle risk**

3. CRTUM's last year of operation as a Non-Departmental Public Body (NDPB) was 1999-2000 during which time it had its own accounting system and bank account and received grant in aid funding from the DTI. Following this, the Commissioner was retained until the completion of the last case in 2005. The Commissioner's payments over this period were met directly by DTI and, along with any relevant receipts, were recorded in the Department's accounting ledger.

CRTUM was a small NDPB. It was supporting just three cases involving legal proceedings at the time of its abolition, but these cases took a long time finally to resolve. During this period, transactions were few and unevenly spaced.

### **The risk and control framework**

- 4 The risk management framework operates, within the Department, through the initial identification of risks that threaten achievement of objectives. These risks are then evaluated in terms of impact and probability. Consideration is then given to the actions required to

effectively manage each risk. This process establishes the level of residual risk against which the Department is exposed which is monitored over time. This, however, did not relate to CRTUM as no specific risk and control framework was established at the time.

### **Review of effectiveness**

5. As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Management Board, and the Audit & Risk Committee.

Following the closure of the CRTUM office the accounting records were transferred to the responsible policy team within the Department, who had them placed into the Department's physical records storage facility at Westfield House. Upon the commencement of the preparation of the final CRTUM financial statements the Department was unable to retrieve all of the CRTUM accounting records. Certain key records, such as the trial balance, monthly bank reconciliations and evidence to support the grant in aid funding were available, but the majority of invoices and other underlying documentation to support the operating payments and receipts could not be retrieved, and the Department is not able to demonstrate that the CRTUM 1999-2000 operating expenditure and receipts are complete, properly presented or regular, even though there is no evidence to suggest that these records were not maintained at the time.

From 1 April 2000 until the final date, 31 December 2005, the Commissioner's payments were met directly by the DTI, and along with any relevant receipts, were recorded in the Department's accounting ledger.

Some initial liaison about the handling of CRTUM's transactions took place between the responsible policy directorate and the central finance team, and it was agreed that a separate programme code be set up to record the transactions. However, it transpired that this was insufficient to ensure that a proper process for recording and subsequently identifying CRTUM's transactions was maintained, due to the unexpectedly lengthy period before all of the Commissioner's outstanding cases were concluded.

This prevented the Department from being certain of identifying all of the CRTUM transactions, and that all relevant transactions have been included in the final financial statements, even though the Department did carry out data searches of the accounting ledger, and wrote to the legal firms involved to obtain assurance of legal payments made. This has further prevented the Department from demonstrating that the receipts and payments for the period 2000-2005 are complete, properly presented in terms of their categorisation, or are regular.

Building on the circumstances of this case, the Department proposes to implement a plan for the closure of future NDPBs of a similar nature, to ensure that all accounting records are securely stored and that any associated expenditure and receipts are easily identifiable within the Department's accounting ledger. The plan will be published as a Budgeting and Accounting Guidance Paper on the Department's intranet.

Simon Fraser  
Accounting Officer and Permanent Secretary  
10 March 2010

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

I certify that I have audited the financial statements of the Commissioner for the Rights of Trade Union Members (CRTUM) for the period 1 April 1999 to 31 December 2005 under the Employment Relations Act 1999 (Commencement No. 2 and Transitional and Saving Provisions) Order 1999. These comprise the Receipts and Payments account, the Statement of Balances and the related notes. These financial statements have been prepared under the accounting policies set out within them.

### **Respective responsibilities of the Accounting Officer, Commissioner and Auditor**

As detailed in the Statement of Accounting Officer's Responsibilities, the Permanent Secretary of the Department for Business, Innovation and Skills (the Department) as Accounting Officer is responsible for preparing the Foreword and the financial statements in accordance with the Employment Relations Act 1999 (Commencement No. 2 and Transitional and Saving Provisions) Order 1999 and directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with Auditing Standards issued by the Auditing Practices Board.

I report to you my opinion as to whether the financial statements properly present the receipts and payments and whether the financial statements have been properly prepared in accordance with the Employment Relations Act 1999 (Commencement No. 2 and Transitional and Saving Provisions) Order 1999 and directions made thereunder. I report to you whether, in my opinion, the information given in the Foreword is consistent with the financial statements. I also report whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

In addition, I report to you if the Commissioner for the Rights of Trade Union Members has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit,

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

I read the other information, which comprises the Commissioner's Final Report for 1999 to 2005, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinions**

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

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

The scope of my examination was limited because the Department had not maintained proper accounting records which would enable them to disclose with reasonable accuracy receipts and payments of the Commissioner for the Rights of Trade Union Members. Key accounting records from the last full year of the Commissioner for the Rights of Trade Union Members operations were not retained for the period 1 April 1999 to 31 March 2000. For the period from 1 April 2000, a proper process for recording, and subsequently identifying the transactions relating to the Commissioner for the Rights of Trade Union Members was not put in place such that the completeness of the transactions recorded in the financial statements cannot now be confirmed. The pervasive and fundamental nature of the problems encountered during my audit mean that I am unable to reach an opinion as to whether the financial statements properly present the receipts and payments of the Commissioner for the Rights of Trade Union Members, or whether they have been applied to the purposes intended by Parliament and the authorities which govern them.

### **Disclaimer of opinion on financial statements**

Because of the pervasive and fundamental nature of the problems encountered during my audit and the possible effects of the limitation in evidence available to me I am unable to form an opinion as to whether:

- the financial statements properly present the receipts and payments of the Commissioner for the Rights of Trade Union Members for the period 1 April 1999 to 31 December 2005 and have been properly prepared in accordance with the Employment Relations Act 1999 (Commencement No. 2 and Transitional and Saving Provisions) Order 1999 and directions made thereunder;
- in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them; and
- information, which comprises the Foreword, included within the Final Report and Accounts, is consistent with the financial statements.

The Department has not maintained proper accounting records which would enable them to disclose with reasonable accuracy receipts and payments of the Commissioner for the Rights of Trade Union Members.

Details of these matters are explained more fully in my Report at pages 14 and 15.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
153-157 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
18 March 2010

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

## **Introduction**

The Commissioner for the Rights of Trade Union Members (CRTUM) was responsible for the provision of material assistance to union members taking, or contemplating, certain legal proceedings against their union, including those concerning the infringement of legislation relating to industrial action, leadership balloting procedures and the unlawful use of union rights.

CRTUM was created in 1988 under the terms of the Employment Act 1988 as a non Departmental public body (NDPB) sponsored by the then Department for Trade and Industry (DTI). CRTUM was abolished under the Employment Relations Act 1999. However, provision was made for the Commissioner to remain in post to see cases registered with him, and accepted for assistance before 25 October 1999, through to completion.

CRTUM's last year of operation as an NDPB was 1999-2000 during which time it had its own accounting system and bank account and received grant in aid funding from the DTI. Following this, the Commissioner was retained until the completion of the last case in 2005. The Commissioner's payments over this period were met directly by DTI and, along with any relevant receipts, were recorded in the Department's accounting ledger.

The closing financial statements of CRTUM have been prepared on a cash basis and cover the receipts and payments in the last year of CRTUM's existence as a NDPB (1 April 1999 to 31 March 2000) and the subsequent period until to the final date (31 December 2005), during which the Commissioner was retained.

The purpose of this report is to explain why I have been unable to reach an opinion as to whether the closing financial statements properly present the receipts and payments of CRTUM and as to whether the payments and receipts were applied to the purposes intended by Parliament and confirm to the authorities that govern them.

## **Retention of records relating to 1999-2000**

As noted in the Statement on Internal Control, the Department was unable to trace all the CRTUM records relating to the 1999-2000 receipts and payments, the last year of the NDPB's operations. Certain key records, such as the trial balance, the monthly bank reconciliations and evidence to support the Grant in Aid funding were available. However, the majority of invoices and other underlying documentation to support the operating payments and receipts could not be traced. Whilst there is no reason to doubt that proper records were maintained by CRTUM at the time, the absence of the underlying evidence has prevented me from completing my audit and confirming that other operating expenditure amounting to £237,000, and operating receipts amounting to £26,000 for the period 1999-2000 are complete, properly presented in terms of their categorisation, or are regular.

## **Completeness of recorded transactions from 1 April 2000 to 31 December 2005**

No separate accounting ledger was maintained for CRTUM beyond 31 March 2000. Instead CRTUM transactions were processed using the DTI's main accounting system. As disclosed in the Statement on Internal Control, some initial liaison about the handling of CRTUM transactions took place between the responsible Departmental policy directorate (Employment Relations) and the Department's central finance team when the CRTUM NDPB was closed. However, this was not sufficient to ensure that a proper process for recording and subsequently identifying CRTUM's transactions was maintained. Consequently, the relatively small number of CRTUM transactions were posted to programme transaction codes without means of

subsequently identifying them from within the high volume of other Employment Relations transactions posted to the same codes. This has made it extremely difficult for the Department to identify the CRTUM transactions and to demonstrate that all relevant transactions have been included in the financial statements.

As set out in the Statement on Internal Control, the Department has attempted to gain assurance about the completeness of transactions, for example by manually examining the accounting ledgers and by obtaining written confirmations from the legal firms known to be involved in the final cases. However, the Department has been unable to conclusively demonstrate the completeness of the recorded transactions and in August 2009 concluded that they had done all that was feasibly possible and that it would not be possible for them to provide any further evidence to demonstrate the completeness of the transactions. This has further prevented me from completing my audit and confirming that operational receipts amounting to £135,000 and total payments amounting to £564,000 for the period 2000-2005 are complete, properly presented in terms of their categorisation, or are regular.

### **Basis of Disclaimed Opinion**

An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. I planned my audit so as to obtain all the information and explanations which I considered necessary. The scope of my examination was limited because the Department had not maintained proper accounting records which would enable them to disclose with reasonable accuracy the receipts and payments of CRTUM.

The pervasive and fundamental nature of the problems encountered during my audit mean that I am unable to reach an opinion as to whether the financial statements properly present the receipts and payments of CRTUM or whether they have been applied to the purposes intended by Parliament and the authorities which govern them.

### **The Way Forward**

As reported in the Statement on Internal Control, the Department have identified that the difficulties encountered in preparing the closing financial statements of CRTUM largely arose due to the failure to ensure that a proper process for recording and subsequently identifying CRTUM's transactions was maintained. It has taken a very long time to finalise and present the financial accounts to Parliament, and whilst some delay was for reasons beyond their control, the Department should have done more to have expedited the process. It is important that the Department learns the lessons of CRTUM case and ensures that appropriate arrangements are put in place when sponsored bodies such as CRTUM are wound up in future.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
153-157 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
18 March 2010

## Receipts and Payments Account for the period ended 31 December 2005

	Notes	1999-2000	2000-2005	Total Period 1999-2005	1998-99
		£000	£000	£000	£000
Grant in Aid / DTI funding received	2	330	429	759	322
Operating Receipts		26	135	161	53
		<u>356</u>	<u>564</u>	<u>920</u>	<u>375</u>
Salaries and wages etc	3	94	21	115	110
Other operating payments	4	237	543	780	213
		<u>331</u>	<u>564</u>	<u>895</u>	<u>323</u>
Surplus from operations		25	-	25	52
Appropriations to the Consolidated Fund	5	(28)	-	(28)	(53)
Excess of receipts over payments for the period		(3)	-	(3)	(1)

## Statement of Balances as at 31 March 2000 and 31 December 2005

	Note	1999-2000 £000	2000-2005 £000	1998-1999 £000
<b>Cash and bank balances</b>				
Balance at beginning of the financial period		3	-	4
<i>Add</i>				
Excess of payments over receipts for the financial period		(3)	-	(1)
Balance at the end of the financial period	6	<u>-</u>	<u>-</u>	<u>3</u>

The notes on pages 17 to 18 form a part of the account



## Notes to the Account

### 1. Accounting policies

The Account is drawn up in a form directed by the Secretary of State with the approval of the Treasury in accordance with Section 28 (1) of the Employment Relations Act 1999 and Statutory Instrument 1999 No. 2830. With the agreement of the Treasury, the account has been prepared on a receipts and payments basis.

	1999-2000	2000-2005	Total period 1999-2005	1998-1999
	£	£	£	£
<b>2. Grant-in-Aid, Department of Trade and Industry Funding received</b>				
a. Grant-in-Aid received from Class V, Vote 1, Subhead A7	330,000	-	330,000	322,000
b. DTI funding	-	428,759	428,759	-
	<u>330,000</u>	<u>428,759</u>	<u>758,759</u>	<u>322,000</u>
<b>3. Salaries and wages etc</b>				
a. <b>Commissioner's remuneration</b>				
Salary	26,395	21,142	47,537	25,256
Social Security costs	2,333	-	2,333	2,089
Total Commissioner's remuneration	<u>28,728</u>	<u>21,142</u>	<u>49,870</u>	<u>27,345</u>
b. <b>Senior employees</b> No employee received remuneration of more than £40,000 in the financial years 1998-1999, 1999-2000, or the period 2000-2005				
c. <b>Staff costs</b>				
Salaries	52,767	-	52,767	67,671
Social security costs	4,642	-	4,642	5,649
Other pension costs	8,312	-	8,312	9,450
Total staff costs	<u>65,721</u>	<u>-</u>	<u>65,721</u>	<u>82,770</u>
<b>Total wages and salaries</b>	<u>94,449</u>	<u>21,142</u>	<u>115,591</u>	<u>110,115</u>
Average number of staff	2	0	0	4

d. **Pensions**

The employees of the Commissioner's Office were seconded from the Civil Service, therefore the contributions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. For 1999-2000, contributions of £8,312 were paid to the Paymaster General at the appropriate banded rates for non-industrial staff as determined by the Government Actuary and advised by the Treasury. No pension contributions have been made for the Commissioner in the period but provision had been made to meet his future pension commitments.

	1999-2000	2000-2005	Total period 1999-2005	1998-1999
	£	£	£	£
<b>Other operating payments</b>				
Travel and subsistence	4,760	1,654	6,414	3,431
Telecommunications	3,400	6	3,406	3,389
Maintenance, cleaning, heating and lighting	5,449	-	5,449	5,958
Computer/office machinery	1,305	-	1,305	1,465
Printing/stationery and publications	136	-	136	1,108
Publicity	1,157	-	1,157	2,715
External audit fee	6,000	-	6,000	3,750
Fees for consultants	32	-	32	189
Law charges/legal costs	161,369	541,064	702,433	153,316
Payments under operating leases:				
Accommodation	53,118	-	53,118	37,702
	<u>236,726</u>	<u>542,724</u>	<u>779,450</u>	<u>213,023</u>
<b>Appropriations</b>				
Operating receipts	26,137	-	26,137	53,102
Unexpended grant-in-Aid	1,348	-	1,348	-
	<u>27,485</u>	<u>-</u>	<u>27,485</u>	<u>53,102</u>
<b>Balance at period-end</b>				
Cash at bank	-	-	-	2,542
Cash at HQ	-	-	-	27
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,569</u>

The Commissioner operated a commercial bank account which incurred no interest. This bank account was closed on 3 April 2000 and the balance of unexpended grant-in-Aid was surrendered to the DTI.

7. **Related party transactions**

The Commissioner for the Rights of Trade Union Members was a Non-Departmental Public Body (NDPB) sponsored by the Department of Trade and Industry.

The Department of Trade and Industry was regarded as a related party. During the period the Commissioner for the Rights of Trade Union Members has had various material transactions with the Department.

None of the key managerial staff undertook any material transactions with the Commissioner for the Rights of Trade Union Members during the period.



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