

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

---

# Wool Textile Industry (Wool Levy) Account 2007-2008

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

---

# Wool Textile Industry (Wool Levy) Account 2007-2008

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 21 JULY 2008

The National Audit Office  
scrutinises public spending  
on behalf of Parliament.

The Comptroller and Auditor General, Tim Burr,  
is an Officer of the House of Commons.  
He is the head of the National Audit Office  
which employs some 850 staff.  
He and the National Audit Office  
are totally independent of Government.

He certifies the accounts of all Government  
departments and a wide range of other public  
sector bodies; and he has statutory authority  
to report to Parliament on the economy, efficiency  
and effectiveness with which departments and  
other bodies have used their resources.

Our work leads to savings and other efficiency  
gains worth many millions of pounds; at  
least £9 for every £1 spent running the Office.

This account can be found on the National Audit Office web site at  
[www.nao.org.uk](http://www.nao.org.uk)

# Contents

	Page
Foreword	2
Statement of Secretary of State's and Accounting Officer's responsibilities with respect to Financial Statements	3
Statement on Internal Control	4
The Certificate and Report of the Comptroller and Auditor General	6
Account of the receipts and payments of the Secretary of State for Business, Enterprise and Regulatory Reform for the year ended 31 March 2008	8

## Foreword

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

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

- 2 These levies are payable half-yearly by firms in the woollen yarn and wool industry. Amounts are based on a percentage of the annual salary costs for wool processors and the weight of wool handled by raw fibre suppliers. Monies received are paid into a deposit account kept by HM Paymaster General. Funds are periodically issued from this account to the National Wool Textile Export Corporation.
- 3 Under Section 9(4) of the Act, the Secretary of State is required in respect of each financial year to prepare, in such form and manner as HM Treasury may direct, accounts for audit by the Comptroller and Auditor General of the sums recovered under orders made under that section and of the disposal of those sums. These accounts record the transactions in the financial year 2007-2008.
- 4 A submission to Ministers in April 2007 recommended the Department set in hand arrangements to consult with stakeholders about whether to end the levy and what the best way might be to terminate it. The outcome of the consultation process was that the levy should end from 1 October 2008 but that levies payable up to 30 September 2008 will still be collected. Subject to a further abbreviated consultation with the Trades Unions, the intention is that a Statutory Instrument will be introduced during the next parliamentary session for affirmative resolution that revokes the levy.
- 5 As Accounting Officer, as far as I am aware there is no relevant audit information of which the auditors are unaware. I have taken all of the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

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

10 July 2008

## Statement of Secretary of State's and Accounting Officer's responsibilities with respect to Financial Statements

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

HM Treasury has appointed the Permanent Secretary for the Department for Business, Enterprise and Regulatory Reform, as Accounting Officer for the account. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in 'Managing Public Money' as published by HM Treasury.

## Statement on Internal Control

### Scope of responsibility

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

The Business Relations Directorate within the Department jointly maintains policy responsibility for the Wool Levy with UK Trade & Investment (UKTI). Amey Business Services (Amey) administers the levy on behalf of the Department with Finance and Resource Management (FRM) Directorate maintaining oversight of the process. Levies are payable half-yearly by firms in the woollen and wool industry. Amounts are based on a percentage of the annual salary costs for wool processors and the weight of wool handled by raw fibre suppliers. Monies received are paid into a deposit account kept by HM Paymaster General. Funds are periodically issued from this account to the National Wool Textile Export Corporation (NWTEC).

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the Wool Textile Industry Export Promotion Levy for the year ended 31 March 2008 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

### Capacity to handle risk

During 2007-2008, the wool levy agreement between Amey and FRM was updated to reflect the way it is currently administered. Amey re-performed all the levy calculations based on the information provided by each levy payer and conducted eight site visits/audits during the course of the year to ensure details submitted by companies in their returns were correct. These checks helped facilitate the identification of any overpayments or underpayments that companies might have made and any subsequent corrective action to be taken. Checks were also carried out to confirm the eligibility of registered companies to pay the levy.

Amey have their own risk management procedures in place and work in partnership with the Department to jointly manage shared risks. In BERR, general guidance on risk management is available to staff through the Risk Management Intranet site. This site includes the Department's risk management policy and has specific guidance on undertaking risk self-assessment. Risk management workshops are available to all staff and practical guidance on its application has been incorporated into a wide range of internal training courses that staff in the Department can attend. These courses cover all ranges of staff and are tailored to be appropriate to their authority and duties.

### The risk and control framework

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

## Review of effectiveness

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

Following the levy period from March to September 2007 a number of firms are being pursued for outstanding amounts. Legal action will be taken if necessary to ensure the firms pay the levy.

A submission to Ministers in April 2007 recommended the Department set in hand arrangements to consult with stakeholders about whether to end the levy and what the best way might be to terminate it. The outcome of the consultation process was that the levy should end from 1st October 2008 but that levies payable up to 30 September 2008 will still be collected. Subject to a further abbreviated consultation with the Trades Unions, the intention is that a Statutory Instrument will be introduced during the next parliamentary session for affirmative resolution that revokes the levy.

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

10 July 2008



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

I certify that I have audited the financial statements of The Wool Textile Industry Export Promotion Levy (Wool Levy) for the year ended 31 March 2008 under the Industrial Organisation and Development Act 1947. These comprise the Receipts and Payments Account and have been prepared in the form and on the basis determined by HM Treasury.

## Respective responsibilities of the Accounting Officer and Auditor

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

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

I report to you my opinion as to whether the financial statements properly present the receipts and payments and whether the financial statements have been properly prepared in accordance with the Industrial Organisation and Development Act 1947 and Treasury directions made thereunder. I report to you whether, in my opinion, 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 the financial transactions conform to the authorities which govern them.

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

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

## Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements.

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

## Opinions

### **Audit opinion**

In my opinion

- the financial statements properly present the receipts and payments, in accordance with the Industrial Organisation and Development Act 1947 and directions made thereunder by HM Treasury, for the year ended 31 March 2008;
- the financial statements have been properly prepared in accordance with the Industrial Organisation and Development Act 1947 and HM Treasury directions made thereunder; and
- information given within the Foreword is consistent with the financial statements

### **Audit opinion on regularity**

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

### **Report**

I have no observations to make on these financial statements.

*T J Burr*  
Comptroller and Auditor General

16 July 2008

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

## Account of the receipts and payments of the Secretary of State for Business, Enterprise and Regulatory Reform for the year ended 31 March 2008

### Wool Textile Industry (Export Promotion Levy) Account

	<b>2007-2008</b>	2006-2007
	£	£
<b>Receipts</b>		
Balance at 1 April	<b>6,253</b>	4,847
Levies collected	<b>186,114</b>	185,864
	<b>192,367</b>	190,711
<b>Payments</b>		
To the National Wool Textile Export Corporation	<b>180,862</b>	184,288
Refunds to Levy Payers	<b>388</b>	202
Bank Charges	<b>0</b>	(32)
Balance at 31 March	<b>11,117</b>	6,253
	<b>192,367</b>	190,711

Note: In 2007-2008 no claims were abandoned as irrecoverable from companies in liquidation or receivership.

The Accounting Officer has authorised these accounts to be issued on 16 July 2008.

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

10 July 2008

For further information about the National Audit Office please contact:

National Audit Office  
Press Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS  
Tel: 020 7798 7400  
Email: [enquiries@nao.gsi.gov.uk](mailto:enquiries@nao.gsi.gov.uk)

DG Ref: A67212 008689

Published by TSO (The Stationery Office) and available from:

**Online**

**[www.tsoshop.co.uk](http://www.tsoshop.co.uk)**

**Mail, Telephone, Fax & E-mail**

TSO  
PO Box 29, Norwich, NR3 1GN  
Telephone orders/General enquiries: 0870 600 5522  
Order through the Parliamentary Hotline Lo-call 0845 7 023474  
Fax orders: 0870 600 5533  
E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)  
Textphone 0870 240 3701

**TSO Shops**

16 Arthur Street, Belfast BT1 4GD  
028 9023 8451 Fax 028 9023 5401  
71 Lothian Road, Edinburgh EH3 9AZ  
0870 606 5566 Fax 0870 606 5588

**The Parliamentary Bookshop**

12 Bridge Street, Parliamentary Square,  
London SW1A 2JX  
Telephone orders/General enquiries 020 7219 3890  
Fax Orders 020 7219 3866  
Email [bookshop@Parliament.uk](mailto:bookshop@Parliament.uk)  
Internet [bookshop.Parliament.uk](http://bookshop.Parliament.uk)

**TSO@Blackwell and other Accredited Agents**

ISBN 978-0-10-328783-6



9 780103 287836