

Accountability report

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UKEF Ministers and board members

UKEF ministers



Rt Hon Kemi Badenoch MP

Secretary of State for Business and Trade, President of the Board of Trade, and Minister for Women and Equalities (from February 2023)

Secretary of State for International Trade and President of the Board of Trade (from October 2022 to February 2023)



Andrew Griffith MP

Minister for Exports (July 2022-September 2022)



Marcus Fysh

Minister for Exports (September 2022-October 2022)



The Rt Hon Anne-Marie Trevelyan MP

Secretary of State for International Trade and President of the Board of Trade (to September 2022)



Andrew Bowie

Minister for Exports (October 2022-February 2023)



Mike Freer MP

Minister for Exports (to July 2022)



Lord Offord

Minister for Exports (from May 2023)

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.

Members of the UKEF Board and its sub-committees



Noël Harwerth

Chair of the UKEF Board and Remuneration Committee



Charlotte Morgan

Member of UKEF Board, member of Risk and Remuneration committees, Chair of Audit Committee (from 1 April 2023)



Tim Reid

Chief Executive Officer (from 1 January 2023)



Kimberley Wiehl

Member of UKEF Board, member of Audit, Risk and Remuneration committees



Cameron Fox

Chief Finance and Operating Officer



Alistair Clark

Ex-officio member of UKEF Board, Chair of Export Guarantees Advisory Council (to 31 October 2023)



Samir Parkash

Chief Risk Officer



Vanessa Havard-Williams

Ex-officio member of UKEF Board, Interim Chair of Export Guarantees Advisory Council (from 1 January 2023)



Jackie Keogh

Member of UKEF Board, member of Audit, Risk and Remuneration Committees



Candida Morley

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



Tim Frost (From 1 May 2022)

Member of UKEF Board, Chair of Risk Committee, member of Audit and Remuneration committees



Andrew Mitchell

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



Lawrence M. Weiss

Member of UKEF Board, member of Risk and Remuneration committees, Chair of Audit Committee (to 31 March 2023)

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. 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 at:

www.gov.uk/government/organisations/uk-export-finance/about/our-governance



Hitesh Patel, the Export
Finance Manager for Central
and West London

Governance statement

As Accounting Officer for UKEF, I am responsible to ministers and Parliament for its management, including the stewardship of financial resources and assets. This Governance Statement sets out how Louis Taylor (Accounting Officer to 30 September 2022), Samir Parkash (interim Accounting Officer from 1 October to 31 December 2022) and I have discharged this responsibility for the period 1 April 2022 to 31 March 2023.



Tim Reid
Chief Executive and
Accounting Officer

The areas covered below 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

UKEF's mission is to advance prosperity by ensuring no viable UK export fails for lack of finance, doing that sustainably and at no net cost to the taxpayer over time.

In providing support, we seek to:

- achieve impact in the UK and overseas while delivering value for money to the taxpayer
- engage with exporters, buyers and

delivery partners such as banks

- 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 remains one of ambitious evolution, building on over a century's experience and success to support businesses to invest, grow and export. As we look to the next Business Plan from 2024 onwards, we will continue to innovate and expand our reach to support as many businesses as possible, maximising the impact of our support on individuals and communities in the UK and around the world. We will provide this service whilst continuing to rigorously manage risk in the context of increasing economic volatility and uncertainty.

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 Investments Guarantees Act 1991 (EIGA).

UKEF is strategically aligned with the Department for Business and Trade but is a separate ministerial government department in its own right. Both departments report to the Secretary of State for Business and Trade, the Rt Hon Kemi Badenoch MP. I am the Chief Executive and Principal Accounting Officer of UKEF. The Secretary of State, or delegated Minister, writes to me every year to outline the government's priorities for UKEF for the coming year.

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 ('the Consent'). It sets a financial framework, comprising financial objectives and reporting requirements, within which UKEF operates.

Department for Business and Trade

The new Department for Business and Trade (DBT) provides a single, coherent voice for business inside government, focussed on growing the economy with better regulation, new trade deals abroad, and a renewed culture of enterprise at home. I am a member of DBT's Executive Committee and attend Board meetings as required.

Ministers

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

- sustainability and critical minerals policies
- briefings for meetings with external stakeholders and domestic and international ministerial visits
- UKEF's position and support for Ukraine
- information on UKEF's performance, portfolio and governance

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 the Treasury with reports on key business metrics, including our financial performance. A representative from the 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 disadvantage. 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)

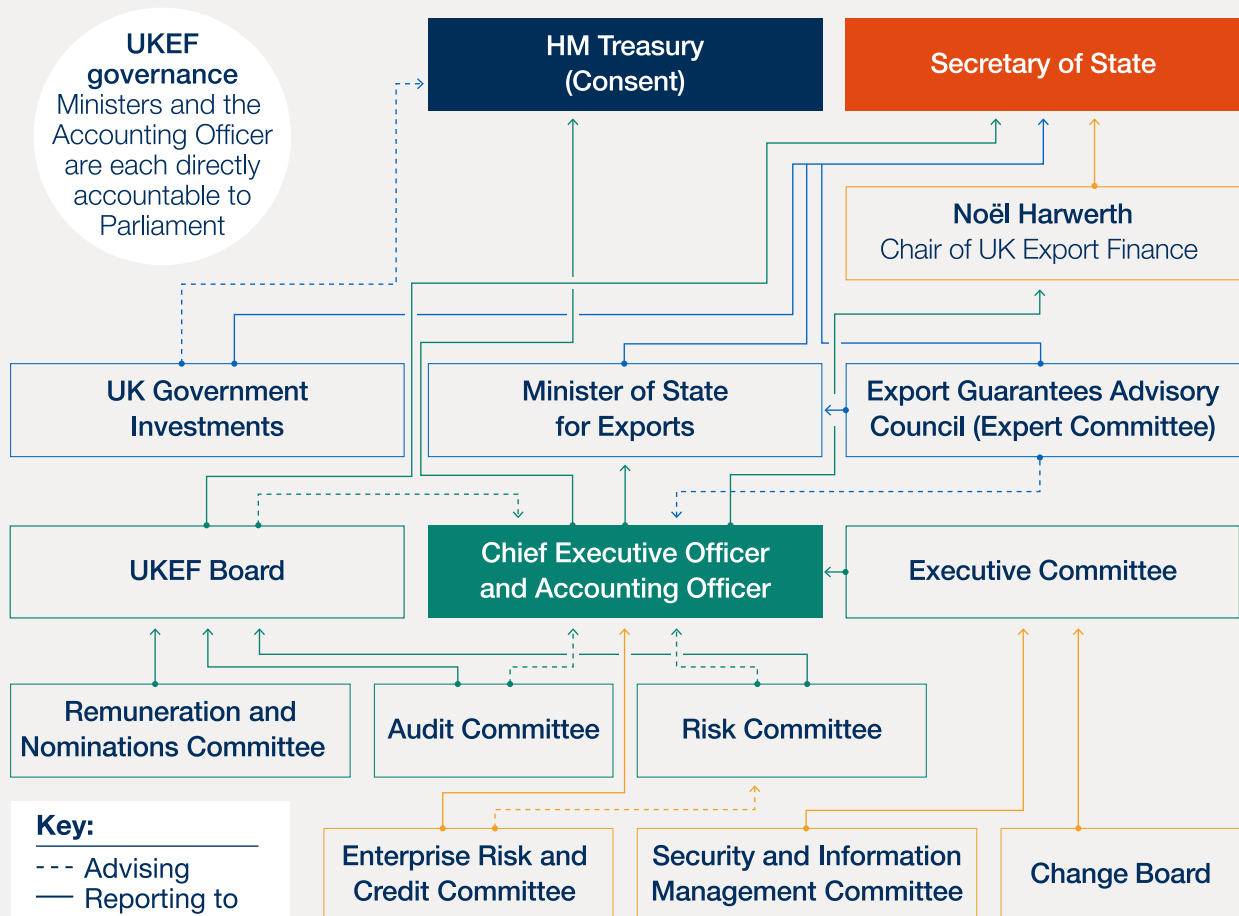
UKGI advises the Secretary of State with responsibility for UKEF on the exercise of ministerial responsibility for UKEF. A UKGI representative is an ex-officio member of UKEF’s Board.

In accordance with the concordat, particular areas of focus are to:

- ➔ advise and support on corporate governance (including the appointment and remuneration of UKEF’s Chair, non-executive directors and Chief Executive)

- ➔ review UKEF’s financial and operating performance and key performance indicators
- ➔ review UKEF’s risk management function and processes
- ➔ input into business planning and strategic direction
- ➔ provide support in certain instances to HM Treasury on the government’s exposure to risk

UKEF’s governance structure



Export Guarantees Advisory Council (EGAC)

EGAC is a statutory body under the EIGA. It was designated an Expert Committee in 2016 and its role is to advise ministers and senior officials on the environmental and social impact of UKEF's operations, including the effectiveness of its policies on:

- climate change and sustainability
- social impact and human rights
- anti-bribery and corruption
- sustainable lending
- transparency and disclosure

The Council independently publishes a report of its business in the year, which is available on page 102 and also from its website.

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 & Operating Officer) and 8 non-executive Board members including ex-officio representatives from DBT, UKGI and EGAC. There is also an observer from HM Treasury. Its 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 providing advice and challenge.

The non-executive members are appointed by ministers through open competition based on relevant expertise and merit. They provide the Secretary of State with an independent source of scrutiny and provide 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.

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. Following the external Board effectiveness review of 2021-22, the Board refreshed its Terms of Reference to clarify its role and that of its sub-committees. Another internal Board effectiveness review, undertaken in spring 2023, concluded that the Board and its committees operated effectively. It noted that the executive was sufficiently challenged. It also suggested that the Board agenda could be more strategically focussed and that it could focus more on development of products and on operational risk, particularly with regard to organisational growth. A report detailing findings and suggested improvements was accepted by the Board and an action plan established for implementing key recommendations during 2023-24 and beyond. The minutes of Board meetings are published on UKEF's website.

Quality of information used by the Board

The UKEF Board meetings covered a variety of topics to support the running of the department and meet our objectives, including UKEF's reaction to the conflict in Ukraine, support for SME exporters, climate change strategy, strategic risks, and the portfolio of products that UKEF offers. 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 Board papers prior to 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 page 127. Their respective chairs formally report on their activities to the Board.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises at least 3 non-executive directors and is chaired by the Chair of the UKEF Board. This committee considers and agrees on proposals from the Chief Executive on individual pay decisions in accordance with the criteria outlined in guidance from the Cabinet Office about the remuneration of its Senior Civil Service (SCS) members. See page 134 for more.

It also ensures that these recommendations consider any requirements or guidance from the Cabinet Office, including that the average increase to the SCS pay bill is within any centrally determined budget. The Remuneration Committee also advises the Board on the effectiveness of systems for

identifying and developing leadership and high potential, scrutinising the 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 (SCS).

- Esi Eshun, Interim Director of Business Group: responsible for our support for exporters. This role includes the old role of Director of Business Development, Marketing & Communications. Esi took over this role in January when I became Chief Executive Officer. Prior to January 2023, Esi was Director of Legal and Compliance
- Cameron Fox, Chief Finance & Operating Officer: responsible for finance and accounting, middle office operations
- Julia Beck, Chief Strategy & Impact Officer: responsible for the department's overall approach to climate change, cross-Whitehall and civil society organisation stakeholder management, international relations, strategic and operational planning, governance, information management and product development. Julia started this role in July 2022, taking over from Davinder Mann
- Jayne Whymark, Interim Director of Legal and Compliance: responsible for legal and financial crime compliance matters and supporting the department in managing legal and compliance risks. Jayne took over the role on an interim basis from Esi Eshun in January 2023
- Samir Parkash, Chief Risk Officer (CRO): responsible for leading the organisation's overall approach to risk management

by managing enterprise, financial and credit risk, country risk, operational risk, and related management systems and practices. While Samir acted as interim CEO from October 2022 to January 2023, Richard Smith-Morgan acted as Interim CRO

- Shane Lynch, Director of Resources: responsible for all people-related issues, staff administrative functions, strategic workforce planning, commercial functions, facilities and security
- UKEF was without a Director for Digital, Data and Technology (DDaT) with Shane Lynch, filling in for most of the year in addition to his responsibilities as Director of Resources. Dan Bowden was appointed as the new Director of DDaT and took up the position in June 2023. This role is responsible for technology, change, data and digital aspects, covering areas as wide as the customer facing elements of business and the projects needed to transform UKEF, such as the underpinning technology that allows a modern department to function

The minutes of Executive Committee meetings are published on UKEF's website.

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 CRO, 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 & 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

A register of interests is kept up to date to identify and address any potential conflicts of interest involving senior executives. No conflicts of interest were raised 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 regular reminders are sent to staff 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 prior to taking them up. Staff joining UKEF are required to make relevant declarations as part of the pre-employment checking process and it is also covered in the new joiner induction.

Governance in 2022–23

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

- when I was appointed Accounting Officer in January 2023, I was provided with assurances for the respective tenures of Louis Taylor and Samir Parkash this financial year
- 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 Department for International Trade/ DBT 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 5 times, the Risk Committee met 4 times and the Remuneration Committee met 3 times, all consistent with their terms of reference

Ministerial directions

On 11 March 2022, the then Secretary of State for International Trade issued a direction to maintain UKEF's cover for Ukraine at £3.5 billion in the aftermath of Russia's invasion of Ukraine in the national interest on diplomatic and security grounds.

The direction was provided after UKEF had

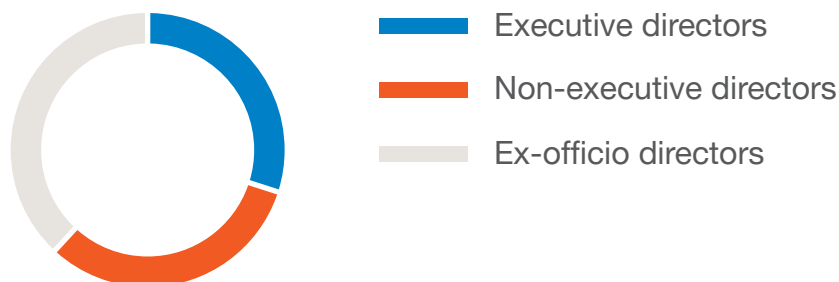
to withdraw all cover for Ukraine after it fell below normal underwriting standards and risk frameworks. The ministerial direction was approved subject to UKEF requiring Treasury approval for all projects.

In 2022-23, UKEF only provided payment risk insurance to cover exports to Ukraine and agreed commitments worth over £50 million to support the Government of Ukraine after receiving specific ministerial consent before providing support. All Ukraine business underwritten under the National Interest Account will be reported as such in future annual reports.

UKEF has written to the Public Accounts Committee and the International Trade Committee. At the date of drafting, UKEF has received no requests for further information from either committee about UKEF's Ukraine country limit.

Our Board Composition

Board Members



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

Director	Role	UKEF Board	Audit Committee	Risk Committee	Remuneration Committee
Average attendance (members only)		99%	96%	89%	88%
Individual attendance					
Alistair Clark	Ex-officio Board member, Export Guarantees Advisory Council (resigned October 2022)	6/6	-	-	-
Cameron Fox	Executive Board member	10/10	5/5*	4/4*	-
Tim Frost	Non-executive Board Member	8/8	3/3	3/3	2/2
Vanessa Havard-Williams	Interim ex-officio Board member, Export Guarantees Advisory Council (from January 2023)	3/3	-	-	-
Noël Harwerth	Non-executive Chair	10/10	5/5*	4/4*	3/3
Jackie Keogh	Non-executive Board member	9/10	4/5	4/4	2/3
Andrew Mitchell	Ex-officio Board member, Department for Business and Trade	10/10	-	-	-

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

Director	Role	UKEF Board	Audit Committee	Risk Committee	Remuneration Committee
Candida Morley	Ex-officio Board member, Department for Business and Trade	10/10	5/5	3/4	3/3
Samir Parkash	Executive Board member	10/10	5/5*	4/4*	-
Tim Reid	Executive Board member from January 2023	2/2 as member, 5/5 as attendee	2/5* 1/1 as CEO of UKEF	3/4*	1/1*
Richard Smith-Morgan	Interim Executive Board member, October-December 2022	3/3	2/2*	3/3*	-
Louis Taylor	Executive Board member (resigned September 2022)	5/5	3/3*	1/1*	1/1*
Lawrence Weiss	Non-executive Board member and Chair of Audit Committee	10/10	5/5	3/4	2/3
Kim Wiehl	Non-executive Board member	10/10	5/5	4/4	3/3

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

Memorandum of Understanding between UKEF and DIT/DBT

Since its implementation in March 2021, the Memorandum of Understanding (MoU) has created a framework for stronger and closer collaboration between UKEF and the former Department for International Trade (DIT), now DBT. This has enabled the departments to provide more joined-up support for UK exporters and businesses with export potential, and deliver on the objectives set out in the government's Export Strategy.

In 2022-23, UKEF and DIT partnered to deliver joint events for businesses, including

the Green Trade and Investment Expo in November. UKEF also supported a number of DIT/DBT regional roadshows, including for Latin America and the Caribbean. Throughout the year, the departments continued to align on delivering government priorities through strategic alignment and cooperation on the UK's Critical Minerals Strategy, Integrated Review Refresh, and approach to sustainable international development, including through British Investment Partnerships.

UKEF's collaboration with the newly formed DBT has gone from strength to

strength, ensuring stability and ongoing delivery through ministerial and machinery of government changes. The re-signing of the MoU and establishment of a new partnership agreement in April 2023 ensures that the departments maintain and build on the close working relationship established since the signing of the agreement, with updates made to the framework to reflect DBT's expanded remit. This will provide new opportunities for enhanced engagement with DBT, including with the former Department for Business, Energy and Industrial Strategy teams and arm's-length bodies, now part of DBT, to jointly deliver shared objectives to support business growth and expand the UK's exporting capability.

Third-party delivery partners

UKEF works with a network of partners, including commercial finance lenders, commercial insurance brokers, other export credit agencies (ECAs), government departments, industry bodies and intermediaries. More information about our partners and operations can be found on our website.

UKEF will continue to extend and enhance its delivery partner relationships to improve levels of support to its customers.

Risk management and assurance

UKEF is committed to following best practice and public sector standards in 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 58.

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 and conduct 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 continues to refine its **3 lines of defence** framework across the organisation to define clear responsibilities and accountabilities for decision-making and independent oversight and assurance.

First line of defence

Day to day management and risk ownership

Second line of defence

Risk policies, methodologies and independent oversight and challenge

Third line of defence

Independent assurance

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 6 primary enterprise risk categories (as detailed on page 61 of the Chief Risk Officer’s report) and sets out controls, mitigations and contingency plans for these risks, with clear ownership and accountability. The register highlights the specific risks UKEF faces as a government department as well as a commercial entity, and outlines clear controls and ownership of strategic risks within the department. The strategic risk register is reviewed at a minimum bi-annually by the Executive Committee and annually by the Board.

Operational risk

Operational risk management is an integral part of the enterprise risk framework. Effective management of operational risk is central to achieving our strategic aim of ensuring no viable UK export fails for lack of finance or insurance. 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 operational risk management 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 ERiCC and the 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 as a result of 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

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, and to ensure the appropriate design, implementation and monitoring of controls. Risk is considered in significant strategic decisions by the Executive Committee and 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 Group 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 Group RACA is subject to annual scrutiny by ERiCC. A bi-annual control environment attestation 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 in its assurance.

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

Functional standards

Since the end of September 2021, the Cabinet Office has required all government departments to implement mandatory elements of each functional standard. During the year, the Executive Committee received an update on progress in the implementation and maintenance of the functional standards

regime within UKEF. A plan for each function is maintained, incorporated into the relevant Divisional Plan, monitored and reported against and updated at least annually. Ongoing, proportionate and co-ordinated assurance activity is performed to ensure the Functional Standards are being embedded and comply, or will comply, with all the defined requirements (as appropriate) in 2023-24.

Financial crime compliance

In spite of the fact that UKEF is itself subject to a very limited set of laws and regulations related to financial crime, it 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 becoming the victim of financial crime, or from providing support for transactions involving financial crime, including but not limited to 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), it is committed to having in place and operating reasonable and proportionate processes, systems and controls to mitigate the risk of supporting such transactions. It aims to implement identified elements of financial crime compliance best practice from the regulated financial services sector.

UKEF is also committed to complying with the cross-government functional standard GovS 013 (counter-fraud, bribery and corruption) and the mandate of the Public Sector Fraud Authority. UKEF regularly discusses risks and mitigations with other government departments, overseas ECA counterparts and UK law enforcement agencies.

In 2022-23, UKEF's Compliance Division was split into two distinct divisions, both within UKEF's Legal and Compliance Group. Together the two divisions (Compliance Division and Financial Crime Due Diligence) comprise UKEF's Compliance Function. The overall purpose of the Compliance Function is to assist UKEF in identifying, assessing, monitoring, managing and reporting on financial crime compliance risk. This includes the provision of policies, procedures, guidance and training across UKEF to assist in managing these risks.

During 2022-23, UKEF has strengthened and deepened its relationships with UK law enforcement agencies. It continues to refer transactions to law enforcement where there are sufficient grounds to do so.

UKEF's Business Group, along with the Compliance Function has continued to undertake due diligence screening of parties in UKEF transactions. In 2022-23, this included screening around 500 transactions, which have together involved over 1,500 corporate and sovereign entities and almost 8,000 individuals. In all, over 300 transactions were escalated for enhanced due diligence by Financial Crime Due Diligence. This level of escalation reflects not just the inherently high risk of UKEF's operations (given its remit), but the ever-increasing complexity within the transactions it is asked to support.

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

Further, UKEF has declined any attempt to negotiate its financial crime-related documentation. This has resulted in certain customers withdrawing their application for support.

UKEF has taken the lead 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. In December 2022, UKEF hosted a hybrid workshop of OECD ECA bribery experts, to facilitate information sharing.

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. They also chair the Security & 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 security objectives and requirements within 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 UKEF's 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 people and 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 mandated 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, Cyber Security Information Sharing Partnership, Government Security Centres (GSeC), police, National Authority for Counter-Eavesdropping and the National Cyber Security Centre's (NCSC) Active Cyber Defence programme.

The department has worked with external partners (GSeC cyber) to test our cyber security defence capabilities through a purple team exercise and will deliver further enhancements in response to those results. UKEF is working with NCSC and GSeC to develop a proportionate, risk-based policy in respect of supply chain cyber security policy.

UKEF has in place appropriate staff training, awareness-raising and disciplinary processes with regard to cyber resilience for staff at all organisational levels.

In January 2023, UKEF was assessed by the Government Security Group as having exceeded the standards in 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's Knowledge and Information Management (KIM) function promotes good information governance and compliance with statutory obligations. The KIM team has produced an Information Management Strategy, which sets 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.

Information and records management

Section 3(4) of the Public Records Act 1958 requires departments to transfer records which have been selected for permanent preservation to the National Archives by the time the records are 20 years old. UKEF has transferred physical records to the National Archives in adherence to the 20-year rule and is implementing solutions to enable the transfer of selected digital records.

UKEF has a dedicated team to ensure it complies with the Freedom of Information (FOI) Act 2000 and other information-related legislation. In 2022-23, one FOI response was referred to the Information Commissioner's Office.

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, including quarterly strategic training and tabletop exercises.

Temporary Covid-19 Risk Framework

During the Covid-19 crisis, the government established the UKEF Temporary Covid-19 Risk Framework (TCRF), a temporary £10 billion risk framework, to allow UKEF to continue to provide financial support to UK exporters whose credit ratings were affected by Covid-19. This framework closed to new business from 31 July 2022. More details about the TCRF can be found on page 33.

Data modelling and quality assurance

We perform appropriate quality assurance on our analytical and modelling work, in accordance with the Aqua book. Senior Responsible Officers are accountable for reviewing business-critical models annually to ensure the best modelling and quality assurance practices are followed. We completed a review of our modelling guidance in 2022-23, and additional training and support is currently being developed for new and current colleagues to embed best practice. A list of UKEF's business-critical models is published on gov.uk.

Internal audit

The Internal Audit and Assurance Division (IAAD) undertakes audit assignments in accordance with the Government Functional Standard GovS 009: Internal, which details five principles:

→ audit objectives are aligned to

government policy, and organisational objectives and risks

- there is appropriate access for internal auditors to discharge their duties, including the ability to communicate findings without hindrance
- work is assigned to people with the required capability, capacity, proficiency and due professional care
- internal Audit findings are captured, shared and used to promote improvement in the efficiency and effectiveness of the organisation and value for money
- public service codes of conduct and ethics and those of associated professions are upheld

The overall opinion for 2022-23 is one of moderate assurance. This is the same opinion as 2021-22. Overall, Groups have been conscientious and improved their control frameworks, raising self-identified issues, documenting controls and preparing process maps and having open risk and control discussions as part of their daily work. Governance issues highlighted in several divisional audits during the year have been fully remediated to timescale.

IAAD has identified a good control framework with regard to payroll and pensions, although control gaps have been raised with some HR processes. Management have been proactive in defining action plans and taking measures to embed preventative controls.

Significant risks and mitigating measures

Data quality and accuracy remains an area of weakness. The department fully acknowledges the areas of improvement and the need to ensure our data and information is complete, accurate and valid. A project has been established, with Executive Committee sponsorship and defined timelines, both to remediate new data quality issues that arise and to investigate and remediate legacy issues.

The processes and controls in operation with regard to our transactions are central to ensuring that our exporters receive the advice and support that they need. IAAD has undertaken a cradle to grave audit this year, reviewing the key end to end controls across the Department which support the processing of transactions. The audit has confirmed some self-identified issues and areas where we can enhance our control environment to be more effective and streamline existing processes. Separately, a deep dive audit of our Trade Finance Business was performed, highlighting a strong control framework in operation.

Retention and turnover of workforce has been identified as an ongoing strategic risk the department is currently facing. The department is currently transforming the Business Group and Risk Management Group to address the grade mix, create a new learning curriculum, and launch entry-level development and training programmes to create clearer opportunities for career advancement.

I am committed to ensuring progress across all these areas during the coming year.

Judicial Review

The decision to provide UKEF support to the Mozambique LNG project in 2020 has been subject to judicial review by Friends of the

Earth. In January 2023, the Court of Appeal found in favour of the UK government, affirming the first instance decision of the High Court. Permission to appeal to the Supreme Court has recently been refused.

Whistleblowing policy

UKEF has a whistleblowing and raising-a-concern policy in place. The policy is based on guidance provided by Civil Service HR and was last updated in April 2020. Two disclosures were made under the policy in 2022-23.

Complaints

UKEF aims to provide all our customers with the highest standards of service. If things go wrong, we aim to put them right as soon as we can. Our complaints policy is designed to provide a swift and effective remedy when something has gone wrong and to help us identify the steps to take so that the problem does not occur again. We aim to investigate and provide a full explanation within 20 working days of receiving a complaint. In 2022-23, UKEF logged 14 complaints. None of the complaints were subsequently escalated to the Parliamentary Ombudsman.

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.

Tim Reid

Chief Executive and Accounting Officer
22 June 2023



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.

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:

- 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.

Tim Reid

Chief Executive and Accounting Officer
22 June 2023

Audit and Risk Committees

The Audit and Risk Committee reports should be read in conjunction with the Governance Statement, which can be found on page 109.

On behalf of the committees, we are pleased to present the Audit and Risk Committee reports, providing details of the key topics we considered in the year.

We would like to thank the committee members and management for their continued support, in particular the Chief Risk Officer, Samir Parkash, and the Interim Chief Risk Officer, Richard Smith-Morgan, who filled in for Samir while Samir was Interim Chief Executive Officer.

UKEF's Audit and Risk Committee Terms of Reference require the committees to consist of at 3 three non-executive Board members or other independent representatives agreed by the UKEF Board. For 2022-23, Lawrence Weiss (Chair of the Audit Committee), Jackie Keogh, Tim Frost (Chair of the Risk Committee) and Kim Wiehl, all of whom meet the relevant requirements for independence, serve on these committees. Candida Morley is also a member of both committees, representing UK Government Investments (UKGI). It is a requirement in both committees' Terms of Reference that at least one member sits on the other committee to help facilitate coordination between the two bodies.

Although not members of the Audit or Risk Committees, 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 Audit and Risk Committees may ask any or all of those who normally attend but who are not members to withdraw, 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 Audit Committee Terms of Reference also provide that at least one member of the committee should have significant, recent and relevant financial experience.

Audit Committee

The attendees discuss auditors' reports, review and assess the auditing concept and examination process and assess the activities of both external and internal auditors.

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
- considers the adequacy of policies for the preventing and detecting fraud, and for ensuring compliance with relevant regulatory and legal requirements on whistleblowing
- reviews the draft Annual Report and Accounts

Activities 2022-23

The Audit Committee focussed on a range of key topics in 2022-23, including the following:

Annual Report and Accounts process

The committee recommended that the Chief Executive sign the final drafts of the 2021-2022 Annual Report and Accounts in June 2022.

The committee was informed of Annual Report and Accounts changes for 2022-23 and agreed the timetable for the 2022-23 Annual Report and Accounts.

Financial Reporting Changes Project (FRCP)

The committee discussed the impact of the FRCP's technical decisions on UKEF's existing risk modelling infrastructure with regard to the implementation of two new accounting standards, IFRS 9 and 17.

IAAD progress

The committee noted the moderate annual audit opinion for 2021-22 and discussed changes required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. The committee approved the draft audit plan for 2022-23. Throughout the year, the Head of Internal Audit routinely updated members on the progress with resourcing and the Internal Audit work plan.

In addition, a range of other topics were considered, including:

- post-balance sheet events 2021-22
- corporate data quality overview
- Taskforce for Climate Related Financial Disclosures (TCFD) project (2 updates)
- UKEF's Information Management Strategy

- the work of the external auditors, the terms of their engagement and the external auditor's findings on key judgements and estimates in financial statements
- digital, cyber and information assurance challenges
- compliance reorganisation consultation
- deep dives into several projects, including Libor replacement and data and analytics transformation

The Audit Committee meets at least 4 times in each year. In 2022-23 it met 5 times.

Risk Committee

The committee notes that the organisation has expanded rapidly as UKEF played its part in stepping up to a series of unprecedented challenges and opportunities. UKEF's risk framework has demonstrated admirable resilience and will need to continue to develop to manage the ever-changing kaleidoscope of risks ahead.

Activities 2022-23

The Risk Committee built on the comprehensive list of key topics assessed last year and focussed on a range of other initiatives in 2022-23 that include the following:

Active portfolio management

The committee discussed UKEF's portfolio, geographical and sector concentrations. Members encouraged UKEF management to explore the suitability of alternative risk transfer tools, such as treaty insurance, loan sales and synthetic securitisations.

Task Force for Climate-related Financial Disclosures (TCFD)

The committee noted that UKEF continued to work towards its capabilities and readiness for climate risk management

through building up capability within the Risk Management Group.

The committee encouraged continued development of the stress-testing model with the external consultant commissioned to ensure that a model was approved for the use of year-end stress testing in March 2023.

Enterprise risk management

During 2022-23, the committee was kept up to date on the progress in building the Enterprise Risk Division. This included the approach to developing and embedding UKEF's risk appetite.

In addition, reports were provided to the committee on UKEF's enterprise and operational risk management, while the committee also considered reputational risk in the round.

To enhance our commitment to effective risk management, we have established an escalation process for matters of material reputational risk.

Control Environment Certificate

Twice a year, the Enterprise Risk Division commissions a Control Environment Certificate for completion by Executive Committee members to support the Principal Accounting Officer in providing a governance statement as part of the UKEF Annual Report and Accounts. The committee discussed the outputs and compared the results with previous years.

Scenario analysis and stress testing

A paper on UKEF's biannual stress testing and scenario analysis exercise was presented to the committee. This exercise tested UKEF's baseline portfolio against its 2 financial objectives by applying a range of scenarios and stress tests.

In addition, a range of other topics were

considered, including:

- evolving debt vulnerabilities in emerging markets and developing economies for UKEF's large exposure markets
- the Temporary Covid-19 Risk Framework (TCRF) exposure breakdown
- TCFD preparedness within the Risk Management Group
- Risk Management Group delegated authorities
- sovereign risk updates
- claims scenario analysis
- portfolio updates
- the assurance testing framework & 2022-23 testing plan
- pricing and credit methodology statements

The Risk Committee meets at least 4 times in each year. In 2022-23 it met 5 times.

Our People: Remuneration and Staff report

Everything we achieved over the past 12 months has been thanks to the commitment, professional excellence and dedication of our people. At every level of the organisation and across every team, we have a relentless focus on our mission and purpose.

Our UK based headcount now stands at 523 and we have expanded our overseas network of International Export Finance Executives to 20 countries, giving us unprecedented global coverage. We have put learning and continuous development at the centre of everything we do to enable our staff to achieve their potential. The department has never been so diverse and we are committed to creating a culture where everyone is given the opportunity to flourish in a work environment where they feel supported, valued and included.

Workforce snapshot

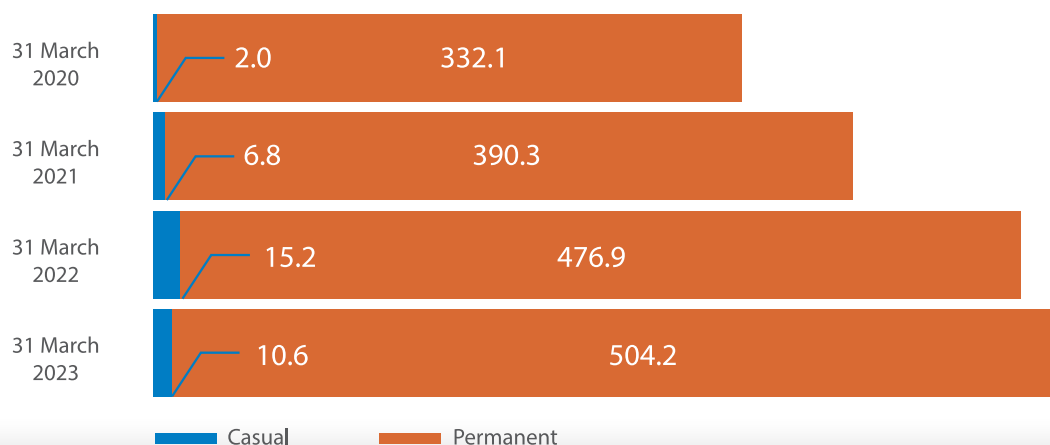
This section is subject to audit.

Throughout 2022-23, UKEF's staff turnover continued to increase, with March's figure being 18.1%. The average for the year was 16.2%, compared with 13.2% for the previous year.

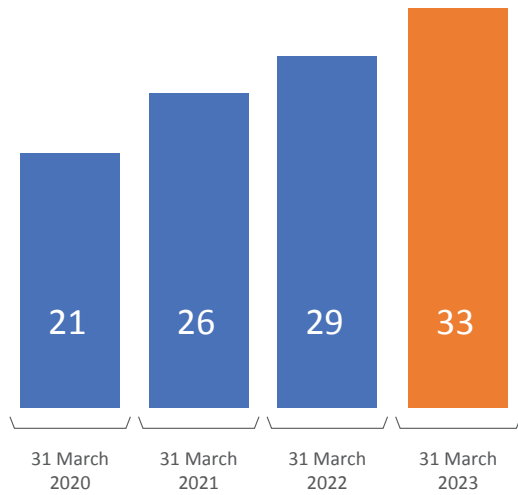
Most leavers are leaving the Civil Service entirely and are attracted to the financial services sector and its increased levels of remuneration.

UKEF's total staff costs for 2022-23 were £39.7 million (2021-22 £34.8 million) as detailed in the Chief Finance and Operating Officer's report – Summary of Profit & Loss; of which £38.9 million relates to staff with a permanent contract and £0.8 million relates to staff on other contracts.

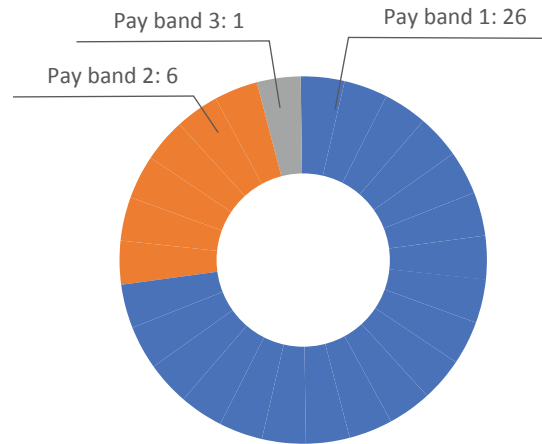
Number of full-time equivalent UKEF staff



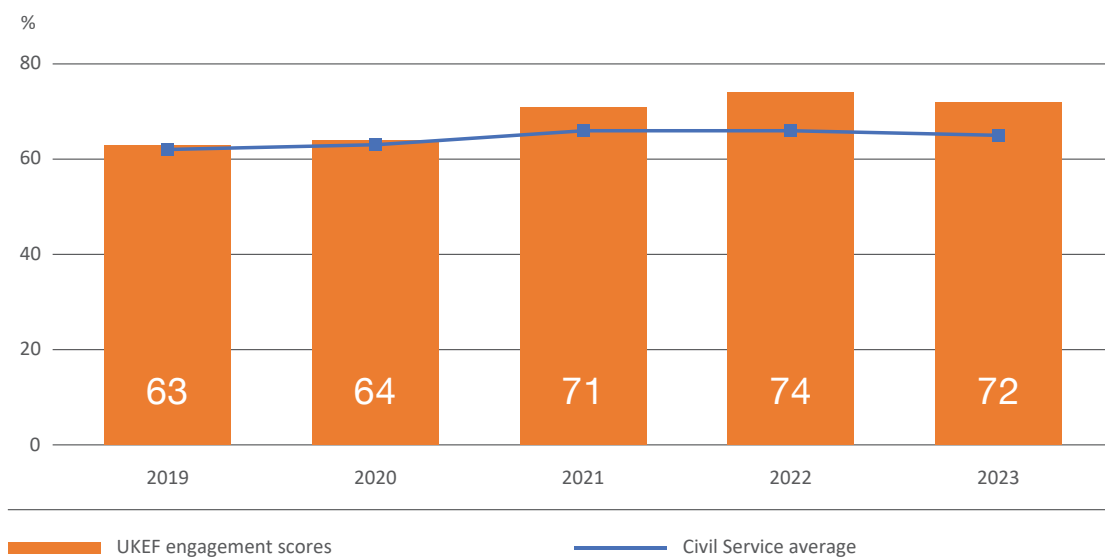
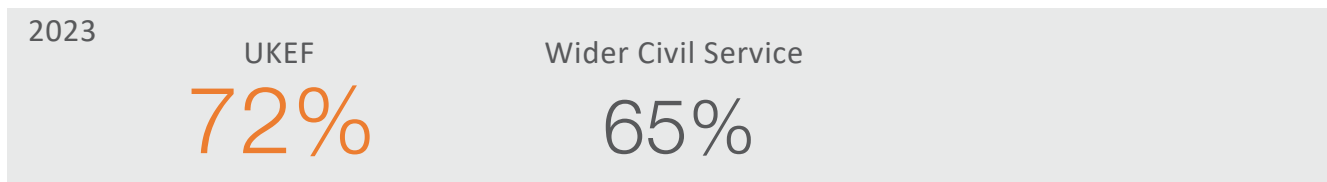
Senior Civil Service (SCS) headcount



SCS headcount by payband as of 2022-23



Staff engagement

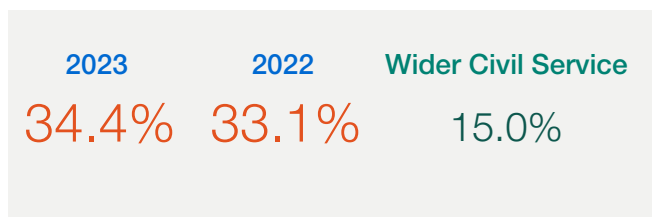


Diversity and inclusion

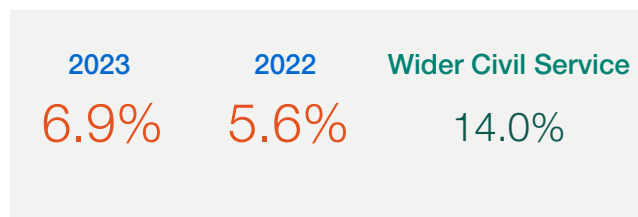
Women in UKEF's workforce



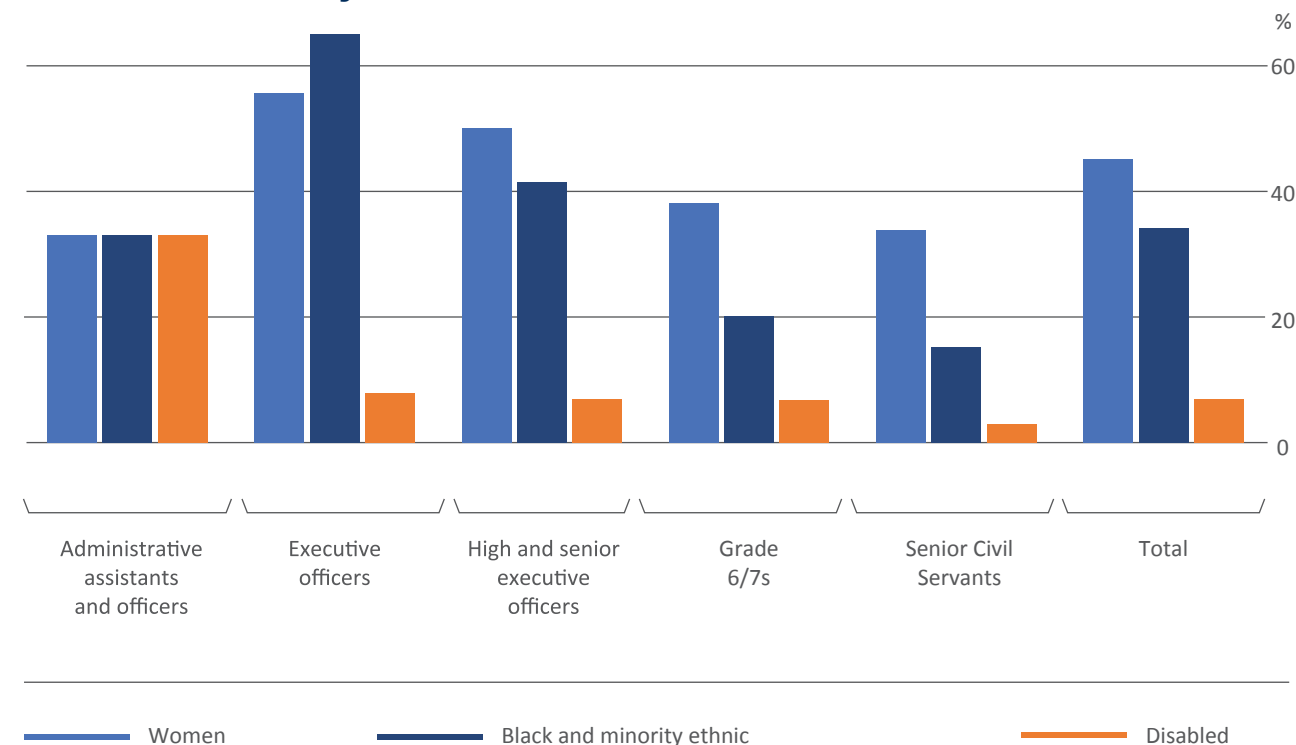
Staff belonging to ethnic minority groups



UKEF staff declaring a disability



UKEF staff diversity



UKEF is resolute in attracting a diverse workforce and is committed to tackling our current gender pay gap. Since our last annual report highlighted that the gender pay gap had increased, UKEF has put in place planned initiatives. The increase in the gender pay gap is largely due to disparity in bonus pay in 2021-22, combined with the proportion of females in the more senior grades where there is a greater difference in the mean pay gap. We have set ourselves a target of

reducing the 2020-21 mean gender pay gap by 2% by 2024.

Our People Strategy outlines our continued ambition to improve the diversity of our workforce. UKEF is one of the leading government departments within the Civil Service in regard to the ethnic diversity of our workforce.

We are resolute in our commitment to improve this further, ensuring that equal opportunities are available at all levels across the department.

Health, safety and wellbeing

UKEF has a range of support 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 also remains 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 reasonable 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 with a very slight increase year on year, in the past couple of years; the level is still well below the average for the public sector.

Trade union relationships and trade union facility time

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.

Our recognised trade unions are the Public and Commercial Services Union and the Association of First Division Civil Servants. There are 8 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 153 hours of facility time between the 8 representatives, for an estimated cost of



£4,061 during the year. Both collectively and individually, trade union representatives 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%.

Number of employees who were relevant union officials during the relevant period	8
Number of employees who were relevant union officials by percentage of working hours spent on facility time	
0%	0
1-50%	8
51-99%	0
100%	0
Percentage of the total pay bill spent on facility time	0.01%
Time spent on paid trade union activities	153 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 2022-23 was £305,000-£310,000 (2021-22: £305,000-£310,000: no increase from last year to this). The highest-paid director's remuneration was 5.96 times (2021-22: 6.60) the median remuneration of the workforce, which was £52,000 (2021-22: £46,586, an increase of 11.6% compared with last year).

The average percentage change from 2021-22 to 2022-23, in respect of employees of UKEF (excluding the highest-paid director) is +4.55% for salaries and allowances and +10.01% for performance pay/bonuses.

In 2022-23, no employees (2021-22: 0) received remuneration in excess of the highest-paid director. Remuneration ranged from £24,500 to £310,000 (2021-22: £23,876 to £310,000).

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.

	2022-23	2021-22
Band of highest paid director's total remuneration (£'000)	305-310	305-310
Range of staff total remuneration (£)	24,500-310,000	23,876-310,000
Median staff total remuneration (£)	52,000	46,586
Remuneration ratio	5.96	6.60

In 2022-23, as one Chief Executive Officer left, he was replaced by one interim and one permanent CEO in this year. For reference, the highest-paid director quoted here is the outgoing CEO.

The ratio increased because staff salaries increased on average, while the highest-paid director's salary did not change.

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 used for in-year recognition awards, while the majority of the pot funds year-end performance awards, based on employees' performance during 2021-22. Awards were paid to individuals in July 2022.

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 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 was set aside to fund performance awards; again, a small part of this was set aside for in-year awards, with the majority being used for year-end awards. Following year-end assessments,

one of 3 performance ratings is assigned; only those receiving a **Top** rating are 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 August 2022.

The Chief Executive's contract allows for a year-end award based on performance. Following a year-end assessment conducted by the Department for Business and Trade's Permanent Secretary, feedback is presented to UKEF's Remuneration Committee. The Remuneration Committee and the Chair of UKEF's Board 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 September 2022.

For the second year, we examined pay multiples in the lower quartile, mid-point and higher quartile.

The mid-point of the band for the highest-paid director for 2022-23 is:

- £310,000 (total remuneration)
- £257,500 (salary component only)

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

- 2022-23:
£39,070 (a ratio of: 7.93:1)
(2021-22: 8.55:1)

Salary component only:

- 2022-23:
£37,145 (a ratio of 6.93:1)
(2021-22): 7.36:1)

50th percentile: total salary/allowances:

- 2022-23:
£52,000 (a ratio of 5.96:1)
(2021-22: 6.60:1)

Salary component:

- 2022-23:
£48,899 (a ratio of 5.27:1)

(2021-22: 5.85:1)

75th percentile: total salary/allowances:

- 2022-23:
£66,013 (a ratio of 4.70:1)
(2021-22: 4.82:1)

Salary component:

- 2022-23:
£60,690 (a ratio of: 4.24:1)
(2021-22: 4.44:1)

Directors' salaries and pension entitlements

This section is subject to external audit.

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 2022-23 relate to performance in 2021-22.

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

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

Director	Salary £'000		Bonus payments £'000		Pension benefits £'000		Total £'000	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Louis Taylor Chief Executive Officer (to 30 Sept 2022)	125-130 (255-260 FTE)	255-260	50-55	50-55	N/A	N/A	180- 185 (305- 310 FTE)	305- 310
Cameron Fox Chief Finance & Operating Officer	140-145	135-140	5-10	5-10	52	53	200 - 205	200- 205
Samir Parkash Chief Risk Officer (Interim CEO, Oct-Dec 2022)	220 - 225	200-205	5-10	5-10	N/A	N/A	230- 235	205- 210
Tim Reid Chief Executive Officer (from Jan 2023)	55-60 (230-235 FTE)	N/A	N/A	N/A	N/A	N/A	55-60 (230- 235 FTE)	N/A

Civil Service pensions

This section is subject to external audit.

Official	Accrued pension as at 31 March 2023 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2023 £'000	CETV at 31 March 2022 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Loius Taylor Chief Executive Officer	0	0	0	0	0	19,000
Cameron Fox Chief Finance & Operating Officer	25-30	2.5-5	315	263	25	0
Samir Parkash Chief Risk Officer	0	0	0	0	0	31,000
Tim Reid Chief Executive Officer	0	0	0	0	0	29,400

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

This section is subject to external audit.

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 attending meetings.

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

Vanessa Havard-Williams is also a member of EGAC but has elected not to accept a fee. Civil servants and public servants employed by other departments and government companies do not receive fees for their attending UKEF Board meetings.

Non-executive member	Fees for 2022-23 £000	Fees for 2021-22 £000
Noël Harwerth Chair of UKEF Board, member of Remuneration and Nominations Committee	45-50	45-50
Lawrence M. Weiss Member of UKEF Board, member of Risk and Remuneration and Nominations Committees, Chair of Audit Committee	15-20	15-20
Kimberley Wiehl Member of UKEF Board, member of Audit, Risk and Remuneration and Nominations Committees	10-15	10-15
Tim Frost Member of UKEF Board, Chair of Risk Committee	15-20	n/a
Jackie Keogh Member of UKEF Board, member of Audit, Risk and Remuneration and Nominations Committees	10-15	n/a
Alistair Clark Chair of EGAC, member of UKEF Board, left 31 Oct 2022	5-10	0-5
Ben Caldecott Member of EGAC	0-5	0-5
Harold Freeman Member of EGAC	0-5	n/a
Sarah Steele Member of EGAC	0-5	n/a
John Morrison Member of EGAC	0-5	0-5
Stephen Prior Member of EGAC	0-5	0-5
Roseline Wanjiru Member of EGAC	0-5	0-5

Off-payroll engagements

Departments 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 in 2022-23.

Highly paid off-payroll worker engagements as at 31 March 2023

No. of existing engagements at 31 March 2023	23
of which, had existed for	
less than 1 year	17
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	1
Total	23

All highly paid off-payroll workers engaged at any point in 2022-23, earning £245 per day or greater

Tax assurance for new off-payroll engagements

No. of temporary off-payroll workers engaged in 2022-23	50
of which	
not subject to off-payroll legislation	1
subject to off-payroll legislation and determined as in-scope of IR35	32
subject to off-payroll legislation and determined as out-of-scope of IR35	17
reassessed for compliance or assurance purposes during the year	0
of which: saw a change to IR35 status following review	0
Total	50

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 2022-23, including engagements of individuals whose daily cost was less than £245 per day, was £4,585,911 (2021-22: £2,520,661).

Expenditure on consultancy

Total expenditure on consultancy in 2022-23 amounted to £6,072,206 (2021-22: £4,556,023). The increase this year continues to result from increased activity on the Financial Reporting Changes Programme.

Business appointment rules

UKEF adheres to the guidelines in respect of the business appointment rules for civil servants who leave the Crown Service. As a ministerial department, UKEF does not have any special advisers.

HR processes are in place to ensure civil servants who leave the department meet their obligations. When Senior Civil Servants leave the department (where relevant), their information is disclosed in the department's quarterly transparency data returns.

Compensation for loss of office

This section is subject to external audit.

UKEF made one exit payment under Civil Service Compensation Scheme terms during 2022-23 (£74,362) and one Special Severance Payment (£29,958) as agreed with HM Treasury.

Severance packages and departures at March 2023

Exit package cost band	2022-23			2021-22		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£25,000 - £50,000	-	1	1	-	1	1
£50,000 - £100,000	-	1	1	-	1	1
Total no. of exit packages	-	2	2	-	2	2
Total cost £'000	-	-	104	-	-	114

Parliamentary accountability and audit

**All information in this
chapter is subject to
external audit**



Tim Reid
Chief Executive Officer

Statement of Outturn against Parliamentary Supply

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 its Supply Estimate, called control limits, its accounts will receive a qualified opinion.

The format of the SoPS mirrors the Supply Estimates, published on gov.uk, to enable

comparability between what Parliament approves and the final outturn.

The SoPS contains 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, but different to IFRS. An understanding of the budgeting framework and an explanation of key terms is provided in the Chief Finance and Operating Officer's 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.

Summary tables 2022-23

		2022-23						2021-22		
		Outturn			Estimate			Outturn vs Estimates saving/ (excess)		Outturn
Type of spend	SoPS note	Voted	Non- voted	Total	Voted	Non- voted	Total	Voted	Total	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Departmental Expenditure Limit										
Resource	SoPS1.1	-	-	-	2	-	2	2	2	-
Capital	SoPS1.2	1,002	-	1,002	2,216	-	2,216	1,214	1,214	1,413
Total DEL		1,002	-	1,002	2,218	-	2,218	1,216	1,216	1,413
Annually Managed Expenditure										
Resource	SoPS1.1	(302,951)	-	(302,951)	1,109,391	-	1,109,391	1,412,342	1,412,342	(323,965)
Capital	SoPS1.2	129,317	-	129,317	798,953	-	798,953	669,636	669,636	457,131
Total AME		(173,634)	-	(173,634)	1,908,344	-	1,908,344	2,081,978	2,081,978	133,166
Total budget										
Resource	SoPS1.1	(302,951)	-	(302,951)	1,109,393	-	1,109,393	1,412,344	1,412,344	(323,965)
Capital	SoPS1.2	130,319	-	130,319	801,169	-	801,169	670,850	670,850	458,544
Total		(172,632)	-	(172,632)	1,910,562	-	1,910,562	2,083,194	2,083,194	134,579

Figures in the areas outlined in thick lines cover the control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament.

Net cash requirement 2022-23

		2022-23			2021-22
	Note	Outturn	Estimate	Outturn vs Estimate, savings/(excess)	Outturn
		£'000	£'000	£'000	£'000
Net cash requirement	SoPS3	(181,217)	1,135,374	1,316,591	(117,027)

The estimate voted on in the Supply Procedure also sets an annual ceiling on UKEF's voted net cash requirement. By the provisions of Section 14(2) of the Export and Investment Guarantees Act 1991, UKEF is able to pay claims direct from the Consolidated Fund in the event that sufficient funds have not been voted for the purpose by Parliament.

Administration costs 2022-23

		2022-23			2021-22
	Note	Outturn	Estimate	Outturn vs Estimate, savings/(excess)	Outturn
		£'000	£'000	£'000	£'000
Administration costs	SoPS1.1	-	2	2	-

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 in the management commentary within the Chief Finance and Operating Officer's report and in note 1 below.

The notes on pages 144 to 146 form part of the Statement of Outturn against Parliamentary Supply.

Notes to the SoPS, 2022-23

SoPS1. Outturn detail by estimate line

SoPS1.1 Analysis of resource outturn by estimate line

2022-23													2021-22	
Resource outturn									Estimate		Outturn vs estimates saving/ (excess)		Outturn	
Type of spend (resource)	Administration			Programme				Total	Total	Virements	Total inc. virements	£'000	£'000	
	Gross	Income	Net	Gross	Income	Net	£'000							£'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Voted spending in DEL														
A Export credit guarantees and investment	76,904	(76,904)	-	-	-	-	-	2	-	-	2	2	-	
Total	76,904	(76,904)	-	-	-	-	-	2	-	-	2	2	-	
Voted spending in AME														
B Export credits	-	-	-	107,003	(296,602)	(189,599)	(189,599)	588,160	-	-	588,160	777,759	(237,240)	
C Fixed Rate Export Finance assistance	-	-	-	56	(63)	(7)	(7)	173	-	-	173	180	(39)	
D Loan and interest equalisation	-	-	-	-	(28)	(28)	(28)	(28)	-	-	(28)	-	(107)	
E Direct lending	-	-	-	58,790	(172,107)	(113,317)	(113,317)	521,086	-	-	521,086	634,403	(86,579)	
Total	-	-	-	165,849	(468,800)	(302,951)	(302,951)	1,109,391	-	-	1,109,391	1,412,342	(323,965)	
Total resource	76,904	(76,904)	-	165,849	(468,000)	(302,951)	(302,951)	1,109,393	-	-	1,109,393	1,412,344	(323,965)	

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 by estimate:

A. Voted spending in 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 £778 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 £634 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 18 to the financial statements for further information on UKEF's foreign currency risk.

SoPS1.2 Analysis of capital outturn by estimate line

Type of spend (capital)	2022-23							2021-22	
	Outturn				Estimate			Outturn vs estimates saving/ (excess)	Outturn
	Gross	Income	Net	Total	Virements	Total inc. virements	Total		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Voted spending in DEL									
A Export credit guarantees and investments	1,002	-	1,002	2,216	-	2,216	1,214	1,413	
Total	1,002	-	1,002	2,216	-	2,216	1,214	1,413	
Voted spending in AME									
B Export credits	-	-	-	-	-	-	-	-	
C Fixed Rate Export Finance assistance	-	-	-	-	-	-	-	-	
D Loans and interest equalisation	-	(1,019)	(1,019)	(504)	-	(504)	515	(1,099)	
E Direct lending	321,911	(191,575)	130,336	799,457	-	799,457	669,121	458,230	
Total	321,911	(192,594)	129,317	798,953	-	798,953	669,636	457,131	
Total capital	322,913	(192,594)	130,319	801,169	-	801,169	670,850	458,544	

Explanation of variances between capital outturn and estimate:

E. Direct lending £669 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 31 March 2023. More details of UKEF's risks can be found in note 18 of 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

	SoPS note	Outturn £'000	Estimate £'000	Outturn vs estimates saving/(excess) £'000
Resource outturn	SoPS1.1	(302,951)	1,109,393	1,412,344
Capital outturn	SoPS1.2	130,319	801,169	670,850
Accruals to cash adjustments				
Adjustments to remove non-cash items:				
Depreciation & amortisation of equipment and intangible assets		(1,506)	(1,560)	(54)
Net foreign exchange differences & other non-cash items		187,029	(638,201)	(825,230)
New provisions and adjustments to previous provisions		(149,948)	(835,126)	(685,178)
Adjustments to reflect movements in working balances:				
Other adjustments		962	-	(962)
Increase/(Decrease) in receivables		(194,994)	507,325	702,319
Increase/(Decrease) in payables		149,872	192,374	42,502
Net cash requirement		(181,217)	1,135,374	1,316,591

Regularity

I can confirm that, for the financial year ended 31 March 2023, 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 2022-23.

Other Parliamentary accountability disclosures

In 2022-23 UKEF has not made any special payments or gifts and does not have any remote contingent liabilities requiring disclosure per Managing Public Money. 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.



Tim Reid

Chief Executive and Accounting Officer
22 June 2023



Richard Hill, the Export
Finance Manager for Essex,
Norfolk and Suffolk

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 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Department's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net 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 2023 and its 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(D) 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(D) 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 2023 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 (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). 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 am independent of the 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 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 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 Department is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is 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 and my auditor's certificate and report 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.

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 Department and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 by the Department or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Department from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;

- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the 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 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, I:

- considered the nature of the sector, control environment and operational performance including the design of the Department's accounting policies and key performance indicators.
- inquired of management, the Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the 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.
- inquired of management, the

Department's head of internal audit and those charged with governance whether:

- they were aware of any instances of non-compliance with laws and regulations;
- they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team and the relevant internal and external specialists, including Modelling and Credit Risk experts, 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 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 required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department's framework of authority and other legal and regulatory frameworks in which the Department operates. I focused 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 Department. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2022, 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

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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 risks of fraud to all engagement team members including internal 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. 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 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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

27 June 2023

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