

# The Resource Accounts – 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 HM Revenue & Customs and of its Departmental Group for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000. The Department comprises the core Department and its agency. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2022. The financial statements comprise the Department's and the Departmental Group's:

- Statement of Financial Position as at 31 March 2023;
- Statements of Comprehensive Net Expenditure, 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 Group 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 and the Departmental Group's affairs as at 31 March 2023 and their net operating expenditure 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.

## Qualified opinion on regularity

In my opinion, except for the effect of the matters described in the *Basis for qualified opinion on regularity* section, 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 qualified opinion on regularity

### Error and fraud in Corporation Tax research and development reliefs

Note 5.1.4 to the Resource Accounts records Corporation Tax research and development reliefs expenditure of £10.2 billion in 2022-23. Where error and fraud result in overpayments, the transactions do not conform with the relevant primary legislation specifying entitlement and

calculation criteria, and the expenditure is irregular. Using the evidence available from a random enquiry programme, at Note 5.1.5 the Department has estimated the level of error and fraud from overpayments that it expects is present within Corporation Tax research and development reliefs expenditure as £1.05 billion (13.3% of related expenditure).

### **Error and fraud in Personal Tax Credits**

Note 5.1.1 to the Resource Accounts records Personal Tax Credits expenditure of £8.8 billion in 2022-23. Where error and fraud results in overpayments and underpayments, the transactions do not conform with the relevant primary legislation specifying entitlement and calculation criteria, and the expenditure is irregular.

Due to the time taken to finalise awards, the Department's estimates of overpayments and underpayments of Personal Tax Credits for 2022-23 are not available until June 2024. Therefore, the estimates of error and fraud in 2021-22 at Note 5.1.3 are the most up to date indication available of the level of error and fraud in Personal Tax Credits expenditure for 2022-23.

For 2022-23 the mid-point of the Department's estimates, which are based on the latest available data for 2021-22, are:

- overpayments of £510 million (4.5% of related expenditure); and
- underpayments of £40 million (0.4% of related expenditure).

I consider the levels of error and fraud arising from overpayments and underpayments in these areas of expenditure to be material to my opinion on the accounts. I have, therefore, qualified my opinion on the regularity of expenditure in respect of Corporation Tax research and development reliefs and Personal Tax Credits because of:

- the estimated level of overpayments attributable to error and fraud where payments have not been made for the purposes intended by Parliament; and
- the estimated levels of overpayments and underpayments in these areas of expenditure which do not conform with the relevant authorities.

My report, which follows on pages R1 to R48 provides further details on the basis for my qualified audit opinion on regularity.

## **Basis for opinions**

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

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Department and its Group 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.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

### Framework of authorities

Authorising legislation	Primary legislation relating to taxation and benefits such as the Corporation Tax Act 2010, Tax Credits Act 2002 and Child Benefit Act 2005.
Parliamentary authorities	Supply and Appropriations Act
HM Treasury and related authorities	Managing Public Money

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department and its Group'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 or its Group'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 and its Group 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.

## Overview of my audit approach

### Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements for the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

Except for the matters described in the *Basis for qualified opinion on regularity* section above relating to the regularity of Corporation Tax research and developments reliefs expenditure and Personal Tax Credits expenditure, which are covered more fully in my report on pages R1 to R48 and not in the table below, I have determined that there are no other key audit matters to communicate in my certificate and report.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around potential for management override of controls or transactions with the Consolidated Fund, as areas where my work has not identified any matters to report.

The key audit matters were discussed with the Audit and Risk Committee; its report on matters that it considered to be significant to the financial statements is set out in the Governance Statement.

### Key audit matter 1 – IT Systems that impact financial reporting

#### Description of risk

HMRC’s IT environment is complex with a number of new and legacy IT systems supporting a wide range of expenditure, benefits, tax credits and tax reliefs. Due to the significant reliance on IT systems, effective General IT Controls are critical to allow reliance to be placed on the completeness and accuracy of financial data. IT audit forms a core part of my assurance over the systems for providing support through benefits, credits and reliefs and financial reporting systems.

#### How the scope of my audit responded to the risk

My IT specialists carried out work in the following areas:

- Testing of General IT controls including change management, access management, computer operations and systems development
- Examining the end-to-end business processes to identify the key controls whose absence or failure would significantly increase the possibility of a material error. The type of controls vary from manual controls to fully automated controls embedded within the IT applications
- Where key controls are identified, testing the supporting IT General Controls for the application(s) involved (around Access, Change and Operations)
- Testing of IT interfaces for significant benefits such as tax credits, child benefit and corporation tax R&D reliefs

#### Key observations

I am satisfied that HMRC’s overall IT control environment appropriately supports the financial reporting process.

## Key audit matter 2 – Error and fraud in Child Benefit expenditure

### Description of risk

Child Benefit expenditure is highly material to the Resource Accounts (£11.6 billion in 2022-23). Where claims for Child Benefit result in overpayments arising from error or fraud, the transactions are contrary to the relevant primary legislation and, therefore, considered to be irregular. The estimated rate of error and fraud in Child Benefit expenditure reported in 2021-22 was 0.9% (£105 million). I did not consider this to be material and did not qualify my 2021-22 regularity opinion on that basis. I identified the level of error and fraud in Child Benefit expenditure as a significant risk for my 2022-23 audit due to the risk it could rise to levels that I consider to be material in the context of my regularity opinion because of more error and fraud being identified in HMRC's case testing.

HMRC's estimate of error and fraud in Child Benefit expenditure is derived from a complex model and involves significant judgement and the application key assumptions. HMRC has set out the method it used to develop the estimate in note 5.2 of the Resource Accounts.

I have reviewed the design and implementation of preventative and detective controls as follows and reviewed the compliance interventions made by HMRC and the results of its error and fraud analytical programme (EFAP) the production of the estimate

I have undertaken the following substantive procedures:

- Reviewed the methodology used by HMRC to produce the sample of cases to be tested in the EFAP which forms the basis of the estimate of error and fraud across the population;
- Reperformed a sample of cases tested in the EFAP and a sample of non-response cases subjected to a desk-based analysis to confirm compliance with Child Benefit rules.
- Evaluated the reasonableness of the key assumptions implicit in the model used to generate the estimate.
- Assessed whether changes to the methodology in 2023-24 for sampling non-response cases would affect 2022-23 and concluded that it would not have an impact to make the level of error and fraud reported in 2022-23 material.

### How the scope of my audit responded to the risk

### Key observations

For 2022-23, HMRC has estimated the level of error and fraud in Child Benefit expenditure to be 0.8% (£90 million). Based upon the evidence reviewed and the audit work completed, I do not consider this to be material to the accounts and have not qualified my regularity opinion in that respect.



## Key audit matter 3 – Measurement of Corporation Tax research and development reliefs expenditure

### Description of risk

Corporation Tax research and development reliefs expenditure and liabilities are calculated using a model produced by HMRC statisticians. The model uses past claims data to forecast current year expenditure and liabilities on qualifying expenditure incurred by claimants, but where the claim has not yet been submitted. Expenditure on Corporation Tax research and development reliefs was £10.2 billion in 2022-23, which is highly material to the Resource Accounts.

There is a risk of material misstatement due to the significant estimation uncertainty inherent in the calculation of the expenditure and liabilities. Estimation uncertainty is driven by the fact that Corporation tax reliefs expenditure and related accruals are estimated using analysis of historic relief claims and applying forecast growth and uplift assumptions, and adjustments made for planned changes in relevant policy and rates. This is because of the time lag in the expenditure for which relief is being claimed and the filing of the CT claim in relation to that expenditure of at least two years. HMRC has set out the method used to develop the estimate in note 5.1.4 of the accounts.

### How the scope of my audit responded to the risk

- I assessed the process for creating the estimate against the requirements of the accounting standards. I reviewed the design and implementation of controls relating to the production of the estimate.
- Engaged my own experts in Modelling to support my work evaluating the methodology, logical integrity and assumptions applied in the estimates performed by management.
- Engaged my IT auditors to agree significant input data streams to source records and examined the code used to extract the data from HMRC systems.
- I evaluated the reasonableness of the key assumptions implicit in the model, comparing past estimates with actual outturn where possible. I reviewed the disclosures in the accounts, particularly in relation to estimation uncertainty, sensitivity analysis and significant accounting judgements.

### Key observations

Based upon the evidence reviewed and the audit work completed, I am satisfied that expenditure and liabilities reported in the accounts in respect of Corporation Tax research and development reliefs are reasonably stated and adequately disclosed in the accounts.

## Key audit matter 4 – Adoption of IFRS 16 (Leases)

### Description of risk

HMRC has adopted IFRS 16 (Leases) for the first time in 2022-23. HMRC disclosed operating lease commitments of £2.1 billion in 2021-22, which were accounted for under the previous leasing standard, IAS 17, and related mainly to the property leases in respect of HMRC's estate. I identified the adoption of IFRS 16 as a significant risk for my 2022-23 audit due to the material values and complexity involved with HMRC's leases, particularly around determining the appropriate treatment of sub-lease arrangements. I identified the following specific areas of focus for my work:

- The opening register of leases and contracts might be incomplete;
- Contracts might be classified incorrectly;
- IFRS 16 expedients might have been applied inappropriately; and
- The method used for calculating the lease liability might not be appropriate.

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- We have identified the controls in place in relation to accounting for leases and assessed the design and implementation of internal controls present within the processes to identify leases, reviewing lease contracts, construct a model to calculate lease expenditure, residual lease balances and calculating lease liabilities. We did not rely on these controls and our assurance is gained from the substantive testing undertaken which is set out below.

### How the scope of my audit responded to the risk

- I tested a sample of leases, examining the calculation of lease expenditure, lease liabilities and the right-of-use asset, and the reporting of lease balances. I assessed the completeness and accuracy of all lease disclosures, including the accounting policy note for the adoption of IFRS 16.

### Key observations

Based upon the evidence reviewed and the audit work completed, I am satisfied that the right of use assets and lease liabilities arising from the adoption of IFRS 16 are reasonably stated and adequately disclosed in the accounts.

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## Application of materiality

### Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the Department and the Departmental Group's financial statements as a whole as follows:

Departmental group	
<b>Materiality</b>	£407,000,000
<b>Basis for determining materiality</b>	1% of gross expenditure of £40.7 billion (2021-22: £58.0 billion)
<b>Rationale for the benchmark applied</b>	HMRC is funded primarily from the Consolidated Fund and expenditure is the most significant element of the accounts by value. The Group's primary activities, as reported in its Resource Accounts, are to ensure appropriate payment of personal tax credits, Child Benefit, Corporation Tax reliefs and other reliefs, to pay its staff and to manage its administration costs. As most of HMRC's activities relate to the parent department, I consider that the expenditure figures are likely to be of greatest interest to users of the accounts. The Group includes the Valuation Office Agency and Revenue and Customs Digital Technology Services Limited. Expenditure in these two components is less than 1% of the Group as whole, which I do not consider to be material.

### Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group and the Department's performance materiality was set at 50% (£204 million) of Group materiality for the 2022-23 audit (2021-22: 51% (£209 million)). In determining performance materiality, I have considered the uncorrected misstatements identified in the previous period.

### Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.



I applied the same concept of materiality to my audit of regularity. In planning and performing audit work in support of my opinion on regularity and evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

## Error Reporting Threshold

I agreed with HMRC's Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £300,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Committee on disclosure matters that I identify when assessing the overall presentation of the financial statements

Total unadjusted audit differences reported to the Audit and Risk Committee would have reduced net expenditure and increased net assets by £89.7 million. The unadjusted audit differences comprise of known errors which would increase expenditure and reduce net assets by £6.9 million and extrapolated differences which would decrease expenditure and increase net assets by £96.6 million.

## Audit scope

The scope of my Group audit was determined by obtaining an understanding of the Department, the Departmental Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

For HM Revenue and Customs I cover over 99% of the Group's gross expenditure, assets and liabilities through the audit of the Core Department. I examined the consolidation data for the Valuation Office Agency (VOA) and Revenue and Customs Digital Technology Services (RCDS) to confirm that their results are correctly reported in the Department's consolidated financial statements. I also liaise with the auditors of VOA and RCDS to consider any risks arising in those component audits and their impact on the Group as a whole.

This work covered substantially all of the Group's assets and net expenditure, and together with the procedures performed at group level, gave me the evidence I needed for my opinion on the Group financial statements as a whole

## Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor 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 Staff and Remuneration 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 'Our accountability' report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the 'Performance overview', 'Performance analysis' and 'Our 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 Group and their environment obtained in the course of the audit, I have not identified material misstatements in the 'Performance overview', 'Performance analysis' and 'Our 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 and its Group 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 'Our 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 are not 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 Principal Accounting Officer's Responsibilities section of the Annual Report, 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 and its Group 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 and its Group'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 and its Group 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 and its Group's accounting policies.
- 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 and its Group's policies and procedures relating to:
  - o identifying, evaluating and complying with laws and regulations;
  - o detecting and responding to the risks of; and
  - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department and its Group's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000; Managing Public Money; Supply and Appropriation (Main Estimates) Act 2022; and primary legislation relating to taxation and benefits such as the Corporation Tax Act 2010, Tax Credits Act 2002 and Child Benefit Act 2005
- inquired of management, the Department's head of internal audit and those charged with governance whether:
  - o they were aware of any instances of non-compliance with laws and regulations;
  - o they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team including non-significant component audit teams and the relevant internal specialists on analytical methodology and error and fraud, 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 and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, developing significant accounting estimates; and expenditure incurred in respect of Personal Tax Credits and Corporation Tax research and development reliefs expenditure. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

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

In addition, I considered the audit risks arising from potential bias in the Department's accounting estimates and the potential for material fraud and error to be present in expenditure incurred by the Department in respect of: Personal Tax Credits, Corporation Tax research and development reliefs expenditure and Child Benefit.

## 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 a direct effect on the financial statements;
- I enquired of management, the Audit and Risk 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;
- 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 evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I reviewed the processes, verified the data used and considered the appropriateness of the assumptions and judgements applied for material estimates presented within the accounts including the Department's estimates of error and fraud in Personal Tax Credits, Corporation Tax research and Child Benefit.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and non-significant component audit teams 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

## Other auditor's responsibilities

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

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

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

# Report of the Comptroller & Auditor General to the House of Commons

## Introduction

HM Revenue & Customs is the lead government department responsible for the collection of the UK's taxes and the customs authority. It has a vital purpose to collect the money that pays for the UK's public services and help families and individuals with targeted financial support, such as through the tax credits system.

## Error and fraud in Corporation Tax research and development reliefs and Personal Tax Credits

I have prepared a Report on HM Revenue & Customs' 2022-23 Accounts, under Section 2 of the Exchequer and Audit Departments Act 1921, on pages R1 to R48. This includes further information on the qualification of my audit opinion on the regularity of Corporation Tax research and development reliefs and Personal Tax Credits:

- Corporation Tax research and development reliefs – paragraphs 2.1 to 2.21 on pages R35 to R42.
- Personal Tax Credits – paragraphs 3.1 to 3.18 on pages R43 to R47.

**Gareth Davies**  
**Comptroller and Auditor General**

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