

# Parliamentary Accountability and Audit Report



# Statement of Parliamentary Supply

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FRoM) requires us to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes to show resource outturn against the supply estimate presented to parliament, for each budgetary control limit. The information in the Statement of Parliamentary Supply has been subject to external audit.

## Summary of resource and capital outturn 2017-18

	2017-18 £000						2016-17 £000	
	Estimate			Outturn			Outturn	
	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted outturn compared with estimate: saving	Total
<b>Departmental expenditure limit</b>								
Resource	702	-	702	596	-	596	106	630
Capital	5,239	-	5,239	2,325	-	2,325	2,914	1498
<b>Annually managed expenditure</b>								
Resource		-			-			-
Capital		-			-			-
<b>Total budget</b>	5,941	-	5,941	2,921	-	2,921	3,020	2,128
<b>Non-budget</b>								
Resource		-			-			-
<b>Total</b>	<b>5,941</b>	<b>-</b>	<b>5,941</b>	<b>2,921</b>	<b>-</b>	<b>2,921</b>	<b>3,020</b>	<b>2,128</b>
Total resource	702	-	702	596	-	596	106	630
Total capital	5,239	-	5,239	2,325	-	2,325	2,914	1498
<b>Total</b>	<b>5,941</b>	<b>-</b>	<b>5,941</b>	<b>2,921</b>	<b>-</b>	<b>2,921</b>	<b>3,020</b>	<b>2,128</b>

		2017-18 £000	2017-18 £000		2016-17 £000
		Estimate	Outturn	Outturn compared with estimate: saving	Outturn
<b>Net cash requirement</b>	<b>SopS3</b>	10,660	569	10,091	7,729
<b>Administration costs</b>		2017-18 £000	2017-18 £000		2016-17 £000
		Estimate	Outturn	Saving	Outturn
		702	596	106	630

Explanations of variances between estimate and outturn are given in the Directors report

## SoPS1 Net outturn

### SoPS1.1 Analysis of net resource outturn by section

	2017-18 £000			2016-17 £000	
	Outturn			Estimate	
	Gross	Income	Net total	Net total	Net total compared with estimate
					Total
<b>Spending in Departmental Expenditure Limits</b>					
A Gas and Electricity Markets Authority: administration	42,156	(42,156)	-	-	-
B Ofgem E-Serve: administration	47,884	(47,288)	596	702	-
<b>Total</b>	<b>90,040</b>	<b>(89,444)</b>	<b>596</b>	<b>702</b>	<b>-</b>

### SoPS1.2 Analysis of net capital outturn by section

	2017-18 £000			2016-17 £000	
	Outturn			Estimate	
	Gross	Income	Net total	Net total	Net total compared with estimate
					Total
<b>Spending in Departmental Expenditure Limits</b>					
A Gas and Electricity Markets Authority: administration	2,325	-	2,325	5,239	2,914
B Ofgem E-Serve: administration	-	-	-	-	-
<b>Total</b>	<b>2,325</b>	<b>-</b>	<b>2,325</b>	<b>5,239</b>	<b>2,914</b>

## SoPS2 Reconciliation of outturn to net operating cost

		2017-18 £000	2016-17 £000
Total resource outturn in Statement of Parliamentary Supply	Note SoPS1.1	596	630
<b>Net operating costs in Statement of Comprehensive Net Expenditure</b>		<b>596</b>	<b>630</b>

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

		Estimate	Outturn	Net total outturn compared with estimate: saving/(excess)
	Note	£000	£000	£000
<b>Resource outturn</b>	SoPS1.1	<b>702</b>	<b>596</b>	<b>106</b>
<b>Capital outturn</b>	SoPS1.2	<b>5,239</b>	<b>2,325</b>	<b>2,914</b>
<b>Accruals to cash adjustments:</b>				
▪ Depreciation	4	(2,400)	(1,292)	(1,108)
▪ New provisions and adjustments to provisions	4	-	(773)	773
▪ Other non-cash items	4	(53)	(259)	206
▪ Movement in working capital		7,022	(306)	7,328
▪ Use of provision	13	150	278	(128)
<b>Net cash requirement</b>		<b>10,660</b>	<b>569</b>	<b>10,091</b>

## SoPS4 Analysis of income payable to the consolidated fund

We collected no consolidated fund income in 2017-18. This does not include any amounts we collected while acting as agent of the consolidated fund rather than as principal. Full details of income collected as agent for the consolidated fund are in the department's trust statement, published separately from but alongside these financial statements.

## Other areas of Parliamentary Accountability

(The information below has been subject to external audit)

Ofgem has nothing to report in respect of:

- Losses and special payments;
- Fees and charges disclosures;
- Remote contingency liabilities; and
- Long term expenditure trends.



**Dermot Nolan**  
Accounting officer

21 June 2018

# 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 Office of Gas and Electricity Markets for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Department's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2018 and of the Department's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2018 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 of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Office of Gas and Electricity Markets in accordance with the ethical requirements that are relevant to my audit and 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.

## 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 the preparation of the financial statements and for being satisfied that they give a true and fair view.

## 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.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of Gas and Electricity Markets' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of Gas and Electricity Markets' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Remuneration and Staff report and Parliamentary Accountability disclosures described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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 parts of the Remuneration and Staff Report and Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the Office of Gas and Electricity Markets and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- 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.

## Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report and Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

### **Sir Amyas C E Morse**

Comptroller and Auditor General  
National Audit Office  
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Victoria, London SW1W 9SP

**27 June 2018**

