

**DEPARTMENT FOR THE ECONOMY**

**The Mineral Development and Petroleum  
Production  
Receipts and Payments Account**

for the year ended 31 March 2023

The Accounting Officer authorised these  
financial statements for issue  
on 15 April 2024

Laid before the Northern Ireland Assembly on 09 May 2024 in accordance with  
Section 51 (1) of the Mineral Development Act (Northern Ireland) 1969 and section 12  
of the Petroleum (Production) Act (Northern Ireland) 1964 by the Department for the  
Economy

**REPORT BY THE DEPARTMENT FOR THE ECONOMY ON MATTERS WITHIN SECTION 51 (1) OF THE MINERAL DEVELOPMENT ACT (NORTHERN IRELAND) 1969 AND SECTION 12 OF THE PETROLEUM (PRODUCTION) ACT (NORTHERN IRELAND) 1964**

The Department for the Economy is required to prepare a financial report under Section 51 (1) of the Mineral Development Act (Northern Ireland) 1969 and section 12 of the Petroleum (Production) Act (Northern Ireland) 1964 on the financial transactions that have taken place relating to Mineral Development and Petroleum Production. The Department is also required to prepare these accounts in such form and manner as the Department of Finance may direct, of sums credited and debited to the Department during the year. The present report and account cover the year ended 31 March 2023.

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Permanent Secretary

Department for the Economy

Date: 15 April 2024

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**Department for the Economy  
Mineral Development**

**FOREWORD**

**Receipts and Payments Account for the year ended 31<sup>st</sup> March 2023**

**History and Statutory Background**

1. Under the authority of the Minerals (Miscellaneous Provisions) Act (Northern Ireland) 1959 and the Mineral Development Act (Northern Ireland) 1969, all minerals, with certain exceptions, are vested in the Department for the Economy (DfE). The Department grants prospecting licences, leases and permissions to commercial companies with the aim of developing Northern Ireland's natural mineral resources for the benefit of the local economy.
2. As set out in the Mineral Development Act (Northern Ireland) 1969, as amended by the Mineral Development (Applications, Fees and Model Clauses) (Amendment) Regulations (Northern Ireland) 1991, the Department charges a fee of £450 for licence applications and also recoups advertising costs incurred in the processing of licences through the Departmental resource accounts. A licence runs for 6 years, previously a licence was for 2 years with 2 possible extensions for 2 years costing £300 each. At the mining stage the former owners of the mineral rights i.e., the vendors, become entitled to compensation. The Department collects from licensees dead rent and royalties based on the tonnage of mineral extracted and apportions these to the vendors in the manner prescribed by the legislation. Dead rent is the rent fixed for mines without considering the fact whether the mine is profitable or not. It is mostly fixed in a mineral lease. This rent must be paid whether or not minerals are being extracted from the mines. A licensee must apply for a lease if mining is to take place, leases cost £2,000 and can run for 30 years, the fee is surrendered to The Exchequer/CFER.
3. This Receipts and Payments account is prepared by the Department in accordance with Section 51 (1) of the Mineral Development Act (Northern Ireland) 1969 and is in a form approved by the Department of Finance (DoF). The account is prepared on a cash basis and must properly present the receipts and payments for the financial year and the balance held at the year end.
4. This Receipts and Payments account is audited by the C&AG in accordance with Section 51 (2) of the Mineral Development Act (Northern Ireland) 1969.

**Review of Activities**

5. When a prospector applies for a Mineral Prospecting Licence under the Mineral Development Act (Northern Ireland) 1969, they submit an application and fee of £450 to the Department.  
The £450 fee is lodged into the Department's Business Reserve account while the application is considered. If the application is approved a licence is issued for 6 years and the fee and any corresponding interest is surrendered to The Exchequer/CFER. If an application is rejected 50% of the fee is refunded to the

applicant and 50% plus interest is surrendered to The Exchequer/CFER.

6. If mining takes place dead rent and royalties are collected from the applicant. The dead rent and royalties collected are paid to the Mineral Rights owner, who must have registered their interest under Mineral Development Act 1969. Royalties are based on the tonnage of minerals removed from the mine, tonnage figures are submitted by the applicant and verified by the Department's Mining Experts (currently Wardell Armstrong International). Land owners receive apportioned amounts dependent on their mineral rights, less admin costs and tax.
7. The running/administrative costs of the Mineral Development Account are included in DfE's Annual Resource Accounts.
8. There was one new Mineral Prospecting licence application lodged during the 2022/23 financial year, and this is under consideration by the Department: Green Hydrogen International.

One potential Mineral Prospecting licence application was lodged in 2018/19 financial year; InfraStrata Plc (now known as Islandmagee Energy Hub) and this is currently under consideration by the Department,

Six Mineral Prospecting Licence applications were lodged in 2021/22 financial year and were awarded by the Department in 2022/23, two each from Dalradian Gold Limited and Karelian Diamond Resources and one each from the Mount Castle Trust and Flintridge Resources Ltd.

At the end of March 2023 there were 14 Mineral Prospecting Licences in place -  
6 x Dalradian Gold Limited,  
2 x Flintridge Resources Ltd (formerly Omagh Minerals  
1 x Mount Castle Trust,  
2 x Conroy Diamonds and Gold Plc,  
3 x Karelian Diamond Resources

At the end of March 2023 there were 5 Mining Leases in place -  
5 x Irish Salt Mining and Exploration Co. Ltd.

Dead Rent and Royalties were paid by one company during 2022/23 -  
Irish Salt Mining and Exploration Co. Ltd.

## **STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES**

9. The relevant responsibilities of the Accounting Officer for the Department, including his responsibility for the propriety and regularity for the public finances for which he is answerable, and for the keeping of proper records, are set out in Managing Public Money Northern Ireland issued by the Department of Finance.

## **GOVERNANCE STATEMENT 2022/23**

### **Introduction**

1. This Governance Statement reflects the governance, risk management and internal control arrangements as they have operated within Minerals and Petroleum Branch during the 2022/23 financial year. It also provides details of future actions planned by Minerals and Petroleum Branch to mitigate risks and to address any internal control weaknesses that have been identified.
2. Minerals and Petroleum Branch is a branch within the Department for the Economy's (DfE's) Business, Gas, Minerals and Renewable Electricity Division. The Department's Governance Statement is available in its published Resource Accounts and reflects the overall governance, risk management and internal control environment in which Minerals and Petroleum Branch operates. This Governance Statement supplements the DfE Governance Statement by providing information specific to the operation of Minerals and Petroleum Branch.

### **DfE Governance Arrangements**

3. All entities need clear accountability frameworks and processes for governance, risk management, and internal control. Internal control supports a public sector entity, such as DfE, in achieving its objectives by managing its risks while complying with governance guidance and regulations.

A sound governance framework has been established across the Department which includes:

- governing board and committees;
- governance arrangements with its public bodies;
- monitoring of governance arrangements and internal controls;
- risk management;
- independent reviews by Internal Audit;
- and up to date organisational policies.

Within DfE, governance arrangements not only encompass policies and procedures that provide strategic direction, monitor objectives and manage risks but also place emphasis on the importance of leadership to ensure that sound governance practices are instilled throughout the Department in employees' day-to-day work, focusing on performance and compliance:

- Performance: how the Department uses governance arrangements to contribute to its overall performance and the delivery of services and programmes; and,
- Compliance: how Department uses governance arrangements to ensure it meets the requirements of the law, regulations, published standards and stakeholder expectations of probity, accountability and openness.

## **Risk Management**

4. Risk management is an integral part of the Department's corporate governance framework and is closely linked to the Department's Business Planning process. The Department's risk management framework has been developed in accordance with the HMT's Orange Book and requires all business units (branches and divisions) to formally manage risks on a periodic basis through the maintenance of risk registers.
5. Divisional Risks relating to Minerals and Petroleum Branch are reflected in the Department's new web-based risk management database. Minerals and Petroleum Branch risks being managed at 31 March 2023 related to:
  - Operational and Policy Delivery
  - Financial Management
6. Divisional Risks relating to Minerals and Petroleum Branch are reflected in the risk register maintained for Business, Gas, Minerals and Renewable Electricity Division. Minerals and Petroleum Branch risks being managed at 31 March 2023 related to:
  - Operational and policy delivery,
  - Financial management
7. Actions being taken to mitigate the above risks include:
  - Review of Minerals policy underway, including further research on circular economy, prospectivity and stakeholder attitudes. Analysis of this research will inform a future minerals policy position.
  - Ensure that all staff are familiar with, and work in line with, all relevant policies and procedures in respect of financial management.
  - Work closely with departmental colleagues to ensure any potential issues are recognised as they emerge and to mitigate the impact of any issues arising.
  - Inform Financial Management Branch of pressures emerging.

## **Six-Monthly Assurance Statements**

8. Each Deputy Secretary, Head of Division and Sponsored Body's Chief Executive is required to provide six-monthly Assurance Statements to the Permanent Secretary as Departmental Accounting Officer. These six-monthly statements confirm the efficacy of the systems of internal control in their areas of responsibility, including within Minerals and Petroleum Branch and, where appropriate, draw the attention of the Permanent Secretary to any significant internal control issues.
9. There were no internal control issues relating to Minerals and Petroleum Branch to report during the year.

## **Data Management**

10. The Department ensures the continued commitment to managing and protecting information, and utilising it as required for the public good. This is achieved through:

- Contributing to the development of NICS wide information management policies and training materials, updating departmental records management and data protection guidance, and communicating changes to all staff.
- Providing guidance on suitable protective markings and assurance on vetting and ongoing personnel security management.
- Having appropriate physical security measures in place for offices.
- Providing security equipment and advice where appropriate, ensuring a safe and secure home working environment.
- Ensuring that personal data is protected through GDPR compliant contracts and data sharing agreements, and by completing relevant Data Protection Impact Assessments and Privacy Notices.
- Facilitating Cyber Security and Responsible for Information e-learning for all staff.
- Providing all new entrants with information management policies and procedures and requiring confirmation that these had been read and understood.
- Providing information sessions on the use of the Department's records management system.
- Requiring Information Asset Owners to provide assurance statements regarding their information assets.

## **Fraud Reporting**

11. Nothing to report.

## **Whistleblowing**

12. Nothing to report.

## **Internal audit**

13. Nothing to report.

## **Conclusion**

14. Minerals and Petroleum Branch has a rigorous system of corporate governance on which I rely, as Permanent Secretary and Accounting Officer, to form an opinion on

the probity and use of public funds, as detailed in Managing Public Money Northern Ireland.

15. Having considered the corporate governance and accountability framework within the Department in general and Minerals and Petroleum Branch in particular, I am content that a sound system of internal governance has been in operation during the period 2022/23.

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**Dated 15/04/24**

**Accounting Officer**

## **Department for the Economy's Mineral Development Account 2022-23**

### **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

#### **Opinion on financial statements**

I certify that I have audited the financial statements of the Department for the Economy's Mineral Development Account for the year ended 31 March 2023 under the Mineral Development Act (Northern Ireland) 1969. The financial statements comprise: the Receipts and Payments Account and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- properly present the receipts and payments of Department for the Economy's Mineral Development Account for the year then ended and the balances as held at 31 March 2023; and
- have been properly prepared in accordance with the Mineral Development Act (Northern Ireland) 1969 and Department of Finance directions issued thereunder.

#### **Opinion on regularity**

In my opinion, in all material respects the receipts and payments recorded in the financial statements have been applied to the purposes intended by the Assembly 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 (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 this certificate.

My staff and I are independent of Department for the Economy in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### **Other Information**

The other information comprises the information included in the Foreword other than the financial statements and my audit certificate. The Accounting Officer is responsible for the other information included in the Foreword. 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 information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Department for the Economy's Mineral Development Account and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword.

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
- the financial statements are not in agreement with the accounting records; 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 the Department of Finance's guidance.

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements and for being satisfied that they properly present the receipts and payments during the year; and
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to examine and certify on the financial statements in accordance with the Mineral Development Act (Northern Ireland) 1969.

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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department for the Economy's Mineral Development Account through discussion with management and application of extensive public sector accountability knowledge. The key

laws and regulations I considered included the Mineral Development Act (Northern Ireland) 1969;

- making enquires of management and those charged with governance on Department for the Economy's Mineral Development Account's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Department for the Economy's Mineral Development Account's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Report**

I have no observations to make on these financial statements.

*Dorinnia Carville  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU*

*Date 19.04.24*

**Department for the Economy  
Petroleum Production**

**FOREWORD**

**Receipts and Payments Account for the year ended 31<sup>st</sup> March 2023**

**History and Statutory Background**

1. Under the authority of the Petroleum (Production) Act (Northern Ireland) 1964, petroleum rights are vested in the Department for the Economy (DfE). The Department grants licences which allow commercial companies to search for, bore and get petroleum.
2. The Department charges a fee of £1,000 for licence applications and also recoups advertising costs incurred in the processing of licences through the Departmental resource accounts. Royalties will be collected on any oil and gas recovered and will be used to compensate the former owners in the manner prescribed by the legislation. To date, no applications have progressed to the extraction stage.
3. This Receipts and Payments account is prepared by the Department in accordance with Section 12 of the Petroleum (Production) Act (Northern Ireland) 1964 and is in a form approved by the Department of Finance (DoF). The account is prepared on a cash basis and must properly present the receipts and payments for the financial year and the balance held at the year end.
4. This Receipts and Payments account is audited by the C&AG in accordance with section 12 of the Petroleum (Production) Act (Northern Ireland) 1964.

**Review of Activities**

5. When a prospector applies for a Petroleum Licence under the authority of the Petroleum (Production) Act (Northern Ireland), they submit an application and a fee of £1,000 to the Department. The £1,000 fee is lodged into the Department's Business Reserve account while the application is considered. If the Application is approved a licence is issued for 5 years and the fee and any corresponding interest is surrendered to The Exchequer/CFER. If an application is rejected, £250 of the fee is refunded to the applicant and £750 plus interest is surrendered to The Exchequer/CFER.  
If extraction takes place royalties are collected from the lease holder. The royalties collected are paid to the Mineral Rights owner, who must have registered their interest under The Petroleum Act 1964. Mineral rights holders receive apportioned amounts dependent on the value of petroleum won and saved by the lease holder from their land, less administration costs and tax.
6. The running/administrative costs of the Petroleum Account are included in the DfE's Annual Resource Accounts.

7. No new applications were received in 2022/23. At the end of March 2023 there were two licence applications lodged during the year 2016/17 (Tamboran Resources Uk Ltd, EHA Exploration Ltd) and these are currently under consideration by the Department.

## **STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES**

8. The relevant responsibilities of the Accounting Officer for the Department, including his responsibility for the propriety and regularity for the public finances for which he is answerable, and for the keeping of proper records, are set out in Managing Public Money Northern Ireland issued by the Department of Finance.

## **GOVERNANCE STATEMENT 2022/23**

### **Introduction**

1. This Governance Statement reflects the governance, risk management and internal control arrangements as they have operated within Minerals and Petroleum Branch during the 2022/23 financial year. It also provides details of future actions planned by Minerals and Petroleum Branch to mitigate risks and to address any internal control weaknesses that have been identified.
2. Minerals and Petroleum Branch is a branch within the Department for the Economy's (DfE's) Business, Gas, Minerals and Renewable Electricity Division. The Department's Governance Statement is published in its Resource Accounts and reflects the overall governance, risk management and internal control environment in which Minerals and Petroleum Branch operates. This Governance Statement supplements the Department's Governance Statement by providing information specific to the operation of Minerals and Petroleum Branch.

### **DfE Governance Arrangements**

3. All entities need clear accountability frameworks and processes for governance, risk management, and internal control. Internal control supports a public sector entity, such as DfE, in achieving its objectives by managing its risks while complying with governance guidance and regulations.

A sound governance framework has been established across the Department which includes:

- governing board and committees;
- governance arrangements with its public bodies;
- monitoring of governance arrangements and internal controls;
- risk management;
- independent reviews by Internal Audit;
- and up to date organisational policies.

Within DfE, governance arrangements not only encompass policies and

procedures that provide strategic direction, monitor objectives and manage risks but also place emphasis on the importance of leadership to ensure that sound governance practices are instilled throughout the Department in employees' day-to-day work, focusing on performance and compliance:

- Performance: how the Department uses governance arrangements to contribute to its overall performance and the delivery of services and programmes; and,
- Compliance: how Department uses governance arrangements to ensure it meets the requirements of the law, regulations, published standards and stakeholder expectations of probity, accountability and openness.

## **Risk Management**

4. Risk management is an integral part of the Department's corporate governance framework and is closely linked to the Department's Business Planning process. The Department's risk management framework has been developed in accordance with the HMT's Orange Book and requires all business units (branches and divisions) to formally manage risks on a periodic basis through the maintenance of risk registers.
5. The Department's key risks are managed at corporate level and are regularly reviewed by the Departmental Board. The Departmental Board and ARAC provides leadership and direction in managing the risk environment in which the Department operates. The Corporate Risk Register was monitored and managed by the Departmental Board and ARAC on a quarterly basis during 2022/23.
6. Divisional Risks relating to Minerals and Petroleum Branch are reflected in the risk register maintained for Business, Gas, Minerals and Renewable Electricity Division. Minerals and Petroleum Branch risks being managed at 31 March 2023 related to:
  - Operational and policy delivery
  - Financial management
7. Actions being taken to mitigate the above risks include.
  - Review of Petroleum policy completed.
  - A public consultation was launched on 15 January 2024 on a preferred policy option to introduce a moratorium and eventual legislative ban on all forms of onshore petroleum exploration and production. Following analysis of the consultation responses a final policy position will be considered by the Minister and Executive.
  - Ensure that all staff are familiar with, and work in line with, all relevant policies and procedures in respect of financial management.
  - Work closely with departmental colleagues to ensure any potential issues are recognised as they emerge and to mitigate the impact of any issues arising.
  - Inform Financial Management Branch of pressures emerging.

## **Six-Monthly Assurance Statements**

8. Each Deputy Secretary, Head of Division and Sponsored Body's Chief Executive is required to provide six-monthly Assurance Statements to the Permanent Secretary as Departmental Accounting Officer. These six-monthly statements confirm the efficacy of the systems of internal control in their areas of responsibility and, where appropriate, draw the attention of the Permanent Secretary to any significant internal control issues.
9. There were no internal control issues relating to Minerals and Petroleum Branch to report during the year.

## **Data Management**

10. The Department ensures the continued commitment to managing and protecting information, and utilising it as required for the public good. This is achieved through:
  - Contributing to the development of NICS wide information management policies and training materials, updating departmental records management and data protection guidance, and communicating changes to all staff.
  - Providing guidance on suitable protective markings and assurance on vetting and ongoing personnel security management.
  - Having appropriate physical security measures in place for offices.
  - Providing security equipment and advice where appropriate, ensuring a safe and secure home working environment.
  - Ensuring that personal data is protected through GDPR compliant contracts and data sharing agreements, and by completing relevant Data Protection Impact Assessments and Privacy Notices.
  - Facilitating Cyber Security and Responsible for Information e-learning for all staff.
  - Providing all new entrants with Information Management policies and procedures and requiring confirmation that these have been read and understood.
  - Providing information sessions on the use of the Department's Records Management System.
  - Requiring Information Asset Owners to provide assurance statements regarding their information assets.

## **Fraud Reporting**

11. Nothing to report.

## **Whistleblowing**

12. Nothing to report.

## **Internal Audit**

13. Nothing to report.

## **Conclusion**

14. DfE's Minerals and Petroleum Branch has a rigorous system of corporate governance on which I rely, as Permanent Secretary and Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money Northern Ireland.
15. Having considered the corporate governance and accountability framework within the Department in general and Minerals and Petroleum Branch in particular, I am content that a sound system of internal governance has been in operation during the period 2022/23.



**Ian Snowden**

**Dated 15/04/24**

**Accounting Officer**



## **Department for the Economy's Petroleum Production Account 2022-23**

### **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

#### **Opinion on financial statements**

I certify that I have audited the financial statements of the Department for the Economy's Petroleum Production Account for the year ended 31 March 2023 under the Petroleum (Production) Act (Northern Ireland) 1964. The financial statements comprise: the Receipts and Payments Account and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- properly present the receipts and payments of the Department for the Economy's Petroleum Production Account for the year then ended and the balances as held at 31 March 2023; and
- have been properly prepared in accordance with the Petroleum (Production) Act (Northern Ireland) 1964 and Department of Finance directions issued thereunder.

#### **Opinion on regularity**

In my opinion, in all material respects the receipts and payments recorded in the financial statements have been applied to the purposes intended by the Assembly 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 (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 this certificate.

My staff and I are independent of the Department for the Economy in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### **Other Information**

The other information comprises the information included in the Foreword other than the financial statements and my audit certificate. The Accounting Officer is responsible for the other information included in the Foreword. 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 information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of the Department for the Economy's Petroleum Production Account and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword.

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
- the financial statements are not in agreement with the accounting records; 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 the Department of Finance's guidance.

## **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements and for being satisfied that they properly present the receipts and payments during the year; and
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to examine and certify on the financial statements in accordance with the Petroleum Production Act (Northern Ireland) 1964.

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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department for the Economy's Petroleum Production Account through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Petroleum (Production) Act (Northern Ireland) 1964;

- making enquires of management and those charged with governance on Department for the Economy's Petroleum Production Account's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Department for the Economy's Petroleum Production Account's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Report**

I have no observations to make on these financial statements.

*Dorinnia Carville*  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*106 University Street*  
*BELFAST*  
*BT7 1EU*

*Date 19.04.24*

Department for the Economy  
Mineral development

**RECEIPTS AND PAYMENTS ACCOUNT**

**for the Year Ended 31 March 2023**

		<b>2022/23</b>	<b>2021/22</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Receipts	1	158,963	218,263
Payments	2	22,351	22,351
<b>Excess of receipts/payments</b>		136,612	195,912
<b>Less</b> accruing resources and amounts surrendered to the Consolidated Fund	3	92,035	123,012
<b>Net excess of receipts/payments</b>		44,577	72,900
 <b>Statement of balances</b>			
Balance held on deposit by Department at the beginning of financial year		830,892	757,992
Balance held on deposit by Department at the end of financial year	4	875,469	830,892

**Notes 1 to 9 form part of this Account.**

I  
Accounting Officer

Dated 15/04/24

## NOTES TO THE ACCOUNT

### ACCOUNTING POLICIES

The Account is prepared in accordance with Section 51 (1) of the Mineral Development Act (Northern Ireland) 1969 and is in a form approved by the Department of Finance (DOF). The account is prepared on a cash basis and must properly present the receipts and payments for the financial year and the balance held at the year end.

#### 1. Receipts

	Notes	2022/23 £	2021/22 £
2			
Rent and Royalties paid by lessees	5	151,874	215,472
Interest earned on deposits held at Danske Bank	6	6,639	91
Fees received for licence applications	7	450	2,700
		<u>158,963</u>	<u>218,263</u>

#### 2. Payments

	Notes	2022/23 £	2021/22 £
Vendors share of net profit:			
Paid to vendors	8a	17,881	17,881
Assumed income tax paid to HM Revenue & Customs	8b	4,470	4,470
Refund of Licence Application Fee	8c	-	-
		<u>22,351</u>	<u>22,351</u>

#### 3. Accruing resources and amounts surrendered to the Consolidated Fund

	Notes	2022/23 £	2021/22 £
Royalties due to Exchequer		5,455	5,455
Recoupment of Admin costs/consultant costs		800	800
Royalties fees income surrendered under 6 year rule of MDA 1969		85,780	116,757
		<u>92,035</u>	<u>123,012</u>

#### 4. Balance at end of financial year

	Notes	2022/23 £	2021/22 £
Dead Rent	9a	853,989	816,502
Licence Applications	9b	10,800	10,350
Money held in DfE Account for disbursement	9c	-	-
Interest held on deposit	9d	10,679	4,040
		<u>875,469</u>	<u>830,892</u>

## 5. Rent and Royalties paid by lessees

	Notes	2022/23 £		2021/22 £	
Irish Salt Mining and Exploration Co. Ltd - Royalties		106,582	*	170,055	****
Irish Salt Mining and Exploration Co. Ltd – Dead Rent		45,292	**	45,292	***
La Farge Cement		-		125	
		<u>151,874</u>		<u>215,472</u>	

\*Relates to the period from 08/09/21 to 07/09/22.

\*\*Relates to the period from 08/03/22 to 07/03/23.

\*\*\*Relates to the period from 08/03/21 to 07/03/22.

\*\*\*\*Relates to the period from 08/09/20 to 07/09/21.

## 6. Interest Accumulated on Deposit Receipts

	Notes	2022/23 £		2021/22 £	
Interest earned on deposit – current year		6,639		91	
Interest paid out to landowners		-		-	
Interest transferred back from DfE Bank Account		-		-	
Interest earned on deposit – previous years		4,040		3,949	
		<u>10,679</u>		<u>4,040</u>	

## 7. Fees received for licence applications

	Notes	2022/23 £		2021/22 £	
Flintridge Resources		-		450	
Dalradian Gold		-		900	
Karelian Resources		-		900	
GHI (Green Hydrogen)		450		-	
Mountcastle Trust		-		450	
		<u>450</u>		<u>2,700</u>	

## 8. Payments – Apportionment of Dead Rent, Royalties and Interest

### (a) Paid to Vendors

	Notes	2022/23 £		2021/22 £	
Irish Salt Mining and Exploration Co Ltd -					
Estate of Major A F Dobbs		14,827		14,827	
Estate of DJ Caldwell		1,773		1,773	
Estate of JR Caldwell		1,281		1,281	
		<u>17,881</u>		<u>17,881</u>	

**(b) Income Tax on Vendor's Portion Paid to HM Revenue & Customs**

Irish Salt Mining and Exploration Co Ltd –

	Notes	2022/23 £	2021/22 £
Estate of Major A F Dobbs		3,707	3,707
Estate of DJ Caldwell		443	443
Estate of JR Caldwell		320	320
		<u>4,470</u>	<u>4,470</u>

**(c) Refund of Licence Applications Fees**

	Notes	2022/23 £	2021/22 £
Refund of Licence Applications Fees		-	-
		<u>-</u>	<u>-</u>

**9 (a) Dead Rent**

	Notes	2022/23 £	2021/22 £
Lessees			
Irish Salt Mining and Exploration Co. Ltd		853,489	816,002
LaFarge Cement		500	500
		<u>853,989</u>	<u>816,502</u>

**(b) Licence Applications**

	Notes	2022/23 £	2021/22 £
Conroy Gold		900	900
Dalradian Gold		3,300	3,300
Karelian Resources		1,350	1,350
Lonmin PLC		1,650	1,650
Flintridge Resources LTD (formerly Omagh Minerals)		1,350	1,350
Mount Castle Trust		900	900
Koza Gold UK		450	450
Infrastrata PLC		450	450
GHI (Green Hydrogen)		450	-
		<u>10,800</u>	<u>10,350</u>

**(c) Money held on DfE Account**

	Notes	2022/23 £	2021/22 £
Money held on DfE Account		-	-
		<u>-</u>	<u>-</u>

**(d) Interest held on Deposit**

	<b>Notes</b>	<b>2022/23 £</b>	<b>2021/22 £</b>
Interest held on Deposit		<u>10,704</u>	<u>4,040</u>
		<u>3,950</u>	<u>3,860</u>

Department for the Economy  
Petroleum Production

**RECEIPTS AND PAYMENTS ACCOUNT**

for the Year Ended 31 March 2023

	Notes	2022/23 £	2021/22 £
Receipts	1	15	0
Payments	2	-	-
<b>Excess of receipts/payments</b>		15	0
<b>Less</b> accruing resources and amounts Surrendered to the Consolidated Fund	3	-	-
<b>Net excess of receipts/payments</b>		15	0
<b>Statement of Balances</b>			
Balance held on deposit by Department at the beginning of financial year		2,010	2,010
Balance held on deposit by Department at the end of financial year	6	2,025	2,010

**Notes 1 to 5 form part of this Account.**

Dated 15/04/24

Accounting Officer

## NOTES TO THE ACCOUNT

### ACCOUNTING POLICIES

The Account is prepared in accordance with Section 12 of the Petroleum (Production) Act (Northern Ireland) 1964 and is in a form approved by the Department of Finance (DoF). The account is prepared on a cash basis and must properly present the receipts and payments for the financial year and balance held at year end.

#### 1. Receipts

	Notes	2022/23 £	2021/22 £
Licence Applications		-	-
Interest earned on deposits held at Danske Bank		15	-
		<u>15</u>	<u>-</u>

#### 2. Payments

	Notes	2022/23 £	2021/22 £
Refunds on Deposits		-	-
		<u>-</u>	<u>-</u>

#### 3. Amounts due to the Consolidated Fund

	Notes	2022/23 £	2021/22 £
Amounts due to the Consolidated Fund		-	-
		<u>-</u>	<u>-</u>

#### 4. Deposit Receipts

	Notes	2022/23 £	2021/22 £
Tamboran Resources		1,000	1,000
Sanne EHA		1,000	1,000
		<u>2,000</u>	<u>2,000</u>

#### 5. Interest Accumulated on Deposit Receipts

	Notes	2022/23 £	2021/22 £
Interest earned on deposit – current year		15	-
Interest earned on deposit – previous years		10	10
		<u>25</u>	<u>10</u>

**6. Balance at end of financial year**

	<b>Notes</b>	<b>2022/23</b> <b>£</b>	<b>2021/22</b> <b>£</b>
Licence application fees & interest held on deposit		<u>2,025</u>	<u>2,010</u>
		<u>2,025</u>	<u>2,010</u>