



# ***MEDIA RELEASE***

## **AGRI-FOOD AND BIOSCIENCES INSTITUTE ANNUAL REPORT AND ACCOUNTS 2018-19**

The Comptroller and Auditor General, Kieran Donnelly has published a report on his audit of the accounts of the Agri-Food and Biosciences Institute (AFBI) for 2018-19. The C&AG's audit opinion on the financial statements was qualified due to a disagreement with AFBI's recognition of £7 million income due under royalty agreements. The royalty income AFBI is due to receive is currently subject to a dispute regarding the interpretation of the licence agreement.

Under a 1998 research and licensing agreement between The Queen's University of Belfast (QUB) which acts as AFBI's agent, University of Saskatchewan (USK) and a vaccine company patent royalties are paid to the Universities by the vaccine company. The vaccine company is due to pay a percentage royalty on the net sales of all vaccine products manufactured by making use of the results of joint research.

However, since June 2018 QUB have received only one payment of £68,000 for patent royalties for this financial year from the vaccine company, which was passed onto AFBI. AFBI recorded income of £7 million in its 2018-19 financial statements, of which £6.9 million is considered receivable at the year-end.

Commenting on the findings of his report, Mr Donnelly said:

*“The £7 million in income included in the financial statements is an estimate based on the validity of the patents during the 2018-19 financial year, and a report from QUB which concluded on the income these patents might generate. There is currently no documentation to suggest that the vaccine company agrees that £7 million or any other sum is due to AFBI.*”

*“£7 million is a significant level of income due to the public purse. Its recovery should remain a priority for AFBI. In the short term, AFBI should identify actions to ensure that such a situation as this does not re-occur in the future. I recommend that AFBI reviews the management and contract arrangements for lessons learned before entering into future contracts for patents and royalty income.”*

AFBI continues to work with QUB to resolve this matter. AFBI believes the amounts included in the financial statements to be due and payable and will continue every effort to recover them.

AFBI Annual Report and Accounts 2018 – 2019 available at:

<https://www.afbini.gov.uk/publications/afbi-annual-report-and-accounts-2018-2019>

## Notes for Editors

1. The Comptroller and Auditor General is Head of the Northern Ireland Audit Office (the Audit Office). He and the NIAO are totally independent of Government. He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. His reports are published as Assembly papers.
2. Background briefing can be obtained from the Northern Ireland Audit Office by contacting Neil Gray (028 9025 4345) or Declan Cooper (028 9025 1142).