

June 2010

Scrutiny Unit note: Financial Accountability and Scrutiny

Introduction

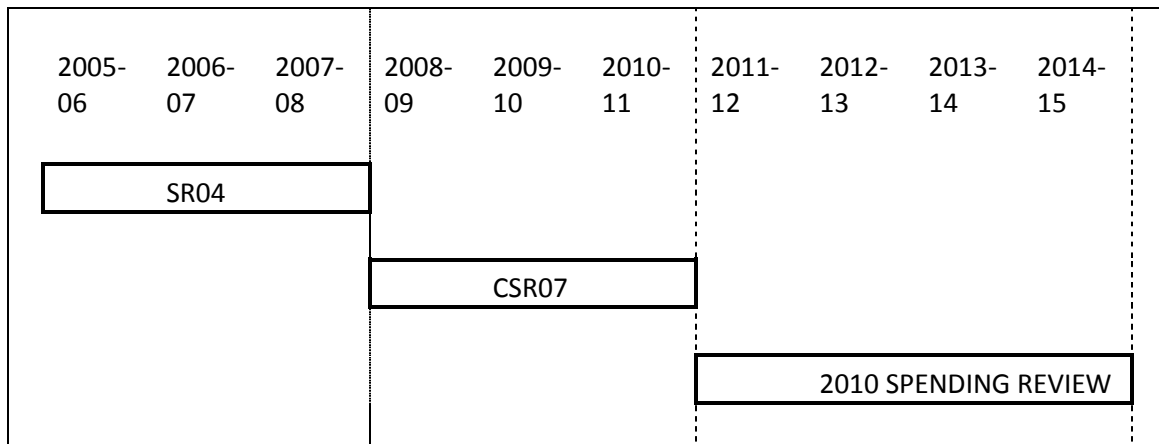
1. Currently, Parliament has the opportunity to scrutinise reports and other documents from three financial frameworks: Spending Reviews and departmental budgets; Estimates; and departmental Resource Accounts. The first two reflect government expenditure plans and the third reports actual spending.
2. The numbers reported within each of these frameworks are different, not just because they are measuring spending at different points in time, but because they record expenditures in different ways, having been designed for different purposes. This misalignment makes effective scrutiny more difficult. The Liaison Committee in 2008 reported that “Had such a system been deliberately designed, it could fairly be assumed that it had been set up with the specific purpose of making it impossible to hold the Government and Departments to account” ([HC 426](#), para 30).
3. The Treasury’s ‘Alignment Project’, discussed below, is designed to reduce the differences and it could provide improved opportunities for scrutiny of departments’ finances. This has the potential to improve accountability of departments to Parliament, because it would be the budget expenditure plans which would be explicitly authorised (voted) and because Departmental Resource Accounts would relate more closely to the use made of those voted sums.
4. This note was produced by the Scrutiny Unit of the House of Commons, which provides advice on financial scrutiny to departmental select committees. The note discusses:
 - (i) The three financial frameworks;
 - (ii) Current accountability and scrutiny arrangements;
 - (iii) The ‘Alignment’ agenda;
 - (iv) Future opportunities to scrutinise expenditure plans; and
 - (v) The key bodies involved.

Three Financial Frameworks

5. The three financial frameworks are:
 - Spending Reviews and the departmental budgets which flow from them;
 - Estimates, which give legislative cover to expenditure by departments that does not already have its own specific legislative cover; and
 - Departmental Resource Accounts, which present a department’s income and expenditure based on international accounting standards.

Spending Reviews, budgets and National Accounts

6. The Government allocates available budget funding between departments as a result of Spending Reviews. Spending Reviews set planned aggregate government expenditure totals, for a three-year period, guided by the 'fiscal rules'. The fiscal rules reflect National Accounts definitions of expenditure, borrowing and debt, which are in turn derived from the European System of Accounts 1995 (ESA95).
7. The Office for National Statistics (ONS) prepares the National Accounts (the 'Blue Book'), which records economic activity in the UK, differentiating between public and private sectors. ESA95 standards are also adopted by national statistical offices in other European countries. (National Accounts are not the same as Departmental Resource Accounts, which follow accounting standards).



8. Generally Spending Reviews, introduced in 1997, have occurred every 2-3 years at Government's discretion – see graphic below. The new Government has announced that a new Spending Review, covering 4 years from 2011-12 to 2014-15 will take place over summer 2010, with the outcome to be announced on 20 October 2010. The previous Spending Review was in October 2007 and covered the three years to March 2011.
9. SRs set aggregate expenditure budgets ('Total Managed Expenditure'), broken down by department. The individual departments then decide how to allocate this between their various programmes. Total Managed Expenditure comprises:
 1. Departmental Expenditure Limits (DELs) covering departmentally-controllable spending, for which firm multi-year departmental budgets are set; and
 2. Annually Managed Expenditure (AME) for expenditure not within departments' direct control – e.g. welfare benefits. Although AME expenditure is administered and recorded by departments, the expenditure is controlled by the Treasury and the funds needed by departments to meet AME expenditure are met by the Treasury.
10. The Treasury monitors expenditure against DELs and AME so as to be able to control expenditure overall. The multi-year departmental budgets are

sometimes modified during the Spending Review period, in intervening Budgets and Pre Budget Reports.

11. The fiscal rules, using the classifications used in the National Accounts, have mainly focused on controlling 'Resource' (ie 'current', rather than 'Capital') expenditure and the extent of debt incurred to support that Resource expenditure. To allow the Treasury to control expenditure against such classifications, departmental budgets are also divided between 'Resource' expenditure and 'Capital' expenditure. (This classification is similar to, but also different from, ordinary accounting definitions of revenue and capital.) The 'golden rule' used until the 2008 Pre-Budget Report – "borrow only to invest" – was founded on this Capital/Resource distinction. The 'Temporary operating rule' from 2008 loosened the fiscal rules for the recession. Under the [Fiscal Responsibility Act 2010](#) passed before the 2010 general election, a 'Fiscal Consolidation Plan' seeks to limit borrowing and debt, but does not include a new 'golden rule'. The Act requires that a Plan to be produced, to ensure that:
 - for each financial year to 2015-16, public sector net borrowing (expressed as a percentage of gross domestic product) is less than the preceding financial year;
 - for 2013-14, public sector net borrowing (expressed as a percentage of gross domestic product) is no more than half of what it was for 2009-10; and
12. The 2010 Fiscal Responsibility Act requires the Treasury to submit:
 - 'Progress reports', setting out the progress made towards complying with the Fiscal Plan, based on the Treasury's fiscal projections; and
 - "Compliance reports" setting out whether or not the Fiscal Plan has been complied with (based on the outturn data available at the time) and, if not, why not, together with any remedial action being taken).

These reports have to be presented alongside the Budget and PBR.
13. The new coalition Government has established an Office for Budget Responsibility to undertake independent forecasts for the economy and public finances. The Government has also set itself a forward looking fiscal mandate to achieve a cyclically adjusted current balance by the end of the rolling, five year forecast period. At this time of the rapidly rising debt, the fiscal mandate will be supplemented by a target for public sector net debt as a percentage of GDP to be falling at a fixed date of 2015-16.
14. Spending Reviews produce planned expenditure figures for each of the years which they cover. In the past because DEL budgets have been set for more than a year at a time departments have been able, with the consent of Treasury, to carry-over unspent DEL budget from one year to the next, to top up the planned expenditure in that subsequent year. This is referred to as the 'End-Year Flexibility' (EYF) regime. Indeed, one of the reasons for the multi-year budgets was to discourage departments spending remaining annual budget wastefully in the last months of the financial year. In recent years, the Treasury has increasingly vetoed EYF carry-overs in order to maintain control over the aggregate expenditure in any one year, and to be able to stop some carry-overs which for example might only be possible because a programme was cancelled.

The new Government has said it is looking very closely at existing EYF commitments. Although the EYF regime applies only to DEL budgets (because the Treasury provides funds for AME expenditure as it arises), it does not apply to the Ministry of Defence's DEL expenditure on 'Operations and Peacekeeping', which the Treasury fund in a quasi-AME fashion – no EYF is available because the Treasury meet these Operations costs outside the Spending Review system.

15. The presumption is that once DELs are set departments will not normally be able to change them (other than when budgets are transferred between departments when programmes are reassigned, or to take up EYF), even if there are unexpected fluctuations in costs.
16. Spending Reviews have in the past included "Public Service Agreements" (PSAs)- requiring departments to achieve certain specific targets, in exchange for the agreed levels of funding provided. The new coalition Government has announced that the previous performance framework will be discontinued and will be considering new performance framework arrangements for the new Spending Review period.

Estimates

17. Estimates allow Parliamentary approval for expenditure not otherwise already having legislative cover. For this reason, for example, health expenditure funded from the National Insurance Fund and judges' salaries are not included in the Estimates. Estimates include expenditure by departments but not by NDPBs (which form part departments' budgets).
18. Although Spending Reviews cover expenditure over a multi year period, the House authorises *annual* Estimates. There is a cycle of Estimates reporting and approval. For a particular financial year, 1 April to 31 March, the timing and reports would normally be as follows:
 - In the preceding November, the House is presented with the 'Vote on Account' – an aggregate sum for each department to cover expenditure at the start of the next financial year before the Main Estimates are approved;
 - In April, the House is presented with the Main Estimates for the year, providing detailed analysis of planned expenditure and income across different lines (or programmes) of expenditure;
 - In November, Winter Supplementary Estimates are presented for approval – with expenditures reassigned between programmes or between departments, and additional sums sought (including EYF draw-downs);
 - In February, Spring Supplementary Estimates are presented; and
 - (Sometimes) 'Excess Votes' are presented in February – nearly a year after the end of the financial year – giving legislative cover for expenditures in excess of the sums previously provided in the Main/Supplementary Estimates.

Departmental Resource Accounts

19. Annual Departmental Resource Accounts show a department's state of affairs at the year end and its income and expenditure for the year. These accounts

include a high-level statement comparing the overall expenditure against the provision made available in the Estimates for that year. The main part of these accounts, however, comprise a set of financial statements very similar to a company's accounts – an operating cost statement (=profit and loss account), balance sheet and cash-flow statement. Like commercial accounts, they are based on accounting standards. The independent Financial Reporting Advisory Board (FRAB) recommends how accounting standards, including International Financial Reporting Standards (IFRS), should be adopted or adapted for use in Departmental Resource Accounts.

20. Departmental Resource Accounts are audited by the Comptroller and Auditor General (C&AG), the head of the National Audit Office (NAO). Resource accounts, along with the C&AG's audit certificate, are laid before the House. The C&AG's audit certificate is addressed to the House of Commons, which is for this purpose analogous with a company's shareholders/investors. If the C&AG qualifies the Resource Accounts, he attaches a report of the results of his audit and any recommendations.
21. If a department's actual expenditure exceeds the final Estimates provision, then the excess spend is 'irregular' and the resource account will be qualified. In that case the House needs to authorise an Excess Vote, which usually takes place the following February. Under the 'Alignment Project' (see below), Excess Votes may become more frequent.

Differences between the financial frameworks

22. Estimates differ from departmental budgets in several ways, because they each seek to capture a different view of a department's expenditure for different purposes. Differences may be due to:
 - Timing. E.g. expenditure by Non-Departmental Public Bodies (NDPBs) is included in departmental budgets, but Estimates include instead the grants paid by departments to the NDPBs (which may subsequently support NDPB expenditure). Also, some departments keep back part of their budget in reserve – 'Departmental Unallocated Provision' – which is only presented in Estimates when the department allocates it to specific lines of expenditure.
 - Coverage. E.g. central government expenditure funded directly from other sources (such as the National Insurance Fund under separate legislation) is not funded through Estimates.
 - Classification. E.g. Estimates and Resource Accounts show grants which are made for capital investment as 'Resource' spending; budgets count such grants as 'Capital' expenditure.
 - Gross v net expenditure. Departmental budgets are set in terms of net expenditure, whereas Estimates provide for the House to approve separate figures for gross expenditure and income appropriated-in-aid of that expenditure. As a result, while higher-than-expected income effectively provides additional funds for departments' budgets, departments cannot use that additional income unless a Supplementary Estimate is approved which includes that additional income. Typically, such Supplementary Estimates will also increase the gross expenditure figure by the same

amount, not because additional expenditure is anticipated but simply to preserve the budgetary net expenditure position.

23. Resource accounts often reflect the Estimates treatment of expenditure but sometimes instead follow the budgetary treatment (eg non-voted expenditure funded from the National Insurance Fund).

Current Accountability and Scrutiny Arrangements

24. Currently the House authorises (votes) the Estimates and there is a legislative requirement for the resource accounts to be laid before Parliament. By convention other reports are also made available for parliamentary scrutiny: the results of Spending Reviews, and Departmental Annual Reports and Autumn Performance Reports in which each department reports on its activities and performance
25. The Scrutiny Unit provides briefings to departmental select committees on Departmental Annual Reports resource accounts, Autumn Performance Reports, and Supplementary Estimates.

Current scrutiny of Spending Reviews and The Budget

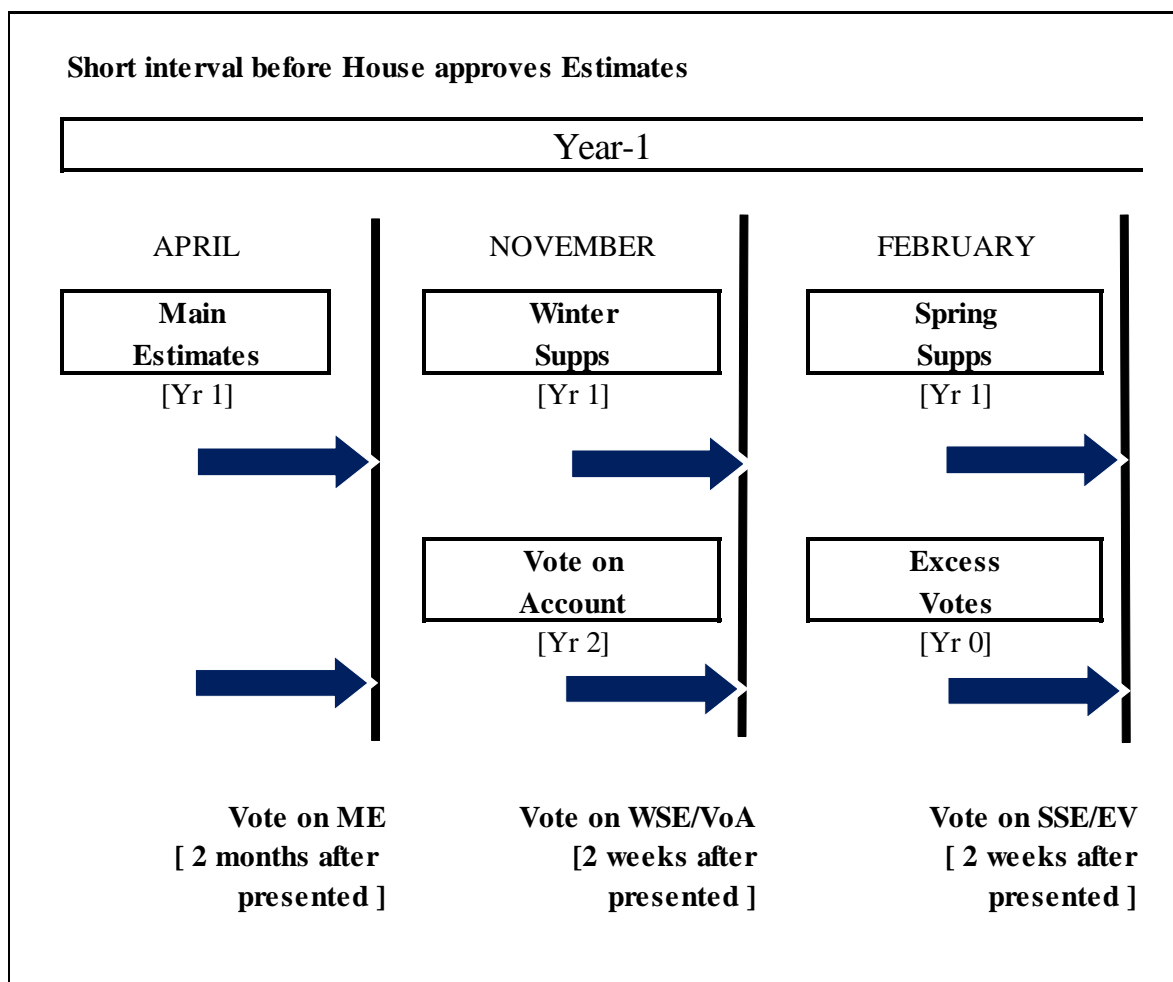
26. The Treasury Select Committee scrutinises Spending Reviews, The Budgets and Pre-Budget Report.
27. In 2009, the then government stated ([HC 1074](#)) that it would aim to provide time for debate on:
- Spending Reviews, as recommended by the Treasury Select Committee in their June 2007 CSR report ([HC 279](#), pages 64 and 68); and by the Liaison Committee in both 2008 ([HC 426](#), page 5) and 2009 ([HC 804](#), paragraph 98); and
 - Pre-Budget Reports, as recommended by the Liaison Committee in 2009 ([HC 804](#), para 98). The first PBR debate was on PBR-2009.
28. Under sections 156 and 157 of the Finance Act 1998 the NAO, at the Government's request, has in the past examined and reported on the assumptions underlying the Treasury's fiscal projections. Following the new Government's establishment of the interim Office for Budget Responsibility, the NAO's duties remain for the time being. So in 2010, the NAO has considered whether the key economic and fiscal assumptions underpinning the interim OBR's forecasts are independently arrived at.

Current authorisation and scrutiny of Resource Accounts

29. Resource Accounts are audited by the C&AG/NAO and laid before Parliament. Most Public Accounts Committee (PAC) meetings consider NAO 'value for money' reports. However, there are occasional hearings on accounts or Excess Votes.
30. The departmental select committees routinely undertake inquiries into the Departmental Annual Report, and sometimes they might decide also to consider resource accounts issues within such an inquiry.

Current authorisation and scrutiny of Estimates

31. Currently, the House of Commons approves (votes) planned departmental expenditure as it is presented in the annual Main Estimates and Supplementary Estimates. Departmental select committees may scrutinise a department's Estimates, supported by Scrutiny Unit briefings. In practice, the focus tends to be on Supplementaries, where additional funds may be sought for some programmes, rather than Main Estimates which often reflect the previous Spending Review settlement and any changes in the March Budget.
32. There are limitations on the power the House has in the current system of scrutinising Estimates:
 - The House votes the Estimates three times a year, after an 'Estimates Day Debate', but these debates are based on one or two recent departmental select committee reports which are more likely to deal with policy issues than financial issues.
 - The House does not vote departments' financial controls. Around one third of expenditure within budgets is not Voted in Estimates, while around one sixth of Estimates is not in budgets. Capital budgets are disclosed within Estimates, but are not voted on.
 - The House cannot increase Estimates, due to the historic rule that only Government can propose expenditure.
 - There is only a short interval between presentation of Estimates and votes in House. Estimates can be voted 14 days after being presented, although in reality for Main Estimates there is a 2 month gap – see graphic below.
 - The Main Estimates are presented to the House after the financial year has started (around April/May) to sweep up any consequences of The Budget.
 - Estimates have been seen as a vote-of-confidence issue. Estimates were reduced 30 times between 1858 and 1921, but not since.



33. The new coalition Government has established an independent Office for Budget Responsibility which publishes:

- independent fiscal forecasts at least twice a year around the time of the Budget and PBR, based on existing government policy at the time;
- a recommendation for the amount of net fiscal tightening or loosening it judges necessary for the Treasury to have a better than 50% chance of achieving a forward looking mandate set by the Chancellor. If the Chancellor chooses not to abide by that recommendation he or she would have to explain their reasoning to Parliament;
- an assessment of the long term sustainability of the public finances, including liabilities which are currently not included in the National Accounts such as public sector pensions and PFI contracts.

The 'Alignment Project' agenda

34. The 'Alignment Project' (sometimes also known as the 'Clear Line of Sight' project) could, potentially, change how committees scrutinise Government expenditure plans.

35. The 'Alignment project', endorsed by the Liaison Committee, is taking forward changes to Estimates and departmental budgets (as well as Departmental Resource Accounts) which will lead to them being more closely aligned. The

current plan is for full alignment to take place from 2011-12, following some early changes to departmental budget structures in 2010-11.

36. The Treasury began the project in the last Parliament, encouraged by various committees:
- The Treasury Select Committee called for voting of budgets in their June 2007 *Comprehensive Spending Review: prospects and processes* report ([HC 279](#), paragraph 110)].
 - The Liaison Committee, in their 2008 report *Recreating Financial Scrutiny* (HC 426, Session 2007-08) sought better financial information from Government: particularly on expenditure plans and the in-year financial position. The Committee welcomed the alignment project in their 2009 report ([HC 804](#)).
 - In July 2007, the Government in the [Governance of Britain green paper](#) (paragraph 109) stated that they would improve the transparency and accountability of Government expenditure, in line with recommendations from the House of Commons Treasury Committee in [HC 279](#). The Treasury's Command Paper [[Cm 7567](#)] in March 2009 provided the first details of the Government's Alignment plans.
37. The [response \(HC 1108\)](#) to the 2008 Liaison Committee report was published in October 2008, and there was an associated [Treasury Memorandum](#), providing more detail on a number of issues. A subsequent [Treasury memorandum](#) provided further details in February 2010.
38. The Alignment Project will present only one set of figures, whether in the Estimates, budgets or Departmental Resource Accounts. This will involve consolidating NDPBs into departments' Estimates and Departmental Resource Accounts (NDPB spending will be voted net of expected income, recognising the arms-length nature of that NDPB income). Estimates will reflect net expenditure (rather than separate gross expenditure and income), and budgets structures will be adjusted in several ways to make budgets and accounts align. Remaining misalignments will be:
- Expenditure on Public Finance Initiative (PFI) projects will continue to be scored in budgets, National Accounts and Estimates according to ESA95 standards, which regard the PFI assets as lying on the private sector balance sheet. But because Departmental Resource Accounts will reflect newly adopted international accounting standards (IFRS), which regard the assets as lying on the government department's balance sheet, the expenditure in the Departmental Resource Accounts will not be aligned with budgets/Estimates. (The difference is c.£1 billion pa).
 - Government grants to the private sector, local authorities and public corporations for Capital projects will continue to be included in the resource accounts and Estimates as Resource expenditure in accordance with accounting standards, but as Capital expenditure within departmental budgets (reflecting the National Accounts treatment). (Difference is c.£19 billion pa).
 - Similarly the Nuclear Decommissioning Authority's decommissioning costs are treated as Resource expenditure in Departmental Resource Accounts

and Estimates but as Capital spending within budgets. (Difference c.£2 billion pa).

- Expenditure by the Devolved Administrations forms part of the UK's overall DEL and AME expenditure, but under Alignment the Estimates will instead continue to reflect the grants paid by Westminster to the Administrations. This is to avoid a potential constitutional difficulty of Westminster voting the expenditure of the Devolved Administrations.

Such remaining differences in expenditure figures will be presented in reconciliations in departments' Estimates and resource accounts. Budgets will differ from the Estimates of the Devolved Administrations (incl the relevant section of the Ministry of Justice Estimates) but otherwise budgets will match Estimates. The other differences are between Departmental Resource Accounts on the one hand and the Estimates and budgets on the other hand.

39. Other main features of the Alignment Project are:

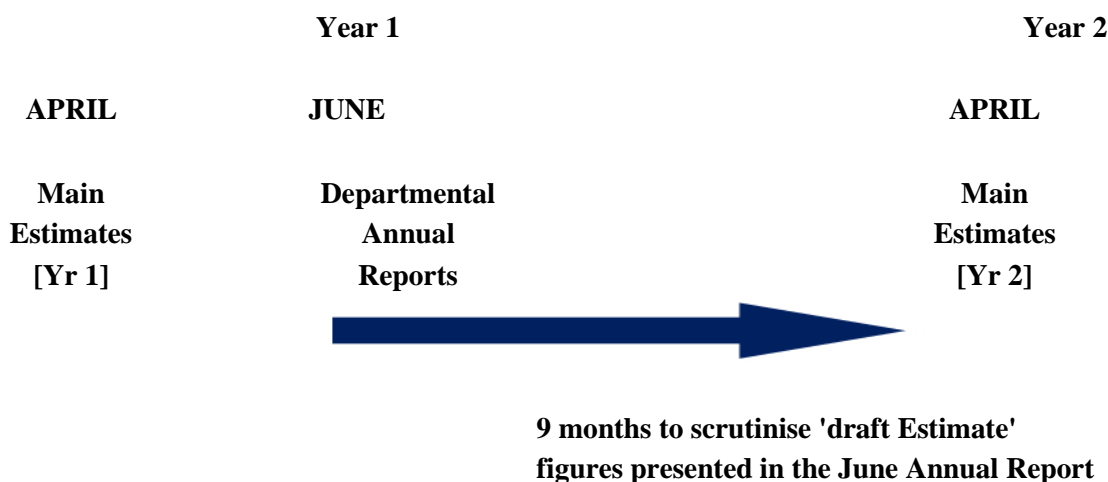
- Parliament will vote the Government's budgetary limits – DEL and AME, split between Resource and Capital, as well as the Net Cash Requirement.
- allowing the voting of Estimates reductions (currently reductions are allowed only in limited circumstances).
- a single Supplementary Estimate (in January each year, rather than currently in November and February).
- combining Departmental Annual Report and Accounts (some departments had already previously been doing this).
- the Annual Report including, in effect, an early 'draft Estimate' for the following financial year, giving committees about 9 months before the Main Estimate to scrutinise the figures (rather than the 2 months currently available before the main estimates are approved); enough time if committees chose to undertake an inquiry. See graphic below. The Annual Reports already include departmental budget figures for each year on the Spending Review period, but because of misalignment these are not the figures the Government subsequently presents in the Main Estimates. Crucially, under the new system the format of the draft budget figures will mirror that of the forthcoming Main Estimates.

The Liaison Committee in [HC 804](#) (paragraph 78) noted that providing what is effectively a draft Estimate for the coming year within the combined document should be a significant step forward towards the requirements set out in their 2007 report [HC 279](#). It reported that: "...there will be an opportunity for committees to examine these plans in advance of the year start, compare them with past spending, as well as to compare them at a later point with the actual Main Estimates when they are finally presented, possibly even influencing their content in the process. ...Committees will therefore have a much better opportunity than hitherto to undertake real scrutiny of future years' spending plans". [[HC 804](#), paragraph 78]

- introduction of 'mid-year departmental reports'. Mid year reports would give a provisional view of spend and performance for each department during the current financial year, and would set the context for the department's soon-to-follow Supplementary Estimate. Potentially in the

longer term, the mid-year reports could include interim accounts, in line with private sector practice.

Under 'Alignment': Annual Reports will include future years' budget figures which will now be also voted



40. Under Alignment, there might be more 'Excess Votes' because:

- there will be a single opportunity to revise the Estimates (in January) and this will be earlier than the current February Spring Supplementary Estimates.
- NDPB expenditure, over which departments have less direct control, will be included in the Estimates.
- Estimate will be reduced in-year as budgets are reduced (when currently they remain unchanged).
- It will be possible to have a negative Estimate, where income is forecast to exceed expenditure. So an Excess Vote could result from income being over-estimated.

Further opportunities to scrutinise expenditure plans

41. In 2008, the Liaison Committee noted that: "Financial scrutiny is a fundamental part of the House's duty. For too long the House has shirked the task of providing itself with the means to carry out that duty effectively, and it needs to be more assertive... Any improvement in financial scrutiny is likely to rely heavily on departmental select committees, which, unlike the House itself, have the capacity for detailed examination which can inform debates in the Chamber." (Liaison Committee [HC 426](#), para 88).

42. Committees are already able to examine future expenditure plans through their inquiries into departmental annual reports and accounts. These documents already present departmental budget figures for the remainder of the Spending

Review period. The problem currently, before Alignment, is that these are not the same figures that will be voted by the House. Under the Alignment changes, a committee will have the opportunity, if it chooses to do so, to undertake detailed scrutiny of expenditure plans which would (i) focus on figures that would subsequently be voted (unless explicitly altered by the Government in the interim) and (ii) conduct such scrutiny in a less hurried timeframe. (In 2011, the Annual Reports will present that aligned data for the 2012-13 financial year.)

43. In due course, Committees will also be able more effectively to scrutinise departments' in-year spending and performance. Currently, they examine Supplementary Estimates, but before the Alignment changes this often focuses on identifying the budgetary implications of the Estimates changes being presented for approval, as much as on analysis of the reasons for the changes being made. The Alignment proposals envisage new 'mid-year reports' which will for the first time set out the progress of expenditure during the year. Committees might be able to examine which programmes are running ahead of schedule and which behind (or suffering cost increases). These reports will provide context for the Supplementary Estimate, so committees might be able to examine how well the Supplementary Estimate addresses in-year expenditure patterns.
44. The Alignment changes, more generally, should allow committees to track expenditure from Spending Review plans to annual plans, to in-year outturns, and to audited expenditure in the accounts.
45. There were a number of other recommendations on financial scrutiny made by the Liaison Committee in ([HC 804](#) and [HC1074](#)) and the 2009 Reform of the House Committee's ('Wright') report. These included proposals that:
 - the House might vote on motions to *increase* expenditure, and that Estimate Day Debate motions might cover *future years'* expenditure plans as well as the current year's ([HC 804](#), Recommendation 19).
 - the number of 'Estimates Days' be increased from 3 to 5 ([HC 804](#), Recommendation 22).
 - Estimates Day debates might, in addition to considering policy reports, cover substantive motions on departmental annual reports, or recommendations in select committee reports which in the view of the Liaison Committee had not been adequately addressed by the Government's response ('Wright' report, paragraph 39).
 - departmental select committees be able to refer the Estimate or spending plan for examination and debate in a general committee, under a procedure comparable to that for European legislation, and other members of the House allowed (at the invitation of a departmental committee) to participate in departmental committee hearings on Estimates or spending plans ([HC1074](#), Recommendation 17).

The Government's response to Liaison Committee recommendations, set out in [HC1074](#), was that these were matters for the House to decide upon at a future occasion.

Key committees involved in financial scrutiny

Departmental Select Committees

46. There are departmental select committees for each of the main government departments (17 committees in the 2001-2005 Parliament). Their membership reflects the Party proportions of the House. From the 2010 Parliament, the House has elected the committees' chairs, and each party elected that party's committee membership.
47. Under Standing Orders, these committees may examine the 'expenditure, administration and policy' of the relevant department, and they have the power to send for 'persons, papers and records'. The committees also have the power to appoint specialist advisors to assist with their scrutiny work.
48. While the committees may choose their own inquiries, they are encouraged to address a set of 'core tasks', as relevant, each year. These include scrutiny of the expenditure of the relevant department as well as their PSA performance targets.

The [Liaison Committee](#)

49. The Liaison Committee includes the Chairs of the departmental and other select committees (32 in the 2001-2005 Parliament). It is appointed to consider general matters relating to the work of select committees, but also chooses select committee reports for debate in the House (e.g. Estimate Day Debates). The powers of the Committee are set out in House of Commons [Standing Order No. 145](#). The Liaison Committee also oversees the House's response to the Alignment Project.

The [Treasury Select Committee](#)

50. The Treasury Committee is one of the departmental select committees in its own right, with the same 'core tasks'. It covers the Bank of England and the Financial Services Authority (as well as the Treasury and HM Revenue & Customs), so has a general remit to cover the Government's management of the economy and it examines Spending Reviews, Budgets and Pre-Budget Reports.

[Public Accounts Committee](#)

51. The Committee of Public Accounts is appointed, under [Standing Order 148](#) to examine "the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the Committee may think fit".
52. Following the passing of the National Audit Act 1983, Most of the Committee's work is the examination of reports from the Comptroller and Auditor General (C&AG) on value for money studies of the economy, efficiency and effectiveness with which government departments and other bodies have used their resources to meet their objectives. The PAC also examines some accounts where the C&AG has qualified his audit certificate.
53. Unlike departmental select committees, the PAC take oral evidence from departmental officials rather than Ministers, because the PAC (and NAO) do not question policy. Instead, they examine the way in which policy is implemented.

54. Although most of the NAO's work is channelled through the PAC, it also provides ad hoc briefing and reports for departmental select committees when requested.

Key documents

- *The 2007 Comprehensive Spending Review: prospects and processes*, Treasury Committee, HC 279, June 2007
[<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmtreasy/279/279.pdf>]
- *The Governance of Britain green paper*, Cm 7170, July 2007
[<http://www.official-documents.gov.uk/document/cm71/7170/7170.pdf>]
- *Parliament and Government Finance: Recreating Financial Scrutiny*, Liaison Committee, HC 426, April 2008
[<http://www.publications.parliament.uk/pa/cm200708/cmselect/cmliaisn/426/426.pdf>]
- *Parliament and Government Finance: Recreating Financial Scrutiny: Government and National Audit Office Responses*, Liaison Committee, HC 1108, October 2008
[<http://www.publications.parliament.uk/pa/cm200708/cmselect/cmliaisn/1108/1108.pdf>]
- *Memorandum on the Alignment Project from the Treasury*, November 2008
[<http://www.publications.parliament.uk/pa/cm200809/cmselect/cmliaisn/memo/hmtreasy/m1.htm>]
- *Alignment (Clear Line of Sight) Project*, HM Treasury, Cm 7567, March 2009
[<http://www.official-documents.gov.uk/document/cm75/7567/7567.pdf>]
- *Financial Scrutiny: Parliamentary Control over Government Budgets*, Liaison Committee, HC 804, July 2009
[<http://www.publications.parliament.uk/pa/cm200809/cmselect/cmliaisn/804/804.pdf>]
- *Financial Scrutiny: Parliamentary Control over Government Budgets: Government Response*, Liaison Committee, HC 1074, November 2009
[<http://www.publications.parliament.uk/pa/cm200809/cmselect/cmliaisn/1074/1074.pdf>]
- *Rebuilding the House, Reform of the House Committee*, HC 1117, November 2009
[<http://www.publications.parliament.uk/pa/cm200809/cmselect/cmrefhoc/1117/1117.pdf>]
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- *The Spending Review Framework*, Cm 7872, June 2010
[http://www.hm-treasury.gov.uk/d/spending_review_framework_080610.pdf]

- *Pre-Budget forecast, Office for Budget Responsibility, June 2010*
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- *Budget 2010, HC 61, June 2010*[\[http://www.hm-treasury.gov.uk/d/junebudget complete.pdf\]](http://www.hm-treasury.gov.uk/d/junebudget_complete.pdf)
- *Budget forecast, Office for Budget Responsibility, June 2010,*
[http://budgetresponsibility.independent.gov.uk/d/junebudget annexc.pdf](http://budgetresponsibility.independent.gov.uk/d/junebudget_annexc.pdf)
- *Examination of the forecasts prepared by the interim Office for Budget Responsibility for the emergency Budget 2010, HC 142, June 2010*
[\[http://www.nao.org.uk/pdf/1011142 OBR budget.pdf\]](http://www.nao.org.uk/pdf/1011142_OBR_budget.pdf)