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ANNEX I.1 COMPTROLLER AND AUDITOR GENERAL

Assisted by staff of the National Audit Office (NAO), the Comptroller and Auditor General (C&AG) is the independent auditor of nearly all central government institutions. Using extensive rights of access to records the C&AG provides direct advice and assurance to Parliament.

A.I.1.1 The C&AG is an officer of the House of Commons appointed by the Queen. He or she is responsible for the audit of most central government institutions. This work is carried out under his or her direction by either NAO staff (see www.nao.org.uk) or by contracting out. The C&AG can be removed from office only by the Queen on an address by both Houses of Parliament.

A.I.1.2 The NAO is financed by an Estimate on which the government has no influence. The Public Accounts Commission (TPAC) oversees NAO's expenditure.

A.I.1.3 These arrangements mean that the C&AG is independent of the government of the day, deciding the scope of all the work NAO carries out.

Audit

A.I.1.4 In order to carry out financial audit work, the C&AG has extensive statutory rights of access to central government institutions' records, wherever they are and whatever form they may take. This includes any material required to compile Whole of Government Accounts, and extends to the records of many contractors and recipients of grants. The C&AG also has a right to obtain information about, and explanations of, any of this evidence.

A.I.1.5 The C&AG audits both expenditure and revenue accounts and reports on them to Parliament. Financial audits are carried out in accordance with International Standards on Auditing (UK and Ireland).

A.I.1.6 In addition, the C&AG may carry out audits of particular areas of central government expenditure to establish whether public funds have been used economically, efficiently and effectively. Selection of these value for money (vfm) studies is the responsibility of the C&AG alone. It is government policy that the C&AG has the same access rights for vfm examinations as for financial audit. This does not extend to access to policy (eg Cabinet) papers.

A.I.1.7 The Public Accounts Committee (PAC) may decide to examine witnesses on either financial or vfm studies.

The Comptroller function

A.I.1.8 A small but important part of the C&AG's responsibilities is oversight of payments from the Consolidated Fund and the National Loans Fund. In response to requests from the Treasury, NAO staff establish that the sums paid out of these funds each business day are made in accordance with legislation. Once the authorisations (credits) are given, the Treasury may make drawings from these funds to finance the Exchequer's commitments.

Other studies

A.I.1.9 From time to time ministers may ask the C&AG to carry out independent studies of various kinds. For example, the C&AG reports regularly on the reasonableness of the assumptions underlying the budget, and these reports are published as part of the budget suite of documents.