

GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Section 6: Scrutiny of resource accounts

31. This section sets out the requirements for the audit, by the C&AG, of resource accounts and the procedures for laying the accounts, together with the C&AG's reports thereon, before Parliament. In addition the Treasury's current power to sanction unauthorised spending by departments is modernised to take account of RAB.
32. *Subsection (1)* requires the C&AG to audit any resource account sent to him by a department. His audit certificate is required to state whether in his opinion the accounts show:
 - a true and fair view;
 - that money provided by Parliament has been expended for the purposes intended;
 - that resources authorised by Parliament to be used have been used for the purposes in relation to which the use was authorised; and
 - that the financial transactions covered by the accounts are in accordance with the relevant authority which governs them.
33. The first assertion (the true and fair opinion) is the same as that given by auditors on company accounts. This differs from the opinion ("properly presents") currently given on the appropriation accounts and reflects the change from a cash to an accruals basis for the accounts. The second part of the audit opinion is the regularity assertion (that money has been spent and resources used as Parliament intended and that all financial transactions have been undertaken in accordance with the authority that governs them) and is very similar to the assurance currently given in the audit opinion on appropriation accounts.
34. *Subsection (2)* provides that when, in the course of his audit, the C&AG discovers a material use of resources that required, but did not receive, Treasury authorisation he shall inform the Treasury and the Treasury may retrospectively authorise the expenditure. This provision re-enacts (in a RAB context) the existing Treasury power contained in section 1(3) of the Exchequer and Audit Departments Act 1921. The Treasury cannot use this power to authorise illegal or improper expenditure -it can only retrospectively authorise expenditure that was itself legal and proper but which required Treasury approval.
35. Paragraph (a) of *subsection (3)* requires the C&AG to issue a certificate (which contains his audit opinion) and report on each resource account. Paragraph (b) requires the audited accounts to be sent to the Treasury by 15 January of the financial year following that to which they relate (as with section 5(4) this reproduces the current timetable except that MoD are moving to the same timetable as other departments). Paragraph

*These notes refer to the Government Resources and Accounts
Act 2000 (c.20) which received Royal Assent on 28 July 2000*

(c) requires the C&AG to report to the House of Commons where he is not satisfied with the results of any of his audits.

36. *Subsection (4)* requires the Treasury to lay the resource accounts (together with the C&AG's certificate and report) before the House of Commons. This must be done by 31 January in the financial year following that to which the accounts relate (as with subsections 5(4) and 6(3)(b) this reproduces the current timetable except that MoD are moving to the same timetable as other departments).