EXPLANATORY MEMORANDUM TO

THE WHOLE OF GOVERNMENT ACCOUNTS (SPECIFIED DATES) ORDER 2010

2010 No. 570

1. This explanatory memorandum has been prepared by Her Majesty's Treasury and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument specifies dates for the preparation, audit and presentation of Whole of Government Accounts for each financial year, and specifically by when:

(a) the Treasury shall send accounts to the Comptroller and Auditor General;
(b) the Comptroller and Auditor General shall return certified accounts and a report to the Treasury; and
(c) the Treasury shall lay the accounts and report before the House of Commons.

3. Matters of special interest to the Select Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.1 Section 9 of the Government Resources and Accounts Act 2000 ("the Act") requires the Treasury to prepare "Whole of Government Accounts" for each financial year for a group of bodies that appears to the Treasury to:

(a) exercise functions of a public nature, or
(b) be entirely or substantially funded from public money.

4.2 Under section 10 of the Act the Treasury can designate bodies that fall within section 9 to provide information for consolidation into those accounts. A separate designation order is prepared for each financial year.

4.3 Section 11 of the Act requires these accounts to be audited and laid before Parliament. This Order sets the dates by which specified stages of that process must be completed.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- ***What is being done and why***

7.1 Parliament originally requested consolidated accounts for central government in the 1994-95 parliamentary session (Public Accounts Committee Fifteenth Report, Session 1994-95).

7.2 In July 1998, the Treasury published a scoping study report into the development of consolidated public sector accounts. The report concluded that Government should aim to develop a fully audited set of accounts based on Generally Accepted Accounting Practice (GAAP), adapted as necessary for the public sector context, and covering the whole of the public sector as far as practically possible. The reasons for preparing such accounts included providing better transparency and accountability to Parliament, as well as improved information for fiscal policy.

7.3 The scoping study report also concluded that fully reliable GAAP-based Whole of Government Accounts would take some time to produce and that a step by step approach should therefore be adopted, using a process of "dry runs" starting with a consolidation of central government bodies and funds. Following further research on the costs and practical considerations involved in extending the scope of the accounts to include health bodies, local authorities and public corporations, the Government stated in the 2005 Pre-Budget Report its intention to publish Whole of Government Accounts once the significant methodological issues raised had been addressed through the dry-run process.

7.4 Budget 2008 announced that Whole of Government Accounts would be published for the first time for 2009-10, following the adoption by the central government sector of International Financial Reporting Standards (IFRS). This order completes the legislative framework for publication of audited Whole of Government Accounts, subject to the annual designation order.

7.5 The dates set here for the sending of Whole of Government Accounts to the Comptroller and Auditor General, the return by the Comptroller of certified accounts with his report, and the laying of the accounts before Parliament by the Treasury are the final dates in each year by which processes must be completed. It is expected that it will prove possible to produce Whole of Government Accounts to a faster timetable once those involved have acquired experience of operating the new regime.

8. Consultation outcome

8.1 As required by Section 11(7) of the Act, the Treasury has consulted the Comptroller and Auditor General before setting the dates in the order. The Treasury has also consulted the devolved administrations. All have confirmed they are content with the proposed dates.

9. Guidance

9.1 Guidance on the preparation, audit and presentation of Whole of Government Accounts will be provided on the websites of Her Majesty's Treasury.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible.

10.2 The impact on the public sector is limited, as the information required by the Treasury is largely the same as each body requires in order to prepare its own accounts, and which is already audited by its existing auditors. The additional work for most bodies is restricted to identifying the in-year transaction streams and year-end balances with other bodies within the whole of government account boundary. These must be cancelled out so that the results and year-end position of the whole of government are presented as if it were a single entity.

10.3 An impact assessment has not been prepared for this instrument as no impact on the private or voluntary sector is foreseen. The cost to the public sector is estimated to be below £5million.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 Her Majesty's Treasury and the National Audit Office will monitor compliance with the requirements of this instrument.

13. Contact

Jim Hughes at Her Majesty's Treasury Tel: 020 7270 5748, or email: jim.hughes@hmtreasury.gsi.gov.uk, can answer any queries regarding the instrument.