



National Audit Act 1983

1983 CHAPTER 44

An Act to strengthen Parliamentary control and supervision of expenditure of public money by making new provision for the appointment and status of the Comptroller and Auditor General, establishing a Public Accounts Commission and a National Audit Office and making new provision for promoting economy, efficiency and effectiveness in the use of such money by government departments and other authorities and bodies; to amend or repeal certain provisions of the Exchequer and Audit Departments Acts 1866 and 1921; and for connected purposes. [13th May 1983]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I

NATIONAL AUDIT AUTHORITIES

1 Appointment and status of Comptroller and Auditor General

- (1) The power of Her Majesty under section 6 of the Exchequer and Audit Departments Act 1866 (appointment of Comptroller and Auditor General) shall be exercisable on an address presented by the House of Commons, and no motion shall be made for such an address except by the Prime Minister acting with the agreement of the Chairman of the Committee of Public Accounts.
- (2) The Comptroller and Auditor General shall by virtue of his office be an officer of the House of Commons.
- (3) Subject to any duty imposed on him by statute, the Comptroller and Auditor General shall have complete discretion in the discharge of his functions and, in particular, in determining whether to carry out any examination under Part II of this Act and as to the manner in which any such examination is carried out; but in determining whether

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to carry out any such examination he shall take into account any proposals made by the Committee of Public Accounts.

- (4) Subsection (2) above shall not be construed as applying any provision of section 4 of the House of Commons (Administration) Act 1978 (House departments and persons employed in or for the purposes of the House) to the Comptroller and Auditor General, to the National Audit Office or to any member of its staff.

2 The Public Accounts Commission

- (1) There shall be a body of Commissioners named the Public Accounts Commission (in this Act referred to as "the Commission") which shall perform the functions conferred on it by this Act.
- (2) The Commission shall consist of—
- (a) the Member of the House of Commons who is for the time being the Chairman of the Committee of Public Accounts;
 - (b) the Leader of the House of Commons; and
 - (c) seven other Members of the House of Commons appointed by the House, none of whom shall be a Minister of the Crown.
- (3) The Commission shall from time to time present to the House of Commons a report on the exercise of its functions.
- (4) Schedule 1 to this Act shall have effect as respects the Commission.

3 The National Audit Office

- (1) There shall be a National Audit Office consisting of—
- (a) the Comptroller and Auditor General, who shall be the head of that Office ; and
 - (b) the staff appointed by him under this section.
- (2) The Comptroller and Auditor General shall appoint such staff for the National Audit Office as he considers necessary for assisting him in the discharge of his functions.
- (3) The staff shall be appointed at such remuneration and on such other terms and conditions as the Comptroller and Auditor General may determine.
- (4) Employment as a member of the staff of the National Audit Office shall be included among the kinds of employment to which a superannuation scheme under section 1 of the Superannuation Act 1972 can apply; and in exercising his powers under subsection (3) above the Comptroller and Auditor General shall have regard to the desirability of keeping the remuneration and other terms and conditions of employment of the staff of that Office broadly in line with those applying to persons employed in the civil service of the State.
- (5) Except for the purposes of section 2 of the Official Secrets Act 1911 (wrongful communication of information) neither the Comptroller and Auditor General nor any member of the staff of the National Audit Office shall be regarded as holding office under Her Majesty or as discharging any functions on behalf of the Crown.
- (6) In section 2(2) of the Exchequer and Audit Departments Act 1957 the reference to the department of the Comptroller and Auditor General shall be construed as a reference to the National Audit Office.

- (7) Schedule 2 to this Act shall have effect for supplementing the provisions of this section.

4 Expenses and accounts of National Audit Office

- (1) Subject to the provisions of this section, the expenses of the National Audit Office shall be defrayed out of moneys provided by Parliament.
- (2) The Comptroller and Auditor General shall for the financial year ending on 31st March 1984 and for each subsequent financial year prepare an estimate of the expenses of the National Audit Office; and the Commission shall examine that estimate and lay it before the House of Commons with such modifications, if any, as the Commission thinks fit.
- (3) In discharging its functions under subsection (2) above the Commission shall have regard to any advice given by the Committee of Public Accounts and the Treasury.
- (4) The Commission shall appoint a person to be responsible as accounting officer for preparing appropriation accounts for the National Audit Office, that is to say, accounts of the appropriation of the supply granted for that Office by the Appropriation Act of each year ; and that officer shall discharge such other duties as the Commission may determine.
- (5) The Commission shall appoint an auditor for the National Audit Office, and Schedule 3 to this Act shall have effect in relation to his appointment and duties.
- (6) Subsection (1) above does not affect section 1(4) of the Exchequer and Audit Departments Act 1957 or section 13(7) of the Superannuation Act 1972 (under which the salary etc. of the Comptroller and Auditor General are charged on and issued out of the Consolidated Fund); and there shall be charged on and issued out of that Fund any sums payable by him in consequence of any liability for breach of duty (whether arising under a contract or otherwise) incurred by him or a member of the staff of the National Audit Office in performing his functions in respect of any audit or examination.

5 Audit fees

- (1) Subject to subsection (2) below, the Comptroller and Auditor General may charge a fee for auditing the accounts of any person or body.
- (2) The Comptroller and Auditor General shall not without the consent of a Minister of the Crown charge a fee for auditing the accounts of a person or body whose functions are discharged on behalf of the Crown; and this section shall not be construed as authorising the charging of a fee for the audit by agreement of the accounts of any other person or body unless the agreement so provides.
- (3) Any fee received by the Comptroller and Auditor General by virtue of this section shall be paid by him into the Consolidated Fund.

PART II

ECONOMY, EFFICIENCY AND EFFECTIVENESS EXAMINATIONS

6 **Public departments etc.**

- (1) The Comptroller and Auditor General may carry out examinations into the economy, efficiency and effectiveness with which any department, authority or other body to which this section applies has used its resources in discharging its functions.
- (2) Subsection (1) above shall not be construed as entitling the Comptroller and Auditor General to question the merits of the policy objectives of any department, authority or body in respect of which an examination is carried out.
- (3) Subject to subsections (4) and (5) below, this section applies to—
 - (a) any department in respect of which appropriation accounts are required to be prepared under the Exchequer and Audit Departments Act 1866 ;
 - (b) any body required to keep accounts under section 98 of (the National Health Service Act 1977 or section 86 of the National Health Service (Scotland) Act 1978 ;
 - (c) any other authority or body whose accounts are required to be examined and certified by, or are open to the inspection of, the Comptroller and Auditor General by virtue of any enactment, including an enactment passed after this Act; and (d) any authority or body which does not fall within section 7 below and whose accounts are required to be examined and certified by, or are open to the inspection of, the Comptroller and Auditor General by virtue of any agreement made, whether before or after the passing of this Act, between that authority or body and a Minister of the Crown.
- (4) Where the functions of the Comptroller and Auditor General in relation to any authority or body falling within subsection (3)(c) or (d) above are by the enactment or agreement in question restricted to particular activities of the authority or body, any examination under this section in respect of that authority or body shall be correspondingly restricted.
- (5) No examination shall be carried out under this section by the Comptroller and Auditor General in respect of an authority or body falling within subsection (3)(d) above unless the carrying out of such an examination is included (expressly or by implication) in the functions exercisable by him under the agreement in question; but where—
 - (a) the agreement was made by a Minister before the coming into force of this section and is not such as to allow any such examination ; or
 - (b) a Minister makes an agreement after the coming into force of this section for the exercise by the Comptroller and Auditor General in respect of any authority or body of any such functions as are mentioned in subsection (3) (d) above,

the Minister shall, subject to subsection (6) below, use his best endeavours to secure from the authority or body in question such rights as will enable examinations under this section to be carried out in respect of that authority or body.
- (6) Subsection (5) above shall not oblige a Minister to seek to obtain any rights except at the request of the Comptroller and Auditor General, and the obligations of a Minister under that subsection do not apply to any organisation which is the subject of an Order in Council under section 1 or 4 of the International Organisations Act 1968.

(7) In this section—

" authority " includes any person holding a public office;

" Minister" or " Minister of the Crown" includes any department falling within subsection (3) (a) above;

" policy ", in relation to any such department, includes any policy of the government so far as relating to the functions of that department;

and references to an agreement made by a Minister include references to conditions imposed by him in pursuance of any statutory power in that behalf, whether in connection with the provision of financial assistance or otherwise.

7 Other bodies mainly supported by public funds

(1) If the Comptroller and Auditor General has reasonable cause to believe that any authority or body to which this section applies has in any of its financial years received more than half its income from public funds he may carry out an examination into the economy, efficiency and effectiveness with which it has in that year used its resources in discharging its functions.

(2) Subsection (1) above shall not be construed as entitling the Comptroller and Auditor General to question the merits of the policy objectives of any authority or body in respect of which an examination is carried out.

(3) In determining for the purposes of subsection (1) above whether the income of an authority or body is such as to bring it within that subsection the Comptroller and Auditor General shall consult that authority or body and the Treasury.

(4) This section applies to any authority or body appointed, or whose members are required to be appointed, by or on behalf of the Crown except a body specified in Schedule 4 to this Act.

(5) For the purposes of this section money is received from public funds if it is paid—
(a) by a Minister of the Crown out of moneys provided by Parliament or out of the National Loans Fund ; or
(b) by an authority or body which itself falls within subsection (1) above, including an authority or body falling within that subsection by virtue of this paragraph;

but, in either case, there shall be disregarded any money paid as consideration for the acquisition of property or the supply of goods or services or as remuneration, expenses, pensions, allowances or similar benefits for or in respect of a person as the holder of an office.

(6) In this section " income" includes capital receipts and "authority" and "Minister of the Crown" have the same meaning as in section 6 above.

8 Right to obtain documents and information

(1) Subject to subsection (2) below, the Comptroller and Auditor General shall have a right of access at all reasonable times to all such documents as he may reasonably require for carrying out any examination under section 6 or 7 above and shall be entitled to require from any person holding or accountable for any such document such information and explanation as are reasonably necessary for that purpose.

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- (2) Subsection (1) above applies only to documents in the custody or under the control of the department, authority or body to which the examination relates.

9 Reports to House of Commons

The Comptroller and Auditor General may report to the House of Commons the results of any examination carried out by him under section 6 or 7 above.

PART III

MISCELLANEOUS AND SUPPLEMENTARY

10 Form of appropriation accounts

Section 24 of the Exchequer and Audit Departments Act 1866 (which prescribes the form of appropriation accounts) shall cease to have effect.

11 Examination of appropriation accounts

- (1) Section 1 of the Exchequer and Audit Departments Act 1921 (examination of appropriation accounts) shall be amended as follows.
- (2) The proviso to subsection (2) (which enables the Treasury to require the Comptroller and Auditor General to examine vouchers) shall cease to have effect.
- (3) In subsection (3) for the words from the beginning to " such authority " (which enable the Treasury to require the Comptroller and Auditor General to ascertain whether any expenditure is supported by the authority of the Treasury) there shall be substituted the words " If in examining an appropriation account it appears to the Comptroller and Auditor General that the account includes any material expenditure requiring the authority of the Treasury which has been incurred without such authority he shall report that fact to the Treasury ".

12 Examination of accounts specified by order

- (1) Section 3 of the Exchequer and Audit Departments Act 1921 (examination of accounts specified by Treasury minute) shall be amended as follows.
- (2) For subsection (1) there shall be substituted—
- “(1) The Comptroller and Auditor General shall examine the accounts of any person or body specified by an order made by the Treasury by statutory instrument; and no such order shall be made unless a draft of it has been laid before and approved by a resolution of the House of Commons.”
- (3) In subsection (2) for the words " the accountant" there shall be substituted the words " the person or body in question. "
- (4) Subsections (3) and (4) shall cease to have effect.

13 Interpretation of references to Committee of Public Accounts

- (1) If at any time after the passing of this Act—
 - (a) the name of the Committee of Public Accounts is changed; or
 - (b) the functions discharged by that Committee at the passing of this Act, or functions substantially corresponding thereto, are discharged by a different Committee of the House of Commons,references in this Act to the Committee of Public Accounts shall be construed as a reference to that Committee by its new name or, as the case may be, to the Committee for the time being discharging those functions.
- (2) Any question arising under this section shall be determined by the Speaker of the House of Commons.

14 Repeals

The enactments mentioned in Schedule 5 to this Act are hereby repealed to the extent specified in the third column of that Schedule.

15 Short title and commencement

- (1) This Act may be cited as the National Audit Act 1983.
- (2) Subject to subsection (3) below, this Act shall come into force on 1st January 1984.
- (3) The repeal of section 8(2) of the Exchequer and Audit Departments Act 1921 shall not come into force until the end of the period of nine months beginning with that date; and until the end of that period section 3(6) above shall have effect as if for the words " shall be construed as a reference to the National Audit Office " there were substituted the words " shall be construed as including a reference to the National Audit Office ".

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SCHEDULES

SCHEDULE 1

Section 2(4).

THE PUBLIC ACCOUNTS COMMISSION

Tenure of office

- 1 (1) Subject to paragraph 2 of this Schedule, a member of the Commission, other than the ex officio member, shall vacate his office—
- (a) if he ceases to be a Member of the House of Commons ; or
 - (b) if another person is nominated or appointed in his place.
- (2) Subject to sub-paragraph (1) above, a member of the Commission, other than the ex officio member, shall hold office for the duration of the Parliament in which he is nominated or appointed and for the further period provided by paragraph 2 of this Schedule.
- (3) A member of the Commission, other than the ex officio member, may resign at any time by notice to the Commission.
- (4) Past service is no bar to nomination or appointment as a member of the Commission.
- (5) In this paragraph and paragraph 2 of this Schedule "the ex officio member" means the Chairman of the Committee of Public Accounts.
- 2 (1) On a dissolution of Parliament the person who is then the Chairman of the Committee of Public Accounts shall continue in office as a member of the Commission until a new Chairman of that Committee is appointed.
- (2) Subject to sub-paragraph (3) below, on a dissolution of Parliament the members of the Commission, other than the ex officio member, shall continue in office until members are nominated or appointed in their place.
- (3) Where at any time after Parliament has been dissolved it appears that a member of the Commission other than the ex officio member—
- (a) has not been validly nominated as a candidate at the ensuing general election ; or
 - (b) although so nominated, has not been elected a Member of Parliament at that election,
- that member shall resign from the Commission forthwith; but nothing in sub-paragraph (2) above or this sub-paragraph shall be taken as preventing any such member from resigning otherwise than in pursuance of this sub-paragraph.

Chairman

- 3 The Commission shall elect a chairman from amongst its members.

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Proceedings and business

- 4
- (1) The validity of any proceedings of the Commission shall not be affected by any vacancy among the members of the Commission or by any defect in the appointment or nomination of any Commissioner.
 - (2) The Commission may determine its own procedure.
 - (3) The Commission may appoint one of the Commissioners to act as chairman at any meeting of the Commission in the absence of the elected chairman of the Commission.

SCHEDULE 2

Section 3(7).

THE NATIONAL AUDIT OFFICE: SUPPLEMENTARY PROVISIONS

Incorporation of Comptroller and Auditor General

- 1
- The person for the time being holding the office of Comptroller and Auditor General shall by that name be a corporation sole.

Transfer of staff of Exchequer and Audit Department

- 2
- (1) It shall be the duty of the Comptroller and Auditor General to make, by such date as the Commission may determine, an offer of employment as a member of the staff of the National Audit Office to each person employed in the civil service of the State in the Exchequer and Audit Department immediately before the coming into force of this Act; and the terms of the offer must be such that they are, taken as a whole, not less favourable to the person to whom the offer is made than the terms on which he is employed on the date on which the offer is made.
 - (2) An offer made in pursuance of this paragraph shall not be revocable during the period of three months beginning with the date on which it is made.
 - (3) Where a person becomes a member of the staff of the National Audit Office in consequence of this paragraph then, for the purposes of the Employment Protection (Consolidation) Act 1978, his period of employment in the civil service of the State shall count as a period of employment as a member of the staff of that Office and the change of employment shall not break the continuity of the period of employment.
 - (4) Where an offer is made to any person in pursuance of this paragraph none of the agreed redundancy procedures applicable to persons employed in the civil service of the State shall apply to him ; and if he ceases to be employed as mentioned in subparagraph (1) above—
 - (a) on becoming a member of the staff of the National Audit Office in consequence of this paragraph ; or
 - (b) having unreasonably refused an offer made to him in pursuance of this paragraph,he shall not, on ceasing to be so employed, be treated for the purposes of any scheme under section 1 of the Superannuation Act 1972 as having been retired on redundancy.

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Parliamentary disqualification

- 3 (1) In Part III of Schedule 1 to the House of Commons Disqualification Act 1975 (disqualifying offices) there shall be inserted at the appropriate place the words " Member of the staff of the National Audit Office ".
- (2) A corresponding amendment shall be made in Part III of Schedule 1 to the Northern Ireland Assembly Disqualification Act 1975.

Public records

- 4 In Part II of the Table in paragraph 3 of Schedule 1 to the Public Records Act 1958 there shall be inserted at the appropriate place the words " National Audit Office ".

SCHEDULE 3

Section 4(5).

THE AUDITOR OF THE NATIONAL AUDIT OFFICE

- 1 (1) The auditor shall be a member of one or more of the bodies mentioned in sub-paragraph (2) below or shall have such other qualifications as may be approved for the purposes of this Schedule by the Commission; and a firm shall not be appointed unless each of its members is a member of one or more of those bodies.
- (2) The bodies referred to in sub-paragraph (1) above are—
- (a) the Institute of Chartered Accountants in England and Wales;
 - (b) the Institute of Chartered Accountants of Scotland ;
 - (c) the Association of Certified Accountants ;
 - (d) the Chartered Institute of Public Finance and Accountancy;
 - (e) the Institute of Chartered Accountants in Ireland; and
 - (f) any other body of accountants established in the United Kingdom and for the time being approved by the Commission for the purposes of this Schedule.
- (3) The auditor shall be appointed at such remuneration and on such other terms and conditions as the Commission may determine; and the remuneration of the auditor shall be defrayed as part of the expenses of the National Audit Office.
- 2 The auditor shall have power to carry out economy, efficiency and effectiveness examinations of the use of resources by die National Audit Office.
- 3 The auditor shall have a right of access at all reasonable times to all such documents as appear to him necessary for the purposes of the audit and shall be entitled to require from any person holding or accountable for any such documents such information and explanation as he thinks necessary for those purposes.
- 4 (1) The provisions of section 1 (1), (2) and (4) of the Exchequer and Audit Departments Act 1921 (examination of appropriation accounts) shall, with the necessary modifications, apply to the examination by the auditor of the appropriation accounts of the National Audit Office as they apply to the examination by the Comptroller and Auditor General of the appropriation accounts of a public department.
- (2) On completion of his examination the auditor shall certify the appropriation account and submit it, together with his report thereon, to the Commission for presentation to the House of Commons.

SCHEDULE 4

Section 7(4).

NATIONALISED INDUSTRIES AND OTHER PUBLIC AUTHORITIES

PART I

THE BRITISH AIRPORTS AUTHORITY

The British Airports Authority
The British Airways Board
The British Gas Corporation
The British National Oil Corporation
The British Railways Board
British Shipbuilders
The British Steel Corporation
British Telecommunications
The British Waterways Board
The Central Electricity Generating Board
The Civil Aviation Authority
The Electricity Council and the Area Boards within the meaning of the Electricity Act 1947
The National Bus Company
The National Coal Board
The North of Scotland Hydro-Electric Board
The Post Office
The Scottish Transport Group
The South of Scotland Electricity Board
The Regional Water Authorities
The Welsh Water Authority.

PART II

The British Broadcasting Corporation
The Independent Broadcasting Authority
The Welsh Fourth Channel Authority

SCHEDULE 5

Section 14.

REPEALS

Chapter	Short Title	Extent of Repeal
29 & 30 Vict. c. 39.	The Exchequer and Audit Departments Act 1866.	Section 24.
11 & 12 Geo.5. c. 52.	The Exchequer and Audit Departments Act 1921.	In section 1(2), the proviso.

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Chapter	Short Title	Extent of Repeal
		Section 3(3) and (4). Section 8(1) and (2).