



National Audit Office

A SHORT GUIDE

The NAO's work on HM Treasury



National Audit Office

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introduction

This short guide is one of 17 we have produced covering our work on each major government department. It summarises our work during the last Parliament, reflecting programmes and spending before the May 2010 General Election, and as such does not reflect changes introduced by the new Government.

These guides are designed to provide Members of Parliament, and particularly select committees, with a quick and accessible overview of our recent work and how we can help with the scrutiny of government. The guides are not intended to provide an overall assessment of the departments' performance but simply to illustrate, with examples, the range of our work. Where the examples refer to specific weaknesses and recommendations, departments have in many cases taken action since to address them.

Our work on the Treasury and the management of public money

The Treasury has a key role in driving improved financial management across government. This guide therefore covers two complementary topics. It describes our work on the Treasury and its own expenditure. It also describes the work we do more widely to promote sound management of the public finances, on which the Treasury provides leadership and coordination. We have produced a separate guide to the NAO's work on the Cabinet Office, which includes the work we do on cross-government issues on which the Cabinet Office provides leadership.

In the last year, we supported the Treasury Select Committee in two main ways. We prepared a Performance Briefing which gave an overview of the work and the performance of the Department during 2008-09. And we seconded an accountant for five months to work directly with the Committee's team. We also prepared a substantial submission and gave oral evidence to the House of Lords Economic Affairs Committee on private finance projects. We will continue to support all select committees in 2010-11, providing further briefings on each major department and supporting specific inquiries where our expertise and perspective can add value.

about

About the Department

The Department's responsibilities

The Treasury is the United Kingdom's economics and finance ministry, responsible for formulating and implementing the UK Government's financial and economic policy.

There are a number of Departments, Agencies and Offices that fall under the responsibility of Treasury Ministers. The Treasury Group consists of HM Treasury¹ (Core Treasury), the UK Debt Management Office, the Asset Protection Agency, and until 15 June 2010 the Office of Government Commerce.

- The Core Treasury is responsible for formulating and implementing the UK Government's financial and economic policy.
- The Debt Management Office is an executive agency of the Treasury which specialises in the delivery of treasury management services and related policy advice.

- The Asset Protection Agency is an executive agency of the Treasury, established in December 2009 to manage the Asset Protection Scheme.
- The Office of Government Commerce (part of the Treasury until June 2010 when it was transferred to the Cabinet Office² together with its trading fund Buying Solutions) is responsible for driving value for money improvements in public procurement and estates management in central government.

In addition, there are several arms length bodies - entities which are linked to the Treasury - but which operate under distinct framework agreements and legislation that dictate the involvement of Treasury at a corporate governance level (Appendix 1).

The Treasury also has a close relationship with HM Revenue and Customs, which collects the revenues to fund UK public services. Revenue and Customs is also subject to scrutiny by the Treasury Select Committee and we have produced a separate **short guide**² covering its activities.

The scale of the Treasury's measures to stabilise the banking sector during 2008-09 has fundamentally changed the nature of its operations

- 1 The Treasury is the sole shareholder of the Bank of England, and the Bank pays the Treasury an agreed sum every year in lieu of a dividend. The Financial Services Authority does not receive public money and has no financial transactions with the Treasury, but the Chancellor appoints its Board and it is accountable to Parliament via Treasury Ministers.
- 2 A short guide to the NAO's work on the Cabinet Office and the NAO's work on HM Revenue & Customs, www.nao.org.uk/publications/short_guides_to_departments.aspx

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Where the Department spends its money

The scale of the Treasury's measures to stabilise the banking sector during 2008-09 has fundamentally changed the nature of its operations. Prior to that, it was a relatively small and largely policy based department. In 2008-09, the Treasury spent £88.3 billion (see overleaf).

- £88.1 billion was spent on financial stability measures.
- Expenditure on core Treasury and arm's length bodies was £220 million; of which some £90.9 million in respect of the payroll for the Treasury and its agencies for an average of the equivalent of 1,600 full time staff over the year, including Ministers and Special Advisers.
- buying shares in the Royal Bank of Scotland and Lloyds Banking Group;
- providing loan facilities to the Financial Services Compensation Scheme;
- providing debt and working capital facilities to financial institutions in administration; and
- the higher value of the Treasury's investment in the Bank of England (reflecting the substantial increase in the Bank's own assets).

During 2008-09, the Treasury's assets increased from £2.3 billion to £44.8 billion. The increase was due to:

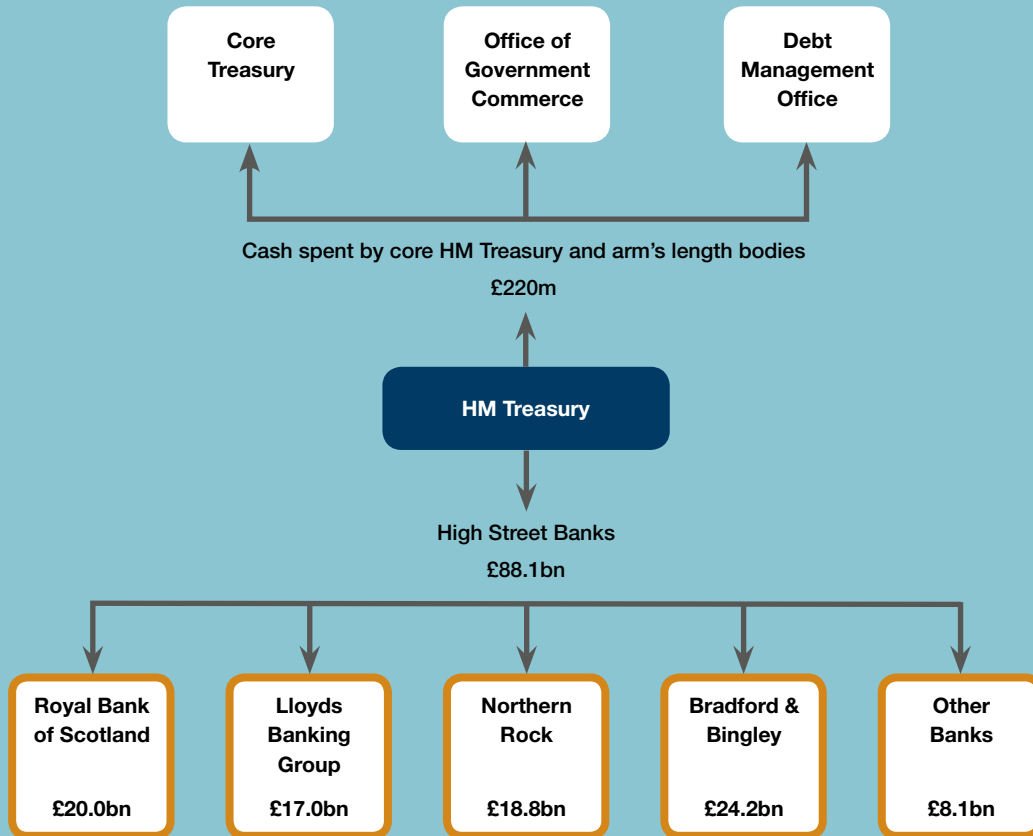
In 2008-09, the Treasury received income of £2.8 billion from dividends, interest and fees, largely as a result of its financial stability measures (see page 9).

Our 2009 [briefing to the Treasury Select Committee](#)³ provided more detail on the Department's financial performance in 2008-09.

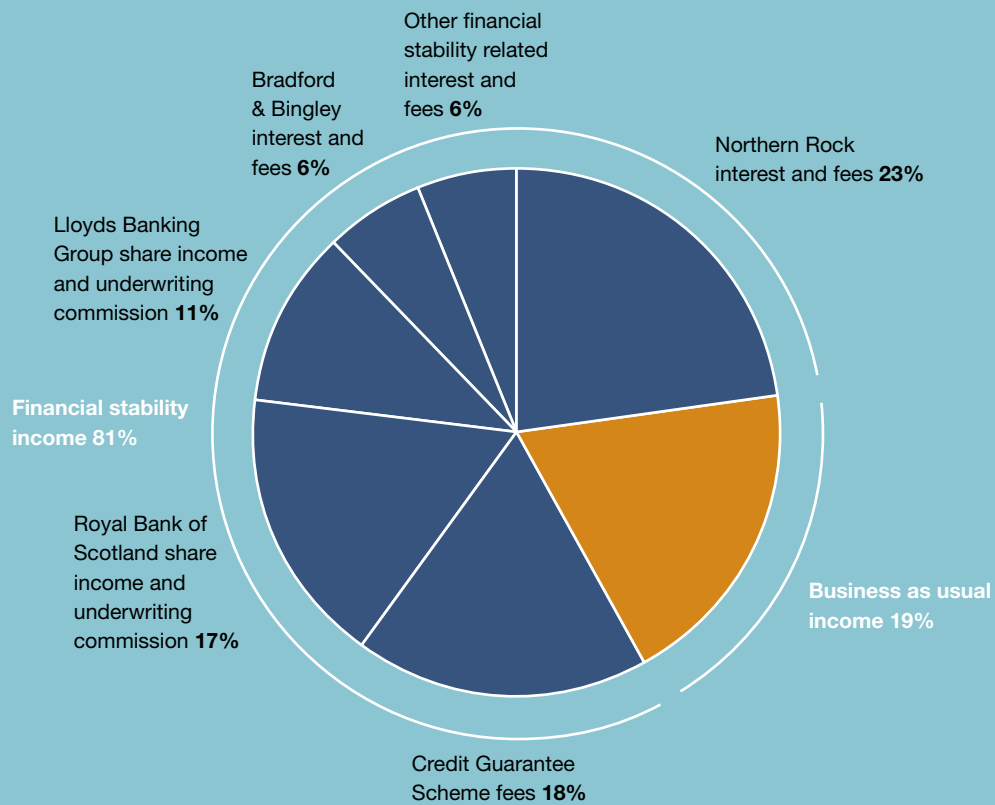


³ *Performance of HM Treasury 2008-2009, Briefing for the House of Commons Treasury Select Committee*, www.nao.org.uk/publications/0910/treasury_performance.aspx

HM Treasury Cash Expenditure in 2008-09



Breakdown of the Treasury's £2.8 billion income in 2008-09



Source: National Audit Office

financial management

Financial management

The ability of departments to control costs and drive out waste requires professional financial management and reporting. In particular, departments need to be better at linking costs to services and benchmarking performance to determine whether costs are justified and value for money can be improved. To provide assurance that resources are being appropriately managed and controlled, organisations have to publish Statements on Internal Control with their annual financial statements.⁴

Financial governance and reporting

We audit the accounts of the Treasury and all its related bodies, with the exception of the banks in public ownership, the Bank of England and the Financial Services Authority (though we will be the auditors of the Financial Services Authority from 2010-11).

Our audit work involves understanding the business of each body, examining internal controls, agreeing the accounting policies, auditing their transactions, liabilities and assets and confirming that the accounts present a true and fair view. We also consider whether the transactions of the Department are in accordance with Parliament's intentions.

The Comptroller and Auditor General qualified his opinion on the Treasury's Resource Accounts 2008-09, stating that:

'This financial year has been an extraordinary one and has presented extraordinary challenges for HM Treasury ... the pressure for the Department to intervene by offering the Asset Protection Scheme gave it no time to seek from Parliament the additional resources needed. The breach of the Treasury's expenditure limits has necessitated my qualifying my opinion on its resource accounts.'

Over the past five years, this was the only qualified audit opinion on the accounts of the Treasury or those of the related bodies that we audit. We did, however, report on the activities of the Royal Mint following it posting a loss of some £1.6 million in 2005-06 and £3.2 million in 2004-05.⁵

We also work with audited bodies on their Statements on Internal Control to ensure that they are supported by robust evidence that controls are sufficiently reliable and comply with their own guidance. In 2010, we are working with the Treasury to identify how its Statement on Internal Control could be developed further to increase the usefulness and transparency of reporting. We have provided Audit Committees with our own **good practice guidance on the statement.**⁶

Financial management across government

The Treasury has the lead role in enhancing the quality of financial management and reporting across central government. Recent findings from our work in this area include:

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FINANCIAL MANAGEMENT WORK
VISIT WWW.NAO.ORG.UK



⁴ *NAO Strategy 2010-11 to 2012-13*, www.nao.org.uk/publications/0809/nao_strategy_2010-11_to_2012-1.aspx

⁵ *Royal Mint Annual Reports 2004-05 and 2005-06*.

⁶ *Statement on Internal Control: A guide for Audit Committees and A Good Practice guide to the Statement on Internal Control*, www.nao.org.uk/guidance__good_practice/financial_audit_guidance.aspx



- In 2009, we published reports on financial management in four departments – Communities and Local Government, Foreign and Commonwealth Office, Home Office, and Children, Schools and Families.⁷ Common findings include the need to improve financial leadership, governance, risk management and financial skills, and to improve the quality of financial information used for decision-making, including understanding costs and the links with performance.
- In 2008 we published our report **Managing financial resources to deliver better public services**,⁸ and commented that there had been improvements since we last reported in 2003, but that 'tighter financial settlements, the drive for efficiency savings and rising public expectations about the quality of public services mean that there should be no let-up in the government's efforts to extract maximum value from its use of taxpayers' money'.
- Following our 2008 report, we are reviewing the quality of financial management across central government and will publish our findings in the summer.

In our October 2009 report on **Cash Management**,⁹ we found that the Treasury incentivises central government departments to improve the accuracy of forecasting their cash flows in and out of the Exchequer, but not to maximise the amount of money they hold in these accounts, which is of greater benefit to the taxpayer. We recommended that the Treasury extend its incentives to encourage public bodies to keep more money in accounts at the Exchequer, for example, by making bodies' performance in this regard more transparent, and, together with the Government Banking Service, taking a more active approach to achieving compliance with Treasury guidance on keeping funds at the Exchequer.

The Treasury has policy responsibility for public service pensions, including the preparation of future cost projections based on advice from the Government Actuary's Department. We reported on **the cost of public service pension schemes**¹⁰ in March 2010, and will publish a second report later this year examining the impact of recent changes to the schemes.

Efficiency

We are undertaking a programme of work to validate the value for money savings reported by major government departments from 2008-09 to 2010-11. The Treasury had an ongoing programme of efficiency savings from its own administration at the time of the May 2010 General Election, aiming to achieve savings of £35 million a year. However, we are

not planning a review of the Treasury at present as its own savings target represents less than one per cent of the cross-government target.

Examples of validation work¹¹ we have performed on the savings reported by other departments can be found on our website.

We are also producing a report setting out the progress central government is making in achieving the value for money savings projected in the period 2008-09 to 2010-11. We plan to publish this report before the Parliamentary summer recess and it will assess:

- the Treasury's role in setting the parameters of departmental value for money programmes;
- the appropriateness of the measures used and the extent to which they create the right incentives; and
- whether departments are likely to meet the overall savings target for the spending period.

The NAO's cross-cutting work considers many aspects of efficiency across government (Appendix 2), some of which covers the Treasury's own administrative efficiency. Our report **Improving the efficiency of central government's office property**¹² highlighted that, out of 16 government departments, the Treasury had the highest office accommodation cost per employee, the third highest accommodation cost per square metre, and the highest space used per employee.

7 *Financial Management in the Department for Communities and Local Government*, www.nao.org.uk/publications/0809/financial_management_in_dclg.aspx
Financial Management in the Foreign and Commonwealth Office, www.nao.org.uk/publications/0809/financial_management_in_fco.aspx
Financial Management in the Home Office, www.nao.org.uk/publications/0809/financial_management_in_the_ho.aspx
Financial Management in the Department for Children, Schools and Families, www.nao.org.uk/publications/0809/financial_management_in_dcsf.aspx

8 *Managing financial resources to deliver better public services*, www.nao.org.uk/publications/0708/managing_financial_resources_t.aspx

9 *Government cash management*, www.nao.org.uk/publications/0809/cash_management.aspx

10 *The cost of public service pensions*, www.nao.org.uk/publications/0910/public_service_pensions.aspx

11 *Independent Reviews of reported CSR07 Value for Money savings*, www.nao.org.uk/publications/0910/independent_reviews_of_vfm_sav.aspx

12 *Improving the efficiency of central government's office property*, www.nao.org.uk/publications/0708/improving_the_efficiency_of_ce.aspx

information

Use of information

The life blood of a successful organisation is the quality of information on which it makes decisions and monitors and assesses performance. Poor quality information leads to inefficiency and waste and can result in excess or unnecessary costs. Departments need reliable information on which to design and deliver services and monitor quality, be confident about their productivity, and drive continuous improvement.¹³

Testing the reliability of performance data across government

We carry out work across government to test the systems used by departments to generate performance data. This work provides assurance to Parliament and the public about whether these systems are adequate, and supports better performance management by Government.

Under the previous Government, Public Service Agreements (PSAs) were the agreements between the Treasury and individual departments which set out priority areas for the Government's work and against which the departments reported their performance. For the period 2008-2011, 30 PSAs were used by departments to measure and report progress, each underpinned by several indicators.

In October 2009 we published our **Fifth Validation Compendium Report**,¹⁴ which reviewed data systems underpinning 13 of the Government's PSAs:

'... the slow progress being made by some government departments in achieving better quality information about their own performance is a matter for concern. The NAO has found that some one third of the PSA data systems used by departments have weaknesses and just over a tenth remain unsatisfactory.'

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PERFORMANCE MEASUREMENT
WORK VISIT WWW.NAO.ORG.UK



¹³ *NAO Strategy 2010-11 to 2012-13*, www.nao.org.uk/publications/0809/nao_strategy_2010-11_to_2012-1.aspx

¹⁴ *Measuring Up: How good are the Government's data systems for monitoring performance against Public Service Agreements?* www.nao.org.uk/publications/0809/5th_validation_report.aspx

Many of the weaknesses in departments stemmed from inadequate consideration of the quality of data and weaknesses in risk assessment. We commented that:

'While the Treasury issued good, comprehensive guidance on the development of indicators, departments did not consistently apply it, and the Treasury did not enforce its application.'

Our Sixth Compendium Report, for PSAs across the whole of government, will be published shortly.

Use of information by HM Treasury

The Treasury announced in June 2010 that it had ended the system of Public Service Agreements and that in future departmental business plans would include the data the public can use to hold departments to account.¹⁵

We will continue to apply the lessons from our work validating the PSA data systems when looking at Government's performance data in future.

The Treasury had lead responsibility for PSA 9 to 'Halve the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020', with data on progress collated by the Department for Work and Pensions. Our **June 2010 report**¹⁶ looked at the data systems to support PSA 9 and concluded that they were fit for purpose.

Our **briefing to the Treasury Select Committee**¹⁷ in November 2009 also covered the Department's own assessment of its progress against its PSA and other objectives. The most recent public statement by the Department on progress against its objectives was in its 2009 Autumn Performance report.¹⁸

Our audit of the budget assumptions

Since the 1998 Finance Act, we have examined and reported on the assumptions underlying the Treasury's fiscal projections on a three-year rolling basis. We:

- review whether each assumption made has resulted in reasonable and cautious projections; and
- check that it remains a reasonable and cautious assumption to use in future projections.

Our report that accompanied the March 2010 Budget Report covered the assumptions underlying the calculations of the VAT gap, tobacco revenues, factor shares in national income, and debt interest. We found that assumptions were reasonable and cautious, but given the significant volatility around revenues in recent years, we recommended that:

'The Treasury should consider whether to do more to assess factors, such as VAT debt levels, that may be causes of this volatility.'

In June 2010 our examination of the forecasts prepared by the interim Office for Budget Responsibility for the emergency Budget 2010¹⁹ concludes that the key economic and fiscal assumptions underpinning the OBR's forecasts had been independently arrived at.



¹⁵ *The Spending Review framework*, HM Treasury, June 2010 (paragraph 27)

¹⁶ *Public Service Agreement data systems reviews 2010*, www.nao.org.uk/PSA-validation-2010

¹⁷ *Performance of HM Treasury 2008-2009, Briefing for the House of Commons Treasury Select Committee*, www.nao.org.uk/publications/0910/treasury_performance.aspx

¹⁸ HM Treasury Autumn Performance Report.

¹⁹ *Examination of the forecasts prepared by the interim Office for Budget Responsibility for the emergency Budget 2010*, www.nao.org.uk/publications/1011/obr_budget_forecasts.aspx

delivery

Service delivery

Public services are different in the way they are delivered, but their quality and cost effectiveness depends on a number of common minimum requirements. For example, service delivery requires sound programme and project management, strong commercial skills, effective IT enabled business change, and a real understanding of customer needs.²⁰ We summarise below some of this work, organised by key areas of the Treasury's business.

Financial stability measures

Our objectives as external auditors working on behalf of Parliament and taxpayers are to provide:

- transparency about the actions being taken by the government to ensure financial stability;
- information about the risks to value for money; and
- insight into government's capacity to handle the challenges.

As a result of the financial stability measures, the assets, liabilities and contingent exposures on the government's balance sheet will remain significant. We will continue to work with the Treasury so that the disclosures within their annual accounts are robust, follow usual accounting conventions, and are transparent and informative for the reader of the accounts.

We have already examined aspects of the government's interventions in the banking sector and we will report on the design and implementation of the government's exit strategies, and sales of shareholdings in Royal Bank of Scotland and the Lloyds Banking Group, as they take place.

Our first report²¹ in March 2009 examined the Treasury's intervention to take Northern Rock into temporary public ownership in February 2008 following a much publicised 'run on the bank'. We concluded that:

'the nationalisation of Northern Rock offered the best prospect of protecting the taxpayers' interests and was based on a sufficiently robust analysis of the options available ... At the time of the initial run on deposits at Northern Rock, the Treasury put in place guarantee arrangements for retail depositors and wholesale creditors. The immediate risk of instability in the financial system was stemmed.'

However, we noted that the Treasury, the Bank of England and the Financial Services Authority had previously identified potential weaknesses in the arrangements for dealing with a financial institution in difficulty. Although they had started to address these, it was not judged a priority. We found that:

'The Treasury was stretched to deal with a crisis of this nature ... [it] could have been more engaged with the actions being taken in the early stages by Northern Rock. As a condition of public support, mortgage lending was reduced but the company still went on writing high-risk loans up to 125 per cent of a property's value.'

²⁰ *NAO Strategy 2010-11 to 2012-13*, www.nao.org.uk/publications/0809/nao_strategy_2010-11_to_2012-1.aspx

²¹ *HM Treasury: The nationalisation of Northern Rock*, www.nao.org.uk/publications/0809/northern_rock.aspx

Our second report, **Maintaining financial stability across the United Kingdom's banking system**²² (December 2009), set out for Parliament:

- an explanation of the measures taken since the nationalisation of Northern Rock;
- the role of the Treasury in designing and implementing these measures; and
- the nature of the costs, risks, and liabilities falling on the taxpayer.

We concluded that:

'If the support measures had not been put in place, the scale of the economic and social costs if one or more major UK banks had collapsed is difficult to envision. The support provided to the banks was therefore justified, but the final cost to the taxpayer of the support will not be known for a number of years.'

We also reported that the Treasury now had a variety of new roles in addition to its traditional role as overseer of policy on financial regulation and the principal economic department. It had become: a major investor, or owner, of a number of banks; guarantor of borrowings by banks in the wholesale markets; and insurer of assets owned by Royal Bank of Scotland.

'To manage these potentially competing responsibilities effectively, it will need a very clear view of what success will look like, the mechanisms to monitor and assess the options open to it, and the skills to take this forward.'



To further support its interventions, the Treasury created two new bodies:

- UK Financial Investments Limited to manage its investments in financial institutions; and
- from December 2009, the Asset Protection Agency to manage the Asset Protection Scheme, whereby the Treasury guarantees, for a fee, certain financial instruments owned by the Royal Bank of Scotland. Royal Bank of Scotland uses the Scheme to guarantee some £282 billion of its assets.

We audit the accounts of both of these bodies. In addition, we are currently examining how well the initial parts of the Asset Protection Scheme have been negotiated and implemented, and looking at how well the Treasury has resolved differences between the parties involved. We aim to publish our findings in October 2010.

Procurement across government

The Treasury and the Office of Government Commerce²³ provide leadership and guidance on how government departments should develop their procurement skills and invest in major infrastructure. An important aspect of this work is the Treasury's role in advising on the application of private finance.

Private Finance Initiatives

We have published 15 reports on public private partnerships over the past three years (Appendix 3). These have focused on individual projects and programmes managed by other departments, as well as the Treasury's role in approving private finance projects and leading on the development of private finance policy.

22 *Maintaining financial stability across the United Kingdom's banking system*, www.nao.org.uk/publications/0910/uk_banking_system.aspx

23 The Office of Government Commerce became part of the Cabinet Office Group on 15 June 2010, having previously been part of the Treasury Group.



In October 2009, we produced a **paper for the House of Lords Economic Affairs Committee**²⁴ which summarised the main findings from all our work in this area. We set out that it is 'our view that that private finance can deliver benefits, but is not suitable at any price or in every circumstance'. We also highlighted:

- the 'pressing need for better quality evaluation of private finance and other forms of procurement across Government'; and
- that 'since the credit crisis, the cost of private finance has risen significantly'.

The Treasury has agreed that our work has helped to save over £300 million since 2005. These savings largely arose where the public sector secured rights to share gains arising from the refinancing of debt.

More recently, we have worked with the Treasury to highlight the importance of managing operational contracts and for departments to take a strategic approach to the procurement of public private partnerships across their sectors.

We published joint guidance in March 2010, setting out our and Treasury's expectations of how departments should manage their programmes which involve **private investment**.²⁵

We are currently examining the Treasury's response to the effects of the credit crisis on the use of private finance in government infrastructure projects and expect to report our findings to Parliament shortly.

Assurance for high risk government projects

Central government's high-risk projects are frequently large scale, innovative and reliant on complex relationships between diverse stakeholders. Such projects frequently present a level of risk that no commercial organisation would consider taking on. Projects can fail to deliver to time, cost and quality. Assurance provides information to those involved in projects helping decision makers to be better informed and reduce the risk of project failure.

In our **June 2010 report on Assurance for high risk projects**²⁶ we called for a central, mandatory system of assurance to be established for government. We recognised that central government has made a number of improvements towards providing assurance for high-risk projects – particularly by introducing OGC Gateway™ reviews and establishing the Major Project Review Group. However, the lack of an integrated system is limiting the ability of government to make further improvements.

Our view is that government can build on its successes by ensuring that the new system of assurance:

- has a clear mandate;
- is non-optional;
- is outcome focused;
- is built on a higher and more exacting evidence base;
- triggers further interventions where necessary;
- provides the ability to plan and resource assurance activity;
- systematically propagates lessons learned; and
- minimises the burden placed on projects.

Collaborative procurement

Public bodies bought goods and services worth £220 billion in 2008-09, which is about one third of all public sector spending. Of this amount, central government organisations spent 30 per cent, while local public bodies including NHS trusts accounted for the rest.

In March 2010 we published a **joint review with the Audit Commission of collaborative procurement**²⁷ across the public sector. We called for public bodies to work together to save more from procurement activities:

'Given the potential to make significant savings, it is vital that there is much better coordination of procurement activities to ensure value for money is secured across the public sector.'

24 *Private Finance Projects, A Paper for the Lords Economic Affairs Committee*, www.nao.org.uk/publications/0809/private_finance_projects.aspx

25 *From Private Finance Unit to Commercial Champions: Managing complex capital investment programmes utilising private finance*, www.nao.org.uk/publications/1011/complex_pfi_projects.aspx

26 *Assurance for high risk projects*, www.nao.org.uk/publications/1011/project_assurance.aspx

27 *A review of collaborative procurement across the public sector*, www.nao.org.uk/publications/0910/collaborative_procurement.aspx

The Office of Government Commerce manages over £18 billion of central government spend, and its Collaborative Procurement Programme has improved the way public bodies buy goods and services. However, we pointed to the need for a step change to restructure current procurement activities across all public sector bodies.

As part of our report we recommended that a pan-government approach be established for all government procurement, and set out the principles to underpin that approach.

Commercial skills and contract management

With the increasing role of the private sector in delivering public services, it is critical that Government has staff with the necessary commercial skills and experience to interact with the private sector effectively. Our November 2009 [report on Commercial skills for complex government projects](#)²⁸ warned that the value for money of major government projects is at risk because of significant weaknesses in the Government's commercial skills and expertise. The Office of Government Commerce has introduced a number of initiatives aimed at improving commercial skills, but we found that departments still did not have enough staff with the experience needed to design and deliver complex projects successfully.



One of the biggest skills gaps in government is in contract management. In December 2008 we reported on [central government's management of service contracts](#)²⁹ and found that large savings could be made by better managing its contracts for services such as IT, security, catering and cleaning. We estimated potential savings of between £160 million and £290 million a year from total spending of around £12 billion. Nearly all the organisations we surveyed thought that better contract management could also improve the services provided by suppliers.

As part of our report we recommended that a pan-government approach be established for all government procurement, and set out the principles to underpin that approach

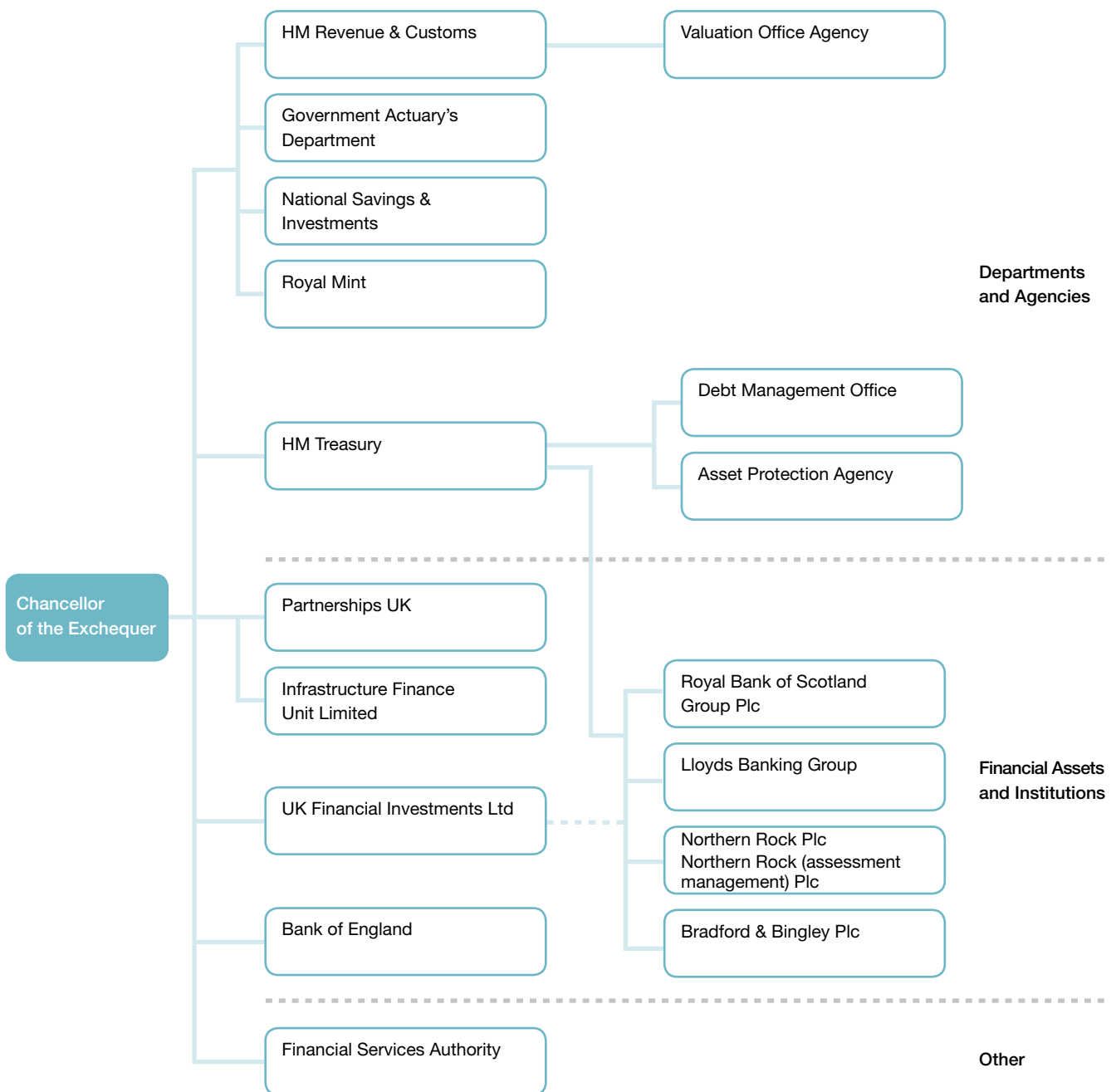
28 *Commercial skills for complex government projects*, www.nao.org.uk/publications/0809/commercial_skills.aspx

29 *Central government's management of service contracts*, www.nao.org.uk/publications/0809/central_governments_managemen.aspx

Appendices

1 The Department and its related bodies

This figure outlines HM Treasury and its independent offices, executive agencies and trading funds, as well as other Chancellor's Departments and other related bodies (including Government owned companies and shareholdings in financial institutions).



NOTE

The Office of Government Commerce, together with its trading fund, Buying Solutions, was also part of the Treasury Group until 15 June 2010, when it became part of the Cabinet Office's Efficiency & Reform Group.

Her Majesty's Revenue and Customs (HMRC) collects and administers UK taxes as well as paying and administering child benefit and tax credits.

Government Actuary's Department provides pensions consultancy and actuarial services to the public service scheme.

National Savings & Investments is a Non-Ministerial Department providing cost-effective retail finance to the Government through premium bonds, guaranteed equity bonds, income bonds and direct Individual Savings Accounts.

Royal Mint manufactures and distributes UK circulating coins and produces overseas circulating coins.

Debt Management Office is an Executive Agency specialising in the delivery and provision of policy advice on the government's financing needs.

Asset Protection Agency is an Executive Agency which monitors the management of assets in the Asset Protection Scheme and where necessary intervenes in the management of those assets.

Partnerships UK is responsible for developing procurement policies and supporting infrastructure projects.

The **Infrastructure Finance Unit Ltd** was established to provide HM Treasury loans on commercial terms to PFI projects.

UK Financial Investments Ltd (UKFI) manages the Government's investments in financial institutions at arm's length and on a commercial basis.

Financial Institutions The Department holds a 41 per cent share in **Lloyds Banking Group** and an 84 per cent share in **Royal Bank of Scotland Group Plc**, as well as 100 per cent shareholdings in **Bradford & Bingley Plc**, **Northern Rock Plc** and **Northern Rock Asset Management Plc**. These holdings are managed through UKFI.

The Bank of England HM Treasury wholly owns the Bank of England and in return receives a dividend each year. In 2008-09, this amounted to £417 million.

The Financial Services Authority is the independent body responsible for regulating the financial services industry in the UK. Along with the Treasury and the Bank of England, the FSA is one of the tripartite authorities.

2 Recent National Audit Office publications of relevance to HM Treasury and the management of public money

			Parliamentary Session
21 May 2010	A review of collaborative procurement across the public sector		
18 March 2010	Reorganising central government	HC 452	2009-2010
12 March 2010	The cost of public service pensions	HC 432	2009-2010
16 December 2009	Independent Reviews of reported CSR07 Value for Money savings	HC 86	2009-2010
4 December 2009	Maintaining financial stability across the United Kingdom's banking system	HC 91	2009-2010
6 November 2009	Commercial skills for complex government projects	HC 962	2008-2009
November 2009	Performance of HM Treasury 2008-2009, Briefing for the House of Commons Treasury Select Committee		
21 October 2009	Measuring Up: How good are the government's data systems for monitoring performance against Public Service Agreements?	HC 465	2008-2009
16 October 2009	Government cash management	HC 546	2008-2009
17 July 2009	Financial Management in the Department for Communities and Local Government	HC 293	2008-2009
16 July 2009	Review of errors in Guaranteed Minimum Pension payments	HC 878	2008-2009
3 June 2009	Financial Management in the Foreign and Commonwealth Office	HC 289	2008-2009
22 May 2009	Financial Management in the Home Office	HC 299	2008-2009
30 April 2009	Financial Management in the Department for Children, Schools and Families	HC 267	2008-2009
29 April 2009	Addressing the environmental impacts of government procurement	HC 420	2008-2009
26 March 2009	Innovation across central government	HC 12	2008-2009
20 March 2009	HM Treasury: The nationalisation of Northern Rock	HC 298	2008-2009
27 February 2009	Helping Government Learn	HC129	2008-2009
13 February 2009	Recruiting civil servants efficiently	HC 134	2008-2009
5 February 2009	Assessment of the Capability Review programme	HC 123	2008-2009
30 January 2009	Delivering High Quality Impact Assessments	HC 128	2008-2009
19 December 2008	Central government's management of service contracts	HC 65	2008-2009
20 February 2008	Managing financial resources to deliver better public services	HC 240	2007-2008
28 November 2007	Improving the efficiency of central government's office property	HC 8	2007-2008
20 April 2007	Building for the future: Sustainable construction and refurbishment on the government estate	HC 324	2006-2007
28 February 2007	The Shareholder Executive and Public Sector Businesses	HC 255	2006-2007

3 Reports by the NAO relating to Private Finance since 2007

			Parliamentary Sessions
30 March 2010	Ministry of Defence: Delivering multi-role tanker aircraft capability	HC 433	2009-2010
22 January 2010	The sale of the Government's interest in British Energy	HC 215	2009-2010
3 December 2009	HM Revenue & Customs' estate private finance deal eight years on	HC 30	2009-2010
5 June 2009	Department for Transport: The failure of Metronet	HC 512	2008-2009
12 February 2009	The Building Schools for the Future programme: Renewing the secondary school estate	HC 135	2008-2009
14 January 2009	Department for Environment, Food and Rural Affairs: Managing the waste PFI programme	HC 66	2008-2009
30 October 2008	Allocation and management of risks in Ministry of Defence PFI projects	HC 343	2007-2008
15 October 2008	Letting rail franchises 2005-2007	HC 1047	2007-2008
12 September 2008	The use of sanctions and rewards in the public sector		
16 July 2008	The Regeneration of the Greenwich Peninsular: A Progress Report	HC 338	2007-2008
4 April 2008	The Procurement of the National Roads Telecommunications Services	HC 340	2007-2008
17 January 2008	Making Changes in Operational PFI Projects	HC 205	2007-2008
23 November 2007	The privatisation of QinetiQ	HC 52	2007-2008
6 June 2007	Benchmarking and market testing the ongoing services component of PFI projects	HC 453	2006-2007
8 March 2007	Improving the PFI tendering process	HC 149	2006-2007
6 February 2007	Dr Foster Intelligence: A joint venture between the Information Centre and Dr Foster LLP	HC 151	2006-2007

4 Other sources of information

Reports from the Committee of Public Accounts

9 February 2010	Twelfth Report of Session 2009-10 Maintaining financial stability across the United Kingdom's banking system	HC 190
25 June 2009	Thirty-first Report of Session 2008-09 The Nationalisation of Northern Rock	HC 394

Reports from the Treasury Committee

9 March 2010	Seventh report of Session 2009-10 Administration and expenditure of the Chancellor's departments, 2008-09	HC 156
23 January 2009	First Report of Session 2008-09 Administration and expenditure of the Chancellor's departments, 2007-08	HC 35

Government Response to Treasury Committee Report

24 April 2009	Second Special Report of Session 2008-09 Administration and expenditure of the Chancellor's departments 2007-08: Government Response to the Committee's First Report of Session 2008-09	HC 419
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Cabinet Office Capability Reviews

<http://www.civilservice.gov.uk/about/improving/capability/reports.aspx>

December 2009	Cabinet Office	HM Treasury: Progress and next steps
March 2008	Cabinet Office	Capability Review of HM Treasury: one year update
December 2007	Cabinet Office	Capability Review of HM Treasury

Reports by HM Treasury

December 2009	HM Treasury Autumn Performance Report	
20 July 2009	HM Treasury Annual Report and Accounts 2008-09	HC 611

Where to find out more

The National Audit Office website is
www.nao.org.uk

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NAO Communications
DP Ref: 009348
Printed by Precision Printing