

National Audit Office Main Supply
Estimate 2021-22

National Audit Office Main Supply Estimate 2021-22

Presented to the House of Commons pursuant to Section 23(5) of the Budget Responsibility and National Audit Act 2011

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The National Audit Office (NAO) helps Parliament hold government to account for the way it spends public money. It is independent of government and the civil service. The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether government is delivering value for money on behalf of the public, concluding on whether resources have been used efficiently, effectively and with economy. The NAO identifies ways that government can make better use of public money to improve people's lives. It measures this impact annually. In 2018 the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £539 million.



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Contents

| | |
|--|----|
| Main Supply Estimate Arrangements | 2 |
| Part I | 4 |
| Part II: Subhead detail | 5 |
| Part II: Resource to cash reconciliation | 6 |
| Part III: Note A – Statement of Comprehensive Net Expenditure and Reconciliation Table | 7 |
| Part III: Note B – Analysis of Income | 8 |
| Part III: Note C – Analysis of Consolidated Fund Extra Receipts | 9 |
| Part III: Note D – Explanation of Accounting Officer responsibilities | 10 |

Introduction

This Estimate provides for expenditure by the National Audit Office. It covers the expenditure and associated non-cash items incurred in the provision of independent assurance to Parliament on the proper accounting for central government expenditure, revenue and assets, including compliance with laws and regulations, and in the economy, efficiency and effectiveness with which central government resources have been used; and the provision of independent assurance and information to a wide range of other public, international, and overseas bodies and to members of the public.

The National Audit Office is an independent body reporting to Parliament. The National Audit Office's funding is provided through a Supply Estimate approved by the Public Accounts Commission of the House of Commons and is presented to Parliament at the same time as the Main Estimates for central government departments presented by HM Treasury.

Supply Estimates are the means by which authority is sought from Parliament for spending each year. The Main Estimates start this process and are presented to Parliament around the start of the financial year to which they relate.

The way in which Parliament considers the Supply Estimates are described in detail in the **Supply Estimates: A Guidance Manual** available on the HM Treasury website.

The total net resource expenditure for which authority is sought in the National Audit Office Supply Estimate for 2021-22 is £80.200 million; an increase of £4.300 million from the level sought in 2020-21.

The total net capital expenditure for which authority is sought in 2021-22 is £2.300 million. This is an increase of £0.800 million from the amount sought in 2020-21.

The total net cash requirement sought for 2021-22 is £79.800 million; an increase of £4.700 million from that sought in 2020-21.

Main Supply Estimate Arrangements

Under Section 23 of the Budget Responsibility and National Audit Act 2011, the National Audit Office and the Comptroller and Auditor General are required to jointly prepare an Estimate of the National Audit Office's use of resources.

Structure

The National Audit Office Estimate for 2021-22 is accompanied by explanatory notes containing basic information intended to put the Estimate into context; including a general description of the expenditure involved; a statement of the Accounting Officer responsibilities for the Estimate; and an indication of any important features.

The core elements which consist of the sums and services to be voted in the resource based Supply Estimate are produced in a standard format.

The National Audit Office is outside of the HM Treasury Spending Review process and receives spending authority through the Public Accounts Commission for resource, capital and cash. For the purposes of alignment the National Audit Office's Resource Estimate presents all resources for 2021-22 as equivalent to resource DEL and capital DEL.

Part I

Part I of the Estimate contains the net provision sought in resource, capital, Non-Budget and cash terms; a formal description of the services to be financed from the Estimate, known as its Ambit; details of who will account for the Estimate; and any resources, capital and cash, which have already been allocated to it in the Vote on Account.

The resources required and the Ambit will be reproduced in the Supply and Appropriation Act and together provide the statutory authority for the expenditure.

Part II

The first section of Part II of the Estimate provides a breakdown of the expenditure for which approval is sought.

The different types of expenditure and income within the Estimate are shown in the matrix at the top of page 4. Each of the columns numbered 1 to 8 is expressed in accruals terms. Columns 1 to 3 fall within the Resource Budget and show the components of the net resource requirement on an accruals basis. Column 1 shows direct expenditure by the National Audit Office within the resource accounting boundary. It includes amounts in respect of the current consumption of assets but does not include amounts associated with the acquisition of capital items.

Income within the Resource Budget is shown in column 2 and is deducted from the gross resource total shown in column 1 to give the net total amount (Column 3). This amount is subject to Parliamentary control.

Columns 4 to 6 show the Capital Budget elements of the Estimate. Columns 4 and 5 show forecast capital expenditure and income on an accruals basis, respectively, to give a net total amount (Column 6). This amount is subject to Parliamentary control.

Columns 7 and 8 show the net total resource and capital figures for the prior year.

The figures on page 5 show the aggregate adjustment made to the net resource requirement to arrive at the net cash requirement. The net cash requirement represents the total cash required from the Consolidated Fund by the National Audit Office to carry out its functions and is also subject to Parliamentary control.

Part III

Part III of the Estimate comprises notes which provide additional information to Parliament about the specific nature of the National Audit Office's plans.

Note A - Statement of Comprehensive Net Expenditure and Reconciliation Table shows the Net Programme Costs, the Total Comprehensive Net Expenditure and the Total Resource Budget.

Note B - Analysis of Income provides a breakdown of the National Audit Office's income.

Note C - Analysis of Consolidated Fund Extra Receipts provides details of income that is to be paid to the Consolidated Fund.

Note D - Explanation of Accounting Officer responsibilities sets out the Comptroller and Auditor General's relevant responsibilities as Accounting Officer.

Part I

| | Voted £ | Non-Voted £ | Total £ |
|--|-------------------|----------------|------------|
| Departmental Expenditure Limit* | | | |
| Resource | 80,200,000 | 320,000 | 80,520,000 |
| Capital | 2,300,000 | – | 2,300,000 |
| Non-Budget Voted Expenditure | – | – | – |
| Net cash requirement | 79,802,000 | | |

Amounts required in the year ending 31 March 2022 for expenditure by National Audit Office:

Departmental Expenditure Limit:

Expenditure arising from: Expenditure and associated non-cash items incurred in the provision of independent assurance and information to Parliament on the proper accounting for central government expenditure, revenue, assets and liabilities, including compliance with laws and regulations, and in the economy, efficiency and effectiveness with which central government resources have been used; and the provision of independent assurance and information and advice to a wide range of other public, international, and overseas bodies and to members of the public.

Income arising from: the provision of audit and assurance services to a range of organisations, including international and overseas bodies, and income from the rental of surplus office space, income arising from the disposal of assets and miscellaneous receipts.

The National Audit Office will account for this Estimate.

| | Voted Total £ | Allocated in Vote on Account £ | Balance to complete £ |
|--|-------------------|--------------------------------------|--------------------------|
| Departmental Expenditure Limit* | | | |
| Resource | 80,200,000 | 34,155,000 | 46,045,000 |
| Capital | 2,300,000 | 675,000 | 1,625,000 |
| Non-Budget Expenditure | – | – | – |
| Net cash requirement | 79,802,000 | 33,798,000 | 46,004,000 |

* All resources equivalent to Resource DEL or Capital DEL used in the Central Government Supply Estimates

Part II: Subhead detail

| | 2021-22 Plans | | | | | | 2020-21 Provisions | |
|---|------------------------|----------------|---------------|--------------|-------------|--------------|-----------------------|--------------|
| | Resources Programme | | | Capital | | | Resources | Capital |
| | Gross 1 | Income 2 | Net 3 | Gross 4 | Income 5 | Net 6 | Net 7 | Net 8 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Spending in Departmental Expenditure Limits (DEL)* | | | | | | | | |
| Voted expenditure | 104,000 | -23,800 | 80,200 | 2,400 | -100 | 2,300 | 75,900 | 1,500 |
| <i>Of which:</i> | | | | | | | | |
| A Provision of audit and other assurance services | 104,000 | -23,800 | 80,200 | 2,400 | -100 | 2,300 | 75,900 | 1,500 |
| Non-voted expenditure | 320 | - | 320 | - | - | - | 320 | - |
| <i>Of which:</i> | | | | | | | | |
| B Comptroller and Auditor General and Chairman Salary (CFSS) | 320 | - | 320 | - | - | - | 320 | - |
| Total for Estimate: | 104,320 | -23,800 | 80,520 | 2,400 | -100 | 2,300 | 76,220 | 1,500 |
| <i>Of which:</i> | | | | | | | | |
| Voted expenditure | 104,000 | -23,800 | 80,200 | 2,400 | -100 | 2,300 | 75,900 | 1,500 |
| Non-voted expenditure | 320 | - | 320 | - | - | - | 320 | - |

* All resources equivalent to Resource DEL or Capital DEL used in the Central Government Supply Estimates

Part II: Resource to cash reconciliation

| | 2021-22 Plans £000 | 2020-21 Provisions £000 | 2019-20 Outturn £000 |
|--|--------------------------|-------------------------------|----------------------------|
| Net Resource Requirement | 80,520 | 76,220 | 68,594 |
| Net Capital Requirement | 2,300 | 1,500 | 973 |
| Accruals to cash adjustments | -2,698 | -2,293 | -2,276 |
| <i>Of which:</i> | | | |
| <i>Adjustments to remove non-cash items:</i> | | | |
| Depreciation | -3,000 | -3,000 | -2,848 |
| New provisions and adjustments to previous provisions | 1 | 1 | -187 |
| Other Non-Cash Items | - | - | - |
| <i>Adjustments to reflect movements in working balances:</i> | | | |
| Increase (+) / Decrease (-) in debtors | 200 | 200 | -720 |
| Increase (-) / Decrease (+) in creditors | 100 | 500 | 1,467 |
| Use of provisions | 1 | 6 | 12 |
| <i>Consolidated Fund Extra Receipts:</i> | | | |
| Prior year excess A-in-A paid to the Consolidated Fund | - | - | - |
| Removal of non-voted budget items | -320 | -320 | -294 |
| <i>Of which:</i> | | | |
| Consolidated Fund Standing Services | -320 | -320 | -294 |
| Net Cash Requirement | 79,802 | 75,107 | 66,997 |

Part III: Note A – Statement of Comprehensive Net Expenditure and Reconciliation Table

| | 2021-22 Plans £000 | 2020-21 Provision £000 | 2019-20 Outturn £000 |
|--|--------------------------|------------------------------|----------------------------|
| Gross Programme Costs (DEL) | 104,320 | 99,320 | 91,563 |
| <i>Less:</i> | | | |
| Programme Income (DEL) | -23,800 | -23,100 | -22,969 |
| Net Programme Costs | 80,520 | 76,220 | 68,594 |
| Total Comprehensive Net Expenditure | 80,520 | 76,220 | 68,594 |
| <i>Of which:</i> | | | |
| Resource DEL | 80,520 | 76,220 | 68,594 |
| <i>Adjustments</i> | - | - | - |
| Total Resource Budget | 80,520 | 76,220 | 68,594 |
| <i>Of which:</i> | | | |
| Resource DEL | 80,520 | 76,220 | 68,594 |
| Total Resources (Estimate) | 80,520 | 76,220 | 68,594 |

Part III: Note B – Analysis of Income

| | 2021-22 Plans £000 | 2020-21 Provisions £000 | 2019-20 Outturn £000 |
|--|--------------------------|-------------------------------|----------------------------|
| Voted Resource DEL | -23,800 | -23,100 | -22,969 |
| <i>Of which:</i> | | | |
| A Programme – Provision of audit and other assurance services | | | |
| Sale of goods and services | -22,100 | -20,900 | -20,732 |
| Other Rentals | -1,700 | -2,200 | -2,237 |
| Total Voted Resource Income | -23,800 | -23,100 | -22,969 |
| Voted Capital DEL | -100 | -100 | - |
| <i>Of which:</i> | | | |
| A Programme – Provision of audit and other assurance services | | | |
| Sale of assets | -100 | -100 | - |
| Total Voted Capital Income | -100 | -100 | - |

Part III: Note C – Analysis of Consolidated Fund Extra Receipts

No Consolidated Fund Extra Receipts income or receipts are expected for 2020-21 or 2021-22. There were none for 2019-20.

Part III: Note D – Explanation of Accounting Officer responsibilities

Under the Budget Responsibility and National Audit Act 2011 the Public Accounts Commission has appointed the Comptroller and Auditor General to be responsible as Accounting Officer for the National Audit Office. The National Audit Office and the Comptroller and Auditor General are required to jointly prepare an Estimate of the National Audit Office's use of resources.

The Comptroller and Auditor General's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the National Audit Office's finances, for keeping of proper records and for safeguarding the National Audit Office's assets, are set out in the Accounting Officer's Memorandum issued by the Public Accounts Commission.

In discharging these responsibilities, particular regard is given to:

- stating whether applicable accounting standards, as set out in the Financial Reporting Manual (FRM), or an organisation's version of it, have been followed, and explain any material departures in the resource accounts; and
- the application of appropriate accounting policies on a consistent basis;
- ensuring judgements and estimates on a reasonable basis; and
- preparing the accounts on a going concern basis.

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