

BUDGET RESPONSIBILITY AND NATIONAL AUDIT ACT 2011

EXPLANATORY NOTES

COMMENTARY ON SECTIONS AND SCHEDULES

Schedule 3: Relationship between NAO and Comptroller and Auditor General

Paragraph 2: NAO to provide resources for the Comptroller and Auditor General's functions

185. *Paragraph 2* gives the NAO a duty to provide the resources to the C&AG that that C&AG requires to carry out the functions of the office. A maximum level of resources will be agreed by the NAO and the C&AG, and approved by the Public Accounts Commission, under *paragraph 1(2) of Schedule 3*. The resources that are thus available for the C&AG's functions fall into two categories:
- those whose allocation is at the discretion of the C&AG; and
 - those for services which require the NAO's approval.
186. For the activities that are set out in *paragraph 3(2) of Schedule 3*, the C&AG will determine the level of resources that are required without needing approval from NAO. In such cases, the NAO must provide the resources that the C&AG asks for. These functions are mainly those which the C&AG is given by statute, including services as Comptroller of the issue of public funds, as auditor of government departments and many other public bodies, and in the exercise of powers under Part 2 of the National Audit Act 1983 to carry out value for money examinations. The C&AG will be bound by the maximum resource provision set out in the strategy (under *paragraph 1(2) of Schedule 3*) and by the resources voted by Parliament to NAO for the year under *section 23*. Subject to that, the C&AG's independence will be guaranteed by giving the C&AG the final say in setting the resources required for these functions.
187. For other activities, including audit and consultancy services provided by agreement, for example to international bodies and other countries, the C&AG will require the NAO's approval before providing such services. For these "NAO-approved" services, the NAO (not the C&AG) will be responsible for setting the maximum resource provision, under *paragraph 3(3) of Schedule 3*. The NAO must work within the maximum limit set by the strategy and the annual provision voted by Parliament.
188. *Sub-paragraph (2)* gives the NAO responsibility in particular for:
- employing staff to assist in carrying out the C&AG's functions;
 - buying in services to support the functions;
 - holding information; and
 - keeping records.

These notes refer to the Budget Responsibility and National Audit Act 2011 (c.4) which received Royal Assent on 22 March 2011

189. *Sub-paragraph (3)* limits the maximum amount of resources that the C&AG may require under *sub-paragraph (1)* in any financial year to the maximum amount set out in the strategy for that year.