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Ref. A083/0208

PRIME MINISTER

Parliamentary Control of Expenditure (Reform) Bill  
(C(83) 2)

BACKGROUND

FLA/A  
Mr Norman St John-Stevas MP is promoting the Parliamentary Control of Expenditure (Reform) Bill to change the role and status of the Comptroller and Auditor General (C & AG). At their meeting on 16 December (CC(82) 53rd Conclusions, Minute 5), the Cabinet considered what the Government's attitude to the Bill should be in the light of the likely provisions of the Bill, the discussions which had taken place between the Chancellor of the Exchequer and the Bill's promoters, and the widespread Parliamentary support for the Bill. The main conclusions were as follows:

(a) Appointment and Status of the C & AG

The C & AG should continue to be appointed by the Crown; appointment would be on the recommendation of a Commission consisting of the Prime Minister and the Speaker. He should not be subject to direction either by the Government or by Parliament. His staff would cease to be civil servants. The budget of his office (to be known as the National Audit Office) would be controlled by a House of Commons Commission.

(b) Nationalised Industries

The Government should continue to resist giving the C & AG access to the books of the nationalised industries, and should draw the defects and dangers of the Bill to the attention of their supporters in Parliament.

(c) Access to Other Organisations receiving Public Funds

There were signs that Mr St John-Stevas would be willing to reduce the scope of his proposals regarding access by the C & AG to the books of other organisations receiving public funds so as to catch only those in which the Government had a controlling interest. This was to be welcomed.

(d) Drafting Assistance

The Government should offer no assistance with the drafting of the Bill.

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(e) Parliamentary Tactics

There should be no suggestion that the Government would try to block the passage of the Bill. The Cabinet would need to consider tactics further in the light of the Bill's progress before and during Committee.

FLAG B

2. In the Chancellor of the Exchequer's memorandum (C(83) 2), which was circulated on 17 January before the Bill was published, he expressed the hope, based on discussion with Mr St John-Stevas, that the Bill would largely meet the Government's wishes as to the independence of the C & AG and his status and appointment. He therefore proposed that in the Second Reading debate the Government should concentrate criticism on the nationalised industry issues, that the handling of the Committee Stage should be considered again after Second Reading and that meanwhile officials should be asked to draft amendments both to remove technical faults and to implement the Government's views.

FLAG C

3. The Bill was published on 18 January; copies have been circulated under cover of C(83) 4. It differs in several important respects from the outline in C(83) 2. In particular it does little to safeguard the independence of the C & AG. Its main proposals, under the headings at paragraph 1(a)-(c) above, are as follows:

(a) Appointment and Status

The C & AG is to be appointed by the Crown, following an address by the House of Commons on a motion by the Chairman of the Public Accounts Committee (PAC) (Clause 11(1)). This differs fundamentally from the suggestion in the Chancellor's memorandum that the motion must be in the name of the Prime Minister. Besides his general power to conduct examinations of the "economy, efficiency and effectiveness in the use of resources" (Clauses 1-4) and to audit and certify the accounts of health authorities (Clause 5), he may conduct particular inquiries at the request of the PAC (Clause 12). He is to be an officer of the House of Commons (Clause 11(2)).

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(b) Nationalised Industries

The C & AG is to have inspection rights "to carry out economy, efficiency and effectiveness examinations of the use of resources by nationalised industries" (Clause 2(1)); but major examinations are to be undertaken only after consultation with the responsible Government Departments (Clause 2(2)).

(c) Other Organisations

The same inspection rights will apply in respect of publicly owned corporations, any company of which more than 50 per cent of the voting shares are publicly owned, and any public sector body which is mainly supported directly or indirectly from moneys provided by Parliament and/or moneys issued from the National Loans Fund. In addition the C & AG shall have access to other bodies (ie private sector bodies) which are mainly supported directly or indirectly from moneys provided by Parliament and/or moneys issued from the National Loans Fund so far as he considers this to be necessary in order to enable him to examine the use of such moneys (Clauses 2-4).

FLAG D.

4. The Chancellor of the Exchequer has also circulated, with his letter of 17 January to the Secretary of State for Industry, a briefing note for use by backbench MPs sympathetic to the Government's position. He suggests that the Cabinet should discuss whether it should be distributed to all Conservative backbenchers.

MAIN ISSUES

5. The main issues before the Cabinet are as follows:

(i) How far, if at all, are each of the main proposals in the Bill acceptable?

(ii) What should the Government's Parliamentary tactics be?

The Cabinet may also wish to discuss arrangements for handling the questions that will inevitably arise during the Bill's progress. It will obviously not be practicable to refer every issue to full Cabinet. On the other hand there are so many interests affected that I do not think that this can be left to the Treasury alone. I suggest the formation of a group of

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Ministers under the chairmanship of the Chancellor of the Exchequer, to include the Lord President, the Secretaries of State for Energy, the Environment, Industry, Social Services and Trade, the Lord Privy Seal and the Chief Whip.

Acceptability of Proposals

Appointment

6. It has been an important issue of principle for the Government that the C & AG should be independent of both Government and Parliament. The provision in Clause 11 that the C & AG should be appointed by the Crown following a motion from the Chairman of the PAC is plainly contrary to this principle. The Chancellor had originally proposed that the appointment should be on the recommendation of a Commission consisting of the Prime Minister and the Speaker. In C(83) 2 he had been prepared to consider an alternative apparently favoured by Mr St John-Stevas under which the motion should be moved by the Prime Minister after consultation with the Chairman of the PAC. In my earlier minute of

FLAG

15 December (A082/0542) I drew attention to the need to protect the position of The Queen in this matter, and suggested how this might be done. You will wish to seek the Cabinet's views on the importance of this issue and on whether the Government should continue to promote the proposal for a joint recommendation by the Prime Minister and Speaker as approved by the Cabinet on 16 December.

Status

7. The Bill proposes to make the C & AG explicitly subject to directions (politely termed "requests", but in practice they could hardly be rejected) of the PAC: it may well be that as an officer of the House he would also be subject to directions from the House or any of its committees. The Cabinet is likely to agree that it is essential to try to amend the Bill so as to make the C & AG independent of directions from either Parliament or the Government.

Access: Nationalised Industries

8. The Bill is completely at variance with the position taken by the Cabinet on 16 December. The Cabinet will presumably continue to take the view that these provisions should be rigorously opposed.



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Access: Other Bodies

9. The coverage of the Bill goes much wider than companies in which the Government has a controlling interest. It is drafted in very vague terms. For example, how is "mainly supported" to be defined? What is "indirect support"? And can a body receiving and repaying loans on normal commercial terms be said to be "supported" by them at all? The Cabinet will no doubt wish the Government spokesman in the debate to draw attention to the very wide scope of these powers and their imprecision.

Drafting

10. In addition to the major problems of substance, there are many technical deficiencies in the drafting. Mr St John-Stevas is reported as being quite unmoved by this: his attitude is that he has ample backing in the House for the principle of his Bill, and that it is up to the Government to get the technicalities right. He is therefore likely to be receptive to Government drafting amendments, so long as they do not change the substance of his proposals. The discussion on 16 December suggests that the Cabinet may see advantage in withholding such amendments, either to concentrate on the Bill's defects of substance or with the aim of being able to use bad drafting as an argument for resistance at a later stage. However, as the Cabinet recognised on 16 December, this approach runs the risk of putting thoroughly defective legislation on the Statute Book and would need to be kept under review.

Parliamentary Tactics

11. The gap between the Government and Mr St John-Stevas is as wide as on 16 December: indeed, on appointment and status it seems to have widened. The Cabinet may wish to consider whether the Government should now adopt an attitude of outright hostility, and perhaps use such procedural devices as refusing The Queen's Recommendation for the Money Resolution which the Bill will presumably require.

12. The Cabinet will also wish to consider how it can influence Parliamentary opinion, whether by circulating the briefing note attached to the Chancellor of the Exchequer's letter of

CONFIDENTIAL



17 January or otherwise, and what more can be done, now that the Bill has been published, to influence outside opinion and thus bring influence to bear on Parliamentary opinion.

Further Work

13. It is clear that full Cabinet cannot manage the day-to-day handling of the Bill. I suggest the setting up of a new Ministerial Group for the purpose, to be chaired by the Chancellor of the Exchequer and to include the Lord President, the Secretaries of State for Energy, the Environment, Industry, Social Services and Trade, the Lord Privy Seal and the Chief Whip. The broad strategy for handling the Bill is however a matter in which the whole Cabinet will continue to have a keen interest. They will no doubt wish to review this after the Second Reading debate. The Treasury have already set up an interdepartmental group to co-ordinate the work at official level.

HANDLING

14. You will wish to ask the Chancellor of the Exchequer to introduce his memorandum and to give an up-to-date account of his negotiations with Mr St John-Stevas. The Lord President of the Council and the Chief Whip will be able to advise on the Parliamentary tactics. Many members of the Cabinet, and particularly those with sponsoring responsibilities for the nationalised industries, may wish to contribute.

CONCLUSIONS

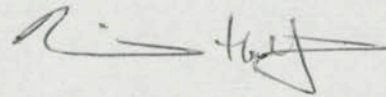
15. You will wish the Cabinet to reach conclusions on the following:

- (i) What attitude should the Government take to the proposals in the Parliamentary Control of Expenditure (Reform) Bill, particularly on -
  - (a) the appointment and status of the C & AG;
  - (b) access to the books of the nationalised industries;
  - (c) access to the books of other organisations?
- (ii) What should be its Parliamentary tactics? In particular, should it try to improve the technical aspects of the Bill by promoting drafting amendments; or should it take the attitude that the Bill is so bad in substance that there is no point in trying to improve it? How should the Government try to influence Parliamentary opinion?



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16. You will also wish the Cabinet to endorse (by taking note of) any recommendation you make for setting up a Ministerial Group to co-ordinate the Government's position as the Bill proceeds, and advise on opinion-handling.



Approved by  
ROBERT ARMSTRONG  
*and signed in his absence*

19 January 1983

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# Parliamentary Control of Expenditure (Reform) Bill

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## ARRANGEMENT OF CLAUSES

### PART I

#### AUDITS AND EXAMINATIONS BY COMPTROLLER AND AUDITOR GENERAL

Clause

1. Economy, efficiency and effectiveness examinations of public departments and other bodies.
2. Economy, efficiency and effectiveness examinations of nationalised industries and publicly owned corporations and companies.
3. Economy, efficiency and effectiveness examinations of other public sector bodies.
4. Examination of other bodies.
5. Audit of the accounts of Health Authorities.
6. Right to obtain documents and information.
7. Reports by Comptroller and Auditor General.

### PART II

#### PUBLIC ACCOUNTS COMMISSION AND NATIONAL AUDIT OFFICE

8. Public Accounts Commission.
9. Functions of Commission.
10. National Audit Office.
11. Appointment of Comptroller and Auditor General.
12. Requests by Committee of Public Accounts.
13. Audit fees.
14. Indemnity for liabilities arising from audits and examinations.
15. Occupancy of Land.

### PART III

16. Consequential amendments.
17. Repeals.
18. Expenditure.
19. Short title and commencement.



A  
**B I L L**  
T O

Strengthen Parliamentary control and supervision of expenditure of public money by making new provision as to the duties and powers of the Comptroller and Auditor General; by establishing a Public Accounts Commission and a National Audit Office; to make provision as to the post and duties of accounting officer; and for connected purposes.

**B**E 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:—

5

## PART I

AUDITS AND EXAMINATIONS BY COMPTROLLER AND  
AUDITOR GENERAL

1. The Comptroller and Auditor General shall have power to carry out economy, efficiency and effectiveness examinations of the use of resources by public departments and all other bodies of which he is the appointed auditor or to which he has statutory or other inspection rights.

Economy, efficiency and effectiveness examinations of public departments and other bodies.

2.—(1) The Comptroller and Auditor General shall have inspection rights to carry out economy, efficiency and effectiveness examinations of the use of resources by nationalised industries, publicly owned corporations and any company of which more than 50 per cent. of the voting shares are publicly owned.

Economy, efficiency and effectiveness examinations of nationalised industries and publicly owned corporations and companies.

(2) Any major examination under this section shall be undertaken only after consultation with the responsible government departments.

20 departments.  
[Bill 19]

A 2

48/4



## PART I

1973 c.65.  
1982 c. 41.Economy,  
efficiency and  
effectiveness  
examinations  
of other public  
sector bodies.

(3) In subsection (1) above the bodies referred to do not include any public body to which sections 96 and 106 of the Local Government (Scotland) Act 1973 or sections 12 and 31 of the Local Government Finance Act 1982 apply.

3.—(1) The Comptroller and Auditor General shall have inspection rights to carry out economy, efficiency and effectiveness examinations of the use of resources by any public sector body which is mainly supported directly or indirectly from moneys provided by Parliament and/or moneys issued from the National Loans Fund.

(2) In subsection (1) above "public sector body" shall not include any body to which section 2 of this Act, sections 96 and 106 of the Local Government (Scotland) Act 1973 or sections 12 and 31 of the Local Government Finance Act 1982 apply.

Examination  
of other  
bodies.

4.—(1) The Comptroller and Auditor General shall have access to bodies other than those referred to in sections 2 and 3 above which are mainly supported directly or indirectly from moneys provided by Parliament and/or moneys issued from the National Loans Fund so far as he considers this to be necessary in order to enable him to examine the use of such moneys.

(2) In subsection (1) above "bodies" shall not include any body to which sections 96 and 106 of the Local Government (Scotland) Act 1973 or sections 12 and 31 of the Local Government Finance Act 1982 apply.

(3) In subsection (1) above "bodies" shall not include any person in receipt of emoluments, expenses, pensions, allowances or benefits paid out of moneys provided by Parliament.

Audit of the  
accounts of  
Health  
Authorities.

5. The Comptroller and Auditor General shall have power to audit and certify the accounts of Health Authorities.

Right to  
obtain  
documents  
and  
information.

6. The Comptroller and Auditor General or any person appointed by him shall have a right at all reasonable times to obtain all such documents relating to a body referred to in sections 1 to 5 of this Act as appear to him necessary for the purposes of carrying out his duties under those sections and shall be entitled to require from any person holding or accountable for any such documents such information and explanation as he considers necessary for those purposes.

Reports by  
Comptroller  
and Auditor  
General.

7. The Comptroller and Auditor General shall have power to report the results of his audits and examinations under sections 1 to 5 of this Act to Parliament or to the House of Commons at any time.

## PART II

## PUBLIC ACCOUNTS COMMISSION AND NATIONAL AUDIT OFFICE

8.—(1) There shall be a body of Commissioners named the Public Accounts Commission which shall perform the functions conferred on it by this Act.

(2) The Commission shall consist of:

(a) a member of the House of Commons who is for the time being the Chairman of the Committee of Public Accounts; and

(b) five other members of the House of Commons appointed by the House of Commons.

(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.

9.—(1) The Commission, acting on the advice of the Committee of Public Accounts after consultation with the Treasury, shall have power to examine an annual estimate of the expenses of the National Audit Office prepared by the Comptroller and Auditor General, and shall lay the estimate before the House of Commons.

(2) The Commission shall appoint and determine the duties of an officer ("the accounting officer") responsible for accounting for the sums paid out of money provided by Parliament for the service of the National Audit Office.

(3) The Commission shall appoint an auditor for the National Audit Office and Schedule 2 to this Act shall have effect with respect to the appointment and duties of the auditor.

10.—(1) A National Audit Office shall be established of which the Comptroller and Auditor General shall be the head and which shall consist of the staff appointed by the Comptroller and Auditor General to assist him in the performance of his duties and Schedule 3 to this Act shall have effect with respect to the staff of the National Audit Office.

(2) The expenses of the National Audit Office shall be borne on a separate Vote.

11.—(1) On the death, resignation or other vacancy in the office of the Comptroller and Auditor General a new appointment may be made under letters patent by the Crown following an Address of the House of Commons, and no motion shall be

Public  
Accounts  
Commission.Functions of  
Commission.National  
Audit Office.Comptroller  
and Auditor  
General



PART II made for such an Address unless it is made by the Chairman of the Committee of Public Accounts.

(2) The Comptroller and Auditor General shall be an officer of the House of Commons in virtue of his appointment.

Requests by  
Committee of  
Public  
Accounts.

12.—(1) In addition to powers conferred by Part I of this Act, the Comptroller and Auditor General may examine the economy, efficiency and effectiveness in the use of resources by a body which either he audits or to which he has inspection rights when requested to do so by the Committee of Public Accounts, and the results of any such examination shall be reported to the House of Commons.

(2) The Comptroller and Auditor General shall have complete discretion as to the manner in which examinations are conducted under this section.

Audit fees.

13.—(1) Where the Comptroller and Auditor General is appointed under any statute to audit the accounts of any body he shall have power to charge a fee for carrying out that audit.

(2) *All fees and other sums payable to the Comptroller and Auditor General shall be paid into the Consolidated Fund.*

Indemnity for  
liabilities  
arising from  
audits and  
examinations.

14. *The Consolidated Fund of the United Kingdom shall be liable to make good all sums required to discharge any liability which the Comptroller and Auditor General or any officer of the National Audit Office in carrying out their duties imposed by statute or by agreement would be personally liable to discharge.*

Occupancy of  
Land.

15.—(1) The Comptroller and Auditor General may  
(a) enter into contracts or other agreements, including agreements for the occupation of land and other property by himself and the National Audit Office, and  
(b) acquire and dispose of land and other property.

(2) Land and other property occupied by the Comptroller and Auditor General and the National Audit Office shall not be regarded as property of, or held on behalf of, the Crown.

### PART III

#### MISCELLANEOUS

Consequential  
amendments.

16. The enactments mentioned in Schedule 4 to this Act shall have effect with the amendments there specified, being amendments consequential on the provisions of this Act.

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

18. *Expenditure by the Comptroller and Auditor General and the National Audit Office under the provisions of this Act or any increased expenditure under any other enactment which is attributable to this Act shall be defrayed out of moneys provided by Parliament.*

19.—(1) This Act may be cited as the Parliamentary Control of Expenditure (Reform) Act 1983.

(2) This Act shall come into operation on 1st January 1984.

Short title and  
commence-  
ment.



## SCHEDULES

Section 8.

## SCHEDULE 1

## THE COMMISSION

*Incorporation*

1. The Commission shall be a body corporate. 5

*Appointment of Members*

2.—(1) Subject to paragraph 3 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 10  
(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 3 of this Schedule. 15

(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 3 of this Schedule, "ex officio member" means the Chairman of the Committee of Public Accounts. 20

*Dissolution of Parliament*

3.—(1) On a dissolution of Parliament the person who is then the Chairman of the Committee of Public Accounts shall continue 25 in office as a member of the Commission until a new Chairman of that Committee is elected or appointed.

(2) Subject to sub-paragraph (3) below, on a dissolution of Parliament the members of the Commission who are not ex officio members shall continue in office until members are nominated or 30 appointed in their place.

(3) Where at any time after Parliament has been dissolved it appears that a member of the Commission who is not an ex officio member—

- (a) has not been validly nominated as a candidate at the ensuing general election; or 35  
(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 40 as preventing any such member from resigning otherwise than in pursuance of this sub-paragraph.

*Chairman*

Sch. 1

4. The Commission shall elect a Chairman from amongst its members.

*Proceedings and business*

5. 5.—(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 Commissioners.

(2) The Commission may determine its own procedure.

- 10 (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 9.

APPOINTMENT AND DUTIES OF THE AUDITOR OF THE NATIONAL  
AUDIT OFFICE

15

1.—(1) The auditor appointed by the Public Accounts Commission to audit the appropriation account of the National Audit Office 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 20 be approved for the purposes of this Schedule by the Commission; and a firm shall not be so 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 25 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  
30 (f) any other body of accountants established in the United Kingdom and for the time being approved by the Public Accounts Commission for the purposes of this Schedule.

(3) The appointment of an auditor under the provisions of this Schedule shall be on such terms and for such period as the Com- 35 mission may determine.

2. The auditor of the National Audit Office shall have power to carry out economy, efficiency and effectiveness examinations of the use of resources by the National Audit Office.

3. The auditor of the National Audit Office shall have a right 40 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



SCH. 2 document such information and explanation as he thinks necessary for those purposes.

4.—(1) When the auditor has concluded his audit of the appropriation account of the National Audit Office he shall—

- 1866 c. 39.  
1921 c. 52.
- (a) certify that he has completed his examination in accordance with the provisions of this Act and of the Exchequer and Audit Departments Acts 1866 and 1921, and
  - (b) state whether in his opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of the National Audit Office.

(2) On completion of his examination, the auditor shall submit the appropriation account of the National Audit Office, together with his audit report thereon, to the Public Accounts Commission for presentation to the House of Commons.

Section 10.

### SCHEDULE 3

#### THE NATIONAL AUDIT OFFICE

1. The National Audit Office shall not be regarded as acting on behalf of the Crown and its staff shall not be regarded as Crown servants.

#### Staff

2.—(1) The Comptroller and Auditor General shall appoint such staff as he considers necessary for the discharge of his functions and duties.

(2) The staff shall be appointed at such remuneration and on such other terms and conditions as the Comptroller and Auditor General may determine.

(3) The Comptroller and Auditor General shall in the case of any of his staff as he may determine—

- (a) pay such pensions to or in respect of them;
- (b) make such payments towards the provision of such pensions; or
- (c) provide and maintain such schemes (whether contributory or not) for the payment of such pensions, as he may determine.

(4) In this paragraph any reference to the payment of pensions to or in respect of the Comptroller and Auditor General's staff includes a reference to the payment of pensions by way of compensation to or in respect of any of the Comptroller and Auditor General's staff who suffers loss of office or employment or diminution of emoluments.

3.—(1) Employment by the Comptroller and Auditor General shall be included among the kinds of employment to which a superannuation scheme under section 1 of the Superannuation Act 1972 can apply, and accordingly in Schedule 1 to that Act (in which those

1972 c. 11.

kinds of employment are listed) the words "National Audit Office" shall be inserted after the words "Countryside Commission".

SCH. 3

(2) The Comptroller and Auditor General shall pay to the Minister at such times in each financial year as may be determined by the Minister, subject to any directions of the Treasury, sums of such amounts as he may so determine for the purposes of this paragraph as being equivalent to the increase during the year of such liabilities of his under the Principal Civil Service Pension Scheme as are attributable to the provision of pensions to or in respect of persons who are or have been, in the service of the Comptroller and Auditor General in so far as that increase results from the service of those persons during that financial year and to the expense to be incurred in administering those pensions.

4.—(1) It shall be the duty of the Comptroller and Auditor General to make, by such date as the Public Accounts Commission may determine, an offer of employment by the Comptroller and Auditor General to each person employed in the civil service of the State in the Exchequer and Audit Department immediately before the appointed day; 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 staff of the Comptroller and Auditor General in consequence of this paragraph, then for the purposes of the Employment Protection Act 1978, his period of employment in the civil service of the State shall count as a period of employment by the Comptroller and Auditor General and the change of employment shall not break the continuity of the period of employment.

(4) Where a person ceases to be employed as mentioned in subparagraph (1) above—

- (a) on becoming a member of staff of the Comptroller and Auditor General 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.

#### Interpretation

5. In this Schedule—

"appointed day" means the day appointed for the coming into force of this Schedule;

"the Minister" means the Minister for the Civil Service;

"pension" includes allowance or gratuity.



Section 16.

## SCHEDULE 4

## CONSEQUENTIAL AMENDMENTS

*Exchequer and Audit Departments Act 1921*

1921 c. 52.

1. For section 3 of the Exchequer and Audit Departments Act 1921 there shall be substituted the following section:—

“3.—(1) The Comptroller and Auditor General may on request undertake the audit of the accounts of any body where he is not disqualified from doing so by any other enactment.

(2) All directions made by the Treasury under this section as originally enacted shall cease to have effect.”

*Public Records Act 1958*

1958 c. 51.

2. In Part II of the Table in Schedule 1 to the Public Records Act 1958, there shall be added after “Monopolies and Mergers Commission” the words “National Audit Office”.

*National Health Service Act 1977*

1977 c. 49.

3. In section 98(1) of the National Health Service Act 1977 for the words from “Those accounts” onwards there shall be substituted the words “shall be audited by the Comptroller and Auditor General or by auditors appointed by the Secretary of State and where the Comptroller and Auditor General is not the auditor, he may examine all such accounts and any records relating to them and any report of the auditor on them.”

4. In section 98(3) of that Act after the words “with respect to the audit” there shall be inserted the words “by auditors appointed by him”.

*National Health Service (Scotland) Act 1978*

1978 c. 29.

5. In section 86(1) of the National Health Service (Scotland) Act 1978 for the words from “those accounts” onwards there shall be substituted the words “shall be audited by the Comptroller and Auditor General or by auditors appointed by the Secretary of State and where the Comptroller and Auditor General is not the auditor, he may examine all such accounts and any records relating to them and any report of the auditor on them.”

6. In section 86(2) of that Act after the words “with respect to the audit” there shall be inserted the words “by auditors appointed by him”.

*House of Commons (Administration) Act 1978*

1978 c. 36.

7. In section 4 of the House of Commons (Administration) Act 1978 there shall be added the following subsection:—

“(7) The National Audit Office shall not be regarded as a House Department and section 4(4) above does not apply to the Comptroller and Auditor General or any officer or post in the National Audit Office.”

## SCHEDULE 5

## REPEALS

Section 17.

Chapter	Short Title	Extent of Repeal
29 & 30 Vict. c. 39. 11 and 12 Geo. 5 c. 52.	Exchequer & Audit Departments Act 1866. Exchequer & Audit Departments Act 1921.	Sections 6 and 24. In section 1(2) the words “Provided that” to “shall take action accordingly”.
1980 c. 21.	Competition Act 1980.	Section 1(3). Section 8(1). Section 8(2). Section 11(1)(a). In section 11(1) the reference to paragraph (a).



Parliamentary Control of  
Expenditure (Reform)

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B I L L

To strengthen Parliamentary control and supervision of expenditure of public money by making new provision as to the duties and powers of the Comptroller and Auditor General; by establishing a Public Accounts Commission and a National Audit Office; to make provision as to the post and duties of accounting officer; and for connected purposes.

*Presented by Mr. Norman St. John-Stevas,  
supported by*

*Mr. Joel Barnett, Mr. Edward du Cann,  
Mr. Richard Wainwright, Mr. John Roper,  
Mr. Terence L. Higgins,*

*Sir John Biggs-Davison, Mrs. Renée Short,  
Mr. Peter Tapsell, Mr. John Garrett,  
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