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THE IMPLEMENTATION OF RESOURCE ACCOUNTING IN UK CENTRAL GOVERNMENT

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INTRODUCTION

Government accounting reform has attracted widespread attention as part of the public management reform agenda which has spread internationally (Lüder, 1988; OECD, 1993; Pallot and Ball, 1997; Olson et al., 1998; and Chan, 2003). Professor Sir Andrew Likierman,[1] the architect of accounting reforms in UK central government, has repeatedly stressed that Resource Accounting and Budgeting (RAB) is not just about a switch to accruals accounting but about improved financial management and enhanced public accountability (Likierman, 1995 and 1997). After a long process of transition, first notice of which was given on 30 November, 1993 (Clarke, 1993), Departmental Resource Accounts (DRAs)[2] became the sole mechanism of Parliamentary accountability for Supply expenditure in 2001–02, and 2003–04 public expenditure plans were fully on a Resource Budgeting (RB) basis (Heald and McLeod, 2002).[3]

The Resource Accounting (RA) component provides the infrastructure upon which improved decision-making and enhanced accountability can be constructed. Accordingly, this article examines the transition from cash to accruals in UK central government, putting particular emphasis on two measurable dimensions, namely *timeliness* (as measured by certification and availability lags) and *accounts quality* (as measured by having unqualified accounts). These measurable dimensions are by no means the only issues raised by the transition from cash to accruals: for example, Mellett (1997) questions the reliance being placed on private sector accounting standards, and Ellwood (2003) challenges the presentation of UK reforms as constituting a uniform adoption of UK GAAP (Wilson et al., 2001) across the component parts of the public sector. These are important issues but they are outside the scope of this article, which provides empirical evidence regarding actual RA implementation.

In the context of UK central government, the Treasury managed the transition process from Appropriation Accounts (AAs) to DRAs in a remarkably transparent

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manner. The declared objective was full implementation of RA in 2001–02, in which year there were 54 DRAs on the definition used in this article, with AAs having ceased. The scheduling of transition was a matter for the Treasury; the National Audit Office (NAO) had periodic doubts as to whether this timetable was achievable and actually suggested another year (i.e., 2001–02) of shadow running (Bourn, 1998). However, the Treasury adopted what became known as the 'trigger-point strategy' (Treasury Committee, 2000), which proved useful both in terms of assuring Parliament that the risks of transition would be minimized and of putting pressure on departments to meet particular trigger points (i.e., milestones) on time.

It should be noted that the analysis of timeliness and accounts quality in this article concentrates solely on those accounts for which the Treasury is directly responsible. Therefore, two groups of DRAs are excluded because any shortcomings in implementation cannot be attributed to the Treasury. First, the DRAs of the Devolved Administrations in Scotland, Wales and Northern Ireland are excluded, because these are governed by the financial legislation of the devolved Parliament and Assemblies. Second, also excluded are the DRAs of Westminster Parliamentary bodies and the NAO. The former have been prepared on a voluntary basis following the model elaborated by the Treasury, whilst the latter is statutorily required on this basis under the *National Audit Act 1983* (as amended by the *Government Resources and Accounts Act 2000*). A specific exclusion from the regression analysis is the DRA of the Security and Intelligence Agencies, which, for obvious reasons, does not contain detailed operational and financial information such as asset values.

The article is structured as follows. The next section describes the transition from cash AAs, through shadow running, to full reliance on DRAs in 2001–02. There is then a section justifying the article's focus on timeliness and accounts quality. Following this, operational definitions of timeliness are provided and the empirical evidence is examined. The regression results are summarized, with details of the regression model reported in Appendix A. The evidence on accounts quality is examined in the penultimate section, and the final section assesses the implementation of RA in UK central government and considers what remains to be done.

DESCRIPTION OF TRANSITION

Table 1 summarizes the process of transition from cash AAs to accruals DRAs. The decision to proceed with RA was announced in the July 1995 White Paper (Treasury, 1995), though the legislation to allow Supply to be voted on a resource basis was not enacted until the *Government Resources and Accounts Act 2000*. The Treasury consciously adopted a strategy of gradual transition and made unprecedented efforts to build and sustain Parliamentary

Table 1

Phasing of the Implementation of Resource Accounting

Year	*Appropriation Account*	*Shadow Departmental Resource Account*			*Live DRA*
		Unaudited and Unpublished	*Audited and Unpublished*	*Audited and Published*	
1993–94	√				
1994–95	√				
1995–96	√				
1996–97	√				
1997–98	√	√			
1998–99	√		√		
1999–00	√			√	
2000–01	√			√	
2001–02					√

support for the RAB project.[4] This staging was in marked contrast to the rapid implementations that had been pursued in New Zealand and Australia.

The transition mapped in Table 1 was phased as follows. After securing Parliamentary approval for RA, there were four 'shadow years' (1997–98 to 2000–01), for which AAs remained the formal mechanism of Parliamentary accountability. The first two years (1997–98 and 1998–99) were 'invisible': a great deal happened, without the primary documentation being in the public domain. In 1997–98, the shadow DRAs were not audited, though the NAO did examine them in order to provide guidance to departments. In 1998–99, the unpublished accounts were audited[5] and a summary of the audit judgements of the Comptroller and Auditor General (C&AG) was provided to the Public Accounts Committee in May 2000 (National Audit Office, 2001, para 6.6). In the third and fourth shadow years, each DRA was audited and then published. Finally, the system went 'live' in 2001–02, when DRAs became the sole mechanism of accountability to Parliament, AAs having been discontinued.

Table 2 covers the four years (1998–99 to 2001–02) for which DRAs have been audited. As explained above, this article examines only those DRAs for which the Treasury is responsible, thus excluding those of the Devolved Administrations, Parliament and the NAO. All departments having a DRA in one of these four years are classified into three groups: continuously present; exits; and entrants. There is a considerable amount of volatility in these listings of DRAs, attributable in part to departments (e.g., British Trade International) that were behind schedule catching up and thus becoming entrants in Table 2. However, this volatility is also attributable

Table 2

Reporting Entities Under Resource Accounting

	Classification	*1998–99*	*1999–00*	*2000–01*	*2001–02*
Part A: Continuously Present					
Armed Forces Pension Scheme	PS	√	√	√	√
Cabinet Office	MD	√	√	√	√
Cabinet Office Civil Superannuation	PS	√	√	√	√
Central Office of Information	NMD	√	√	√	√
Charity Commission	NMD	√	√	√	√
Crown Estate	NMD	√	√	√	√
Crown Prosecution Service	NMD	√	√	√	√
Customs and Excise	NMD	√	√	√	√
Department of Health	MD	√	√	√	√
Department for International Development	MD	√	√	√	√
Department of Culture Media & Sport	MD	√	√	√	√
Department of Trade and Industry	MD	√	√	√	√
Export Credit Guarantees Department	NMD	√	√	√	√
Foreign and Commonwealth Office	MD	√	√	√	√
Forestry Commission	NMD	√	√	√	√
Government Actuary's Department	NMD	√	√	√	√
Home Office	MD	√	√	√	√
Inland Revenue	NMD	√	√	√	√
Intervention Board Executive Agency*	NMD	√	√	√	√
Lord Chancellor's Department	MD	√	√	√	√
Ministry of Defence	MD	√	√	√	√
National Investment and Loans Office	NMD	√	√	√	√
National Savings and Investment**	NMD	√	√	√	√
NHS Pension Scheme	PS	√	√	√	√
Northern Ireland Court Service	NMD	√	√	√	√
Northern Ireland Office	MD	√	√	√	√
Office for National Statistics	NMD	√	√	√	√
Office of Fair Trading	NMD	√	√	√	√
Office of the Rail Regulator	NMD	√	√	√	√
Office of Gas and Electricity Markets	NMD	√	√	√	√
Office of Her Majesty's Chief Inspector of Schools in England	NMD	√	√	√	√
Office of Telecommunications	NMD	√	√	√	√
Office of Water Services	NMD	√	√	√	√
Privy Council Office	MD	√	√	√	√
Procurator General and Treasury Solicitor	NMD	√	√	√	√
Public Record Office	NMD	√	√	√	√
Security and Intelligence Agencies***	NMD	√	√	√	√
Serious Fraud Office	NMD	√	√	√	√
Teachers' Pension Scheme	PS	√	√	√	√
Treasury	MD	√	√	√	√
UK Atomic Energy Superannuation	PS	√	√	√	√
Part B: Exits					
Department for Education and Employment	MD	√	√	√	

Table 2 (Continued)

	Classification	*1998–99*	*1999–00*	*2000–01*	*2001–02*
Department of Social Security	MD	√	√	√	
Department of the Environment, Transport and the Regions	MD	√	√	√	
Government Communications Headquarters***	NMD	√			
Health & Safety Executive	NMD	√			
Ministry of Agriculture, Fisheries and Food	MD	√	√	√	
Office of Electricity Regulation	NMD	√			
Office of Gas Supply	NMD	√			
Secret Intelligence Service***	NMD	√			
Security Service***	NMD	√			
Welsh Office	MD	√			
Part C: Entrants					
British Trade International	NMD			√	√
Department for Environment, Food and Rural Affairs	MD				√
Department for Education and Skills	MD				√
Department for Work and Pensions	MD				√
Department for International Development Overseas Pension Scheme	PS		√	√	√
Department for Transport, Local Government and the Regions	MD				√
Food Standards Agency	NMD			√	√
Forestry Commission Pension Scheme	PS		√	√	√
Postcomm	NMD			√	√
Registry of Friendly Societies	NMD				√
Royal Mint	NMD				√
Scotland Office	MD		√	√	√
Wales Office	MD		√	√	√
Total	**65**	**52**	**49**	**52**	**54**
of which: Ministerial departments	23	17	18	18	18
Non-ministerial departments	35	30	24	27	29
Pension schemes	7	5	7	7	7

Notes:

* Part way through the financial year 2001–02, the Intervention Board Executive Agency, which had previously been both a department in its own right and also an Executive Agency, ceased to be a department in its own right. It became an Executive Agency of DEFRA, as the Rural Payments Agency. As an Accounts Direction had already been issued for IBEA, a DRA was prepared and certified in 2001–02, but never published.

** National Savings and Investment was known as Department for National Savings prior to 2001–02.

*** Notwithstanding the fact that the Accounting Officer for the Intelligence Agencies is the Cabinet Secretary, these have all been classified as non-ministerial. This treatment does not affect the regressions because the Security and Intelligence Agencies have been excluded because of inadequate disclosure. The other Intelligence Agencies are recorded as exits after 1999–2000 and hence do not figure in the years covered by the regressions.

to machinery of government changes (e.g., reconfiguration of departments) that have taken place within the same Government. A considerable amount of year-to-year change in reporting entities seems likely to be a permanent feature of DRAs. This may be accentuated when the party of government changes, as new governments like to make their own mark on the machinery of government.

The number of DRAs within the study were: 52 (1998–99); 49 (1999–2000); 52 (2000–01); and 54 (2001–02).[6] In total there have been DRAs for 65 different departments in the period 1998–99 to 2001–02. The broader question of what constitutes a department has been a recurrent issue in the UK public administration literature and is revisited in the final section of this article. In that literature, there have been many attempts to develop a classification of government departments. For example, Jordan (1994, pp. 15–27) distinguished between 'Five star [i.e., Cabinet-led] departments', 'Non-Cabinet-headed departments' and 'Bureaucratic departments'; and Massey (2002) distinguished between ministerial and non-ministerial departments.

Under Section 5 of the *Government Resources and Accounts Act 2000*, each department for which an Estimate is approved by the House of Commons must prepare DRAs. There are three types of reporting entity: ministerial departments; non-ministerial departments; and pension schemes. Ministerial departments are headed by a minister, or ministers, and undertake ministerial functions. If the legal personality under which a department acts is not a Minister of the Crown, then the department is non-ministerial. The powers and duties under which non-ministerial departments operate are vested not in ministers, but in independent commissioners or the holder of a specific office. Pension schemes are defined as separate departments for the purpose of RA, since the House of Commons approves a separate Estimate for each of them.

The Treasury appoints an official of each department to be the department's Accounting Officer. The statutory duties of an Accounting Officer (Treasury, 2002b, Chapter 4) include preparing accounts and passing them to the C&AG. (The Treasury may also appoint an Accounting Officer for part of a department, for example an Executive Agency.) In practice, the Permanent Secretary of a ministerial department is always appointed. In the case of non-ministerial departments (including those which are Executive Agencies), the chief executive, however described, is appointed. In this study, the operational test adopted for a ministerial department is that the Permanent Secretary is the Accounting Officer and the DRA does not relate to a pension scheme.[7] Of the 65 departments analysed, 35.4% are ministerial, 53.8% non-ministerial and 10.8% pension schemes.

Of the 11 exits in Table 2, four represented major restructurings of ministerial departments; one the abolition of a ministerial department as a consequence of devolution; five the reconfiguration of non-ministerial departments; and one the decision to consolidate the Health & Safety Executive within the accounts of a ministerial department. Of the 13 entrants, four represented the restructuring of ministerial departments; two represented the creation of new ministerial departments after devolution; two represented the creation of new non-ministerial departments; two related to pre-existing non-ministerial departments being brought within the scope of DRAs; two were pension schemes preparing their first DRAs, somewhat behind schedule; and one arose because of a failure to obtain necessary Parliamentary authority for transactions that had previously been dealt with by an AA.[8] In summary, the changing composition is partly a feature of implementation and partly a feature that is likely to be enduring.

CRITERIA OF EVALUATION

The two principal criteria adopted in this article are *timeliness*, measured by certification and availability lags, and *accounts quality*, measured by the property of receiving an unqualified audit opinion.

Timeliness in financial reporting is important for several reasons, which have been discussed in the literature (Drebin et al., 1981; and Rutherford, 1983). In terms of public accountability, which has to be constructed on the basis of public entitlements to information about the activities of government (Likierman and Creasey, 1985), timeliness is an essential feature. Not least, accountability will be impaired if delays in financial reporting lead to situations in which problems involving costs are effectively hidden. Timeliness is among the issues currently being addressed by the Accounting Standards Board (2003, para 3.1) in its interpretation for public benefit entities of its *Statement of Principles for Financial Reporting* (ASB, 1999). The difficulty of establishing user groups for government financial reports (Rutherford, 1992) should not be used as an argument that a lack of timeliness is unimportant. Even if there are no direct users, the fact that there is a public record of the completion of the annual financial cycle provides some measure of assurance. Moreover, if a government organization is unable to meet a reasonable timescale for external financial reporting, there must be doubts about the extent to which accounting information is used for managerial purposes. In principle, timeliness is objectively measurable, though the discussion below shows that it is important to be clear about exactly what is being measured. There is a surprising lack of research on the timeliness of UK governmental financial reporting, in contrast to the considerable literature on audit lags in US municipalities, for example McLelland and Giroux (2000).

Accounts quality is a more problematical concept than timeliness, and there are problems in terms of measurement. As with the AAs they have replaced, all DRAs are certified by the C&AG, irrespective of whether there has been contracting out of audit tasks.[9] The sole evidence available to researchers is what appears either on the face of the audit certificate or in an accompanying report by the C&AG to Parliament, published as an attachment to the DRA. The measurement of accounts quality therefore depends upon professional judgements made by the NAO. However, there can be behavioural interactions between accounts preparers and auditors. In the context of DRAs, the height of the hurdle that has to be surmounted to achieve an unqualified opinion is within the professional judgement of the NAO.

The prior expectation is that accounts quality should improve through time as more experience is gained and practical difficulties are resolved: this can be viewed as a learning-curve effect. However, this expectation rests upon the assumption that the height of the hurdle remains unchanged, and that is not necessarily the case. Two possible scenarios illustrate this concern. First, during the transition process from AAs to DRAs, the NAO might – consciously or sub-consciously – have been relatively gentle on departments facing particular difficulties, partly so as to encourage those making good progress.[10] Second, new issues will arise, for example, as a consequence of new accounting standards established by the Accounting Standards Board which will then be incorporated in the Resource Accounting Manual (Treasury, 2003b) which governs the preparation of DRAs.

DRAs may be affected by pre-existing issues. The AAs of the Department for Work and Pensions and its predecessor have been qualified on grounds of regularity in every year after 1988–89 (Comptroller and Auditor General, 2003, para 3), in connection with controls over benefit expenditure. In contrast, the accounts of its Australian and New Zealand counterparts are not qualified. This raises the issue of whether this difference is attributable to: better financial controls within departments in those countries; to different hurdles being applied by auditors; or to different financial architecture.[11]

Notwithstanding such caveats, both timeliness and accounts quality are desirable characteristics of a central government financial reporting system. At some point there will be a trade-off between greater speed and higher cost, as a compression of certification procedures will generate peak-load problems for the NAO and its audit sub-contractors. Moreover, a compressed timetable will also affect the costs incurred by accounts preparers and might adversely affect accounts quality. However, the empirical work reported later in this article indicates scope for a substantial shortening of certification lags before such cost penalties become important.[12]

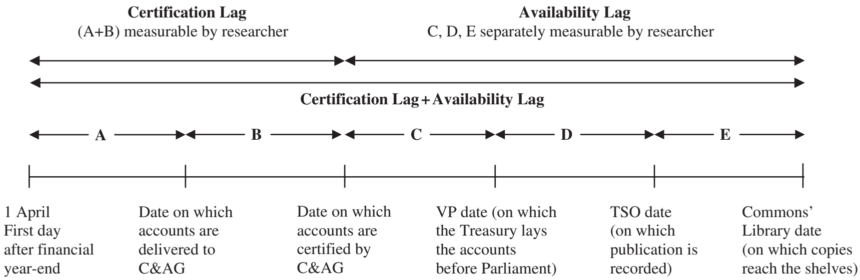
TIMELINESS

Definitions

Empirical work on timeliness must be based on precise definitions so that measurement can be effected. Figure 1 is structured around two principal

Figure 1

The Publication Timetable of Departmental Resource Accounts



Notes:
C&AG = Comptroller and Auditor General; NAO = National Audit Office; TSO = The Stationery Office; VP = Votes and Proceedings.

- Phase A is handled by the department, and may involve consolidation of Executive Agencies accounts.
- Phase B is handled by the NAO, but the time taken depends not only on auditor competence but also on the quality of the department's work at Phase A and issues giving rise to possible audit qualifications. Date on which the accounts are sent to the NAO is not in the public domain and, because of quality issues, would not necessarily be meaningful.
- Phases C to E are handled by the department, under the supervision of the Treasury; the formal laying before Parliament, though administratively undertaken by departments, is in the name of the Treasury.
- The present statutory deadlines are as follows: for DRAs to be delivered to the C&AG by 30 November; for the C&AG to submit certified DRAs to the Treasury by 15 January; and for the Treasury to lay those accounts before Parliament by 31 January. The Treasury (2003a) has proposed a faster timetable, which it could specify using secondary legislation.

concepts. The first is the *certification lag*, measured as the number of months from the first day after the end of the financial year until the day on which the C&AG certifies the accounts. The second is the *availability lag*, measured as the number of months from the date of certification to the date on which the accounts are available to users, whether Members of Parliament or the public. The sum of the certification and availability lags is described as the *reporting lag*.

Measurement of the certification lag is straightforward as the audit certificate is always clearly dated, but there are unexpected complications with the availability lag. These have arisen because of faulty administrative procedures. When the prolonged teething problems have finally been overcome, analysis of availability lags should become much simpler.

In Figure 1, the certification lag is the sum of A + B. When DRAs are published, this can be extracted from the audit certificate. The statutory date for the accounts to be delivered to the NAO is 30 November following the 31 March year-end; A measures the actual period. The statutory date for the accounts to be delivered to the Treasury is 15 January. On the assumption that certified accounts are immediately delivered to the Treasury, this represents A + B. There is no reliable means for the researchers to observe A, though sometimes the NAO makes reference to lateness. In any case, interpretation of this information would be problematic, as accounts of poor quality might be submitted on time. There is no method by which responsibility for the certification lag can be divided by researchers between the department and the auditor, though variations in departmental performance provide some indication that responsibility lies predominantly with departments. Likierman (2002, Q.7–8) specifically ruled out, for the time being, an earlier statutory deadline, whilst indicating his strong commitment to 'faster closing' and setting out a 'personal ambition' for accounts to be laid within three months. Subsequently, the Treasury has published proposals for 'faster closing' (Treasury, 2003a).[13] This booklet stated that the aim is 'to achieve this [the laying of DRAs before the summer adjournment] on a schedule aligned to the production of Whole of Government Accounts' (p. 2). Higher cost might be a consequence of an insistence that all DRAs should be presented before the summer adjournment, as that will accentuate peak-load problems for departments and for the NAO and its private audit firm sub-contractors.

The measurement of reporting lags is complicated by the absence in the case of UK central government, and of public sector bodies generally, of an 'event' that announces the availability of the financial report. This is an important difference from the situation applying to quoted public companies. It constitutes an obstacle to measurement that must be confronted by means of a careful analysis of the component parts of the total availability lag.

The starting point for such an exposition must be the publication arrangements for DRAs. With a few exceptions,[14] DRAs are published in a plain, yellow-covered format as House of Commons Papers, one of the official series of Parliamentary Papers (House of Commons Information Office, 2002).[15] The statutory deadline for DRAs to be laid before Parliament is 31 January. Precise dates on which DRAs were formally laid before Parliament can be established by consulting the publication '*Votes and Proceedings*' (VP) (Limon et al., 1997; and Evans, 2002).

House of Commons Papers are known as 'Act Papers'. When laid they receive printing orders from the House of Commons, carry a House of Commons printing number on the cover, and attract absolute privilege. In practice, a printing number is obtained in advance from the Journal Office of the House of Commons. The formal laying is achieved by the deposit of two identical copies[16] in that Office and in the Printed Papers Office of the House of Lords. A receipt is issued, and the paper is noted in Appendix 1 of that day's *Votes and Proceedings*.[17] This date is labelled in this article as the VP date and is used in the calculation of the VP availability lag (C), one of the three components of the total availability lag, as the number of months between the certification date and the VP date.

Two other measures of availability have been examined. After laying, House of Commons Papers are formally published by The Stationery Office (TSO), the privatized government printer. The 'TSO date' can be extracted from the commercial website operated by TSO for sales purposes. The TSO availability lag (D) is the number of months between the formal laying and the publication date recorded on the TSO website. Provided that the printed DRA has been deposited at the Journal Office, this lag should be minimal, though sometimes it is not.

The third availability lag (E) is the period in months between the TSO date and the appearance of the DRA on the shelves of the House of Commons branch library. As a routine procedure, the library porter stamps a date ('CL date') on each Parliamentary Paper before it is shelved for use. This is a low-level control procedure and random factors, such as intervening weekends or public holidays, may produce small lags. Occasionally, there is no stamped date on the document.[18] CL lags ought to be virtually zero, though when they become extended the most likely cause is delays in distribution affecting the arrival of the printed DRA at the House of Commons. Effectively, the CL date is being used as a proxy for when the DRA is available to Members of Parliament at the Vote Office.

Findings on Certification Lag

Table 3 reports, separately for each of the three years of the study, the empirical results on timeliness. Reporting lag is broken down into certification lag (A + B) and availability lag (C + D + E). Two of the component parts of the availability lag can be verified from publicly available sources, but the third (CL date) cannot. For reasons of clarity, the availability lags are measured on an incremental basis, with the component parts then being summed to arrive at the total availability lag. In the long term, total availability lags should be trivial, certainly not more than a week; there is evidence from the best performers that this is feasible. The failures in the administrative procedures that are highlighted by Table 3 ought to be rectified. What is surprising is that these are still occurring when three years of DRAs have now been published, particularly when they have attracted Parliamentary attention (Smith, 2002).

As well as maximum and minimum lags on each measure, Table 3 reports the mean and standard deviation. Over the three years of published accounts, there has been a downward trend in certification lags. It must be remembered that the only 'live' year is 2001–02, with the purpose of audited shadow DRAs having been to smooth the transition. Accordingly, criticisms of the first two years need to be tempered because these were consciously 'practice' years.

Table 3

Timeliness of Departmental Resource Accounts (months)

	Measured by:	*1999–2000*				*2000–01*				*2001–02*			
		Mean	*σ*	*Min*	*Max*	*Mean*	*σ*	*Min*	*Max*	*Mean*	*σ*	*Min*	*Max*
Certification lag	Date of C&AG signature	**9.07**	**2.12**	**3.57**	**11.93**	**8.52**	**2.00**	**3.28**	**10.89**	**7.90**	**2.05**	**2.69**	**10.00**
VP availability lag	Date laid before Parliament	1.11	1.60	(0.03)‡	8.46	0.88	1.04	(0.03)‡	4.30	0.89	0.91	0.00	4.10
TSO availability lag	Date of publication by Stationery Office	1.00	1.07	(0.03)‡	3.28	0.62	1.03	0.00	6.13	0.24*	0.85*	(0.03)*‡	5.64*
CL availability lag	Date on which stamped in Commons Library	0.06*	0.05*	0.00*	0.23*	0.08*	0.32*	0.00*	2.23*	0.04*	0.02*	0.00*	0.10*
Total availability lag†		**2.01***	**1.39***	**0.26***	**8.46***	**1.55***	**1.16***	**0.13***	**6.23***	**1.16***	**1.10***	**0.03***	**5.93***
Reporting lag†		**11.24***	**1.77***	**7.21***	**15.15***	**10.35***	**2.03***	**3.64***	**17.11***	**9.05***	**2.21***	**2.89***	**15.67***

Notes:
C&AG = Comptroller & Auditor General; TSO = The Stationery Office; VP = Votes and Proceedings; and CL = Commons Library.
* These values are affected by there being some observations for which there are no CL dates (three in 1999–2000 and four in 2000–01), due to either missing documents or missing date stamps. In 2001–02 the non-publication of the DRA for the Intervention Board Executive Agency is another instance (see Table 2).
† These do not match the sum of the components as there are some observations for which there are no CL dates and also because of the issue affecting the Intervention Board Executive Agency in 2001–02 (see Table 2).
‡ Although negative lags are not logically possible, the separate recording systems do, in a few cases, lead to the calculation of negative lags of 1 day (ie 0.03). These indicate minor recording errors in the source data.

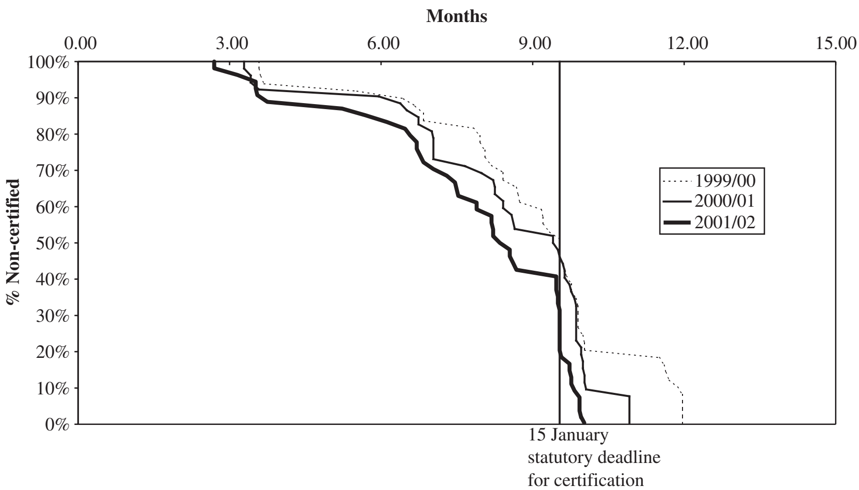
For 2001–02, the mean certification lag had fallen to 7.90 months, a reduction of 13% on that for 1999–2000. Similarly the minimum (2.69) and maximum (10.00) lags had fallen to, respectively, 75% and 84% of their 1999–2000 values. The standard deviation remained almost unchanged, with the coefficient of variation increasing from 0.23 to 0.26.

Figure 2 plots the proportion of accounts not yet certified (vertical axis) against months after the year-end (horizontal axis). The shape of these three lines is almost identical, with small shifts to the left of the previous year. The reduction in certification lag at any given percentage of accounts not yet certified is measured by the horizontal distance between the lines. There is an obvious flurry of certification activity very close to the statutory deadline of 9.5 months. In 2001–02, 41% of the accounts were certified in the tenth month. In that year, 20% of DRAs were certified after the statutory deadline of 15 January, 2003.

In advancing the case for faster closing of DRAs, the Treasury (2003a, p. 4) noted that the Company Law Review (Company Law Review Steering Group, 2001, p. 195) recommended that 'Quoted public companies should publish their accounts on a website within 120 days of the year-end'. The Treasury has not made a specific proposal for shortening the timetable for

Figure 2

Timeliness of Departmental Resource Accounts, 1999–2000 to 2001–02



laying accounts before Parliament. However, it has proposed that the timetable for departments to submit their final consolidated resource accounts to the NAO should be brought forward from 30 November to 30 September. The bunching of the lines in Figure 2, and particularly the flurry of activity around the statutory deadline, affords some support for the view that a shorter deadline would speed up certification.

Summary of Regression Results on Certification Lag

The full regression results are reported in Table 5 in Appendix A, where there is also a summary of the model that has been estimated. The objective is to identify the principal factors that explain variations in certification lag.

The reported regression is an OLS model, run on 1999–2000 to 2001–02 data as a panel of 152 observations. The Adjusted R^2 is 0.46, and the F-test is statistically significant at 1%. The results for individual variables are encouraging, generally confirming *a priori* expectations. Variables can usefully be divided into two categories: those that might be expected to have an enduring effect; and those whose effect may be more important during the transition stage.

First, a number of factors can be expected to endure. Consolidation (CONS) adds just over a month to the certification lag (significant at 1%). The first-time audited variable (NEW) adds about a month (significant at 1%). The proportion of gross expenditure met from Appropriations-in-Aid (%AinA) has a negative coefficient and is significant at 1%. This suggests that having substantial revenues brings a higher priority to accounting tasks and that this more than offsets the effect of greater task complexity. When an account is qualified (AQ), over a month is added to the certification lag (significant at 1%). Pension schemes (PS) will always be different from other DRAs; there was no expectation about sign, with the result being an addition of just less than a month (significant at 5%). The ministerial department variable (MD), which might be thought of as an indicator of political salience and complexity, lacks all statistical significance. The expectation was that such departments, being complex and closer to politics (hence managerial tasks may figure less prominently), would have longer certification lags.

Also tested are two variables relating to departmental size. The adopted measure of expenditure is gross expenditure as reported in Schedule 1 of the DRA, and that of assets is total assets less current liabilities. For the purpose of the regressions, these variables were standardized. Neither variable attained statistical significance. There was no clear expectation about the effect of size variables, as the point could be argued either way. A large department may have more complex accounting and asset valuation issues to confront, but equally it may have more resources to devote to the RA process.

Second, certain variables might be connected with the transition process. The fact that a department is also an Executive Agency (EA) reduces the certification lag by more than two and a half months, which is a remarkable effect. What distinguishes these from other non-ministerial departments is their prior experience with accruals accounting (as part of the Next Steps project), which in some cases now stretches back about ten years (Rutherford, 1996; and Karbhari and Pendlebury, 1997). The other transitional variables are the year dummies, measured with reference to 1999–2000, with the expectation being that these will be increasingly negative. A reduction in certification lag of about one and a quarter months is indicated for 2001–02. When the learning curve has been fully exploited, the expectation would be that time dummies would no longer be statistically significant, relative to a recent base year.

Findings on Availability Lags

The total availability lag has three components, all measured on an incremental basis: VP availability lag; TSO availability lag; and CL availability lag. The empirical results shown in Table 3 reveal remarkable variations in the time taken to complete a routine set of administrative steps. In 1999–2000 and 2000–01, it could be argued that the system was new and that DRAs were only shadow documents.

However, in 2001–02, DRAs were the formal vehicle of Parliamentary accountability, yet the range of total availability lags was from 0.03 (i.e., one day) to 5.93 months. With the mean being 1.16, the standard deviation of 1.10 led to a remarkably high coefficient of variation (0.95). The most important component of total availability lag in 2001–02 was the VP availability lag, with a mean of 0.89 months. In 2001–02, both the TSO and CL availability lags were small, except in a few cases. One DRA (Serious Fraud Office) took 1.97 months from VP availability to TSO availability. Another DRA (Northern Ireland Court Service) took 5.64 months. These are steps which can both be achieved on the same day.

These circumstances may be attributable to misunderstandings of the laying and publication arrangements for Parliamentary Papers. Both laying and publication arrangements for AAs were handled centrally by the Treasury. Whilst the Treasury remains responsible for laying all DRAs, departments are responsible for the publication arrangements of their own DRAs. Some departments may have confused the arrangements for laying (involving deposit at the Journal Office so that the DRA can be ordered to be printed) and the arrangements that need to be made with TSO (in order to have the DRA made available at the Vote Office and placed on sale).

In terms of Parliamentary accountability, the most important lag is the reporting lag, defined as the sum of the certification and total availability lags. For 2001–02, the mean was 9.05 months; the standard deviation of 2.21 leads to a coefficient of variation of 0.24. The range remained large, from a minimum of 2.89 to a maximum of 15.67.

ACCOUNTS QUALITY

Definitions

For the purposes of this empirical work, the measure of accounts quality is whether the accounts receive an unqualified opinion from the C&AG, with the necessary evidence being extracted from the audit certificate. Table 4 covers four years (1998–99 to 2001–02), though for the first year the source is not the audit certificate itself but what the NAO reported to Parliament about the content of the audit certificate (National Audit Office, 2002, pp. Ev 26–35). It is important to note that Table 4 treats departments as

Table 4

Audit Opinions on Departmental Resource Accounts

	1998–99 *No.*	*1999–00* *No.*	*2000–01* *No.*	*2001–02* *No.*
Unqualified opinion	**22**	**37**	**44**	**38**
Of which, CSAQs	n.a	2	2	2
Without unqualified opinion due to:				
Financial reporting				
Scope limitation	9	8	6	6
Disagreement opinion	9	1		
Adverse opinion	5			
Disclaimer opinion	4	3		
Nil opinion	3			
Sub-total	**30**	**12**	**6**	**6**
Breach of statutory duty				
Irregular expenditure		2	3	2
Excess expenditure				9
Excess administration costs				1
Failure to comply with disclosure requirements				1
Subtotal		**2**	**3**	**13**
Total accounts without unqualified opinion		**12**	**8**	**16**
Total accounts	**52**	**49**	**52**	**54**

Notes:
Although DRAs were prepared for 1997–98, they were not audited. The audited DRAs for 1998–99 are not in the public domain, and the analysis for that year is derived from information which the NAO has placed in the public domain (National Audit Office, 2002). When DRAs do not have unqualified opinions, they can fall into more than one category: for example, a scope limitation can be combined with a disclaimer. Consequently, totals are not necessarily the sum of sub-totals.

the unit of analysis, notwithstanding the enormous range in their financial importance, whether measured by assets employed or net operating cost.

The first set of entries in Table 4 records, for each year, the number of accounts that received an unqualified opinion. In each of the three years for which DRAs are in the public domain, only two of these unqualified accounts had, on the face of the audit certificate, comments on accounting or financial issues that did not lead to audit qualifications, here described as 'CSAQs' (Comments Short of Audit Qualification).

Next, those accounts without unqualified opinions are categorized. The issues that gave rise to that status are grouped according to whether they can be regarded as financial reporting issues or as breaches of statutory duty. Cases of multiple scoring are possible; for example, the Lord Chancellor's Department's unpublished 1998–99 DRA (National Audit Office, 2002, p. Ev 31) incurred both a scope limitation and a disclaimer opinion. In such a case, there is scoring in each of the categories; a separate line in Table 4 shows the total number of accounts without an unqualified opinion. However, it is possible for one DRA to have more than one disclaimer, as in the case of the Ministry of Defence DRA for 1999–2000 (Ministry of Defence, 2001). In Table 4, multiple disclaimers on a DRA in the same year only score once.[19]

Within the financial reporting grouping, there are five audit opinions that NAO may give to indicate that the accounts do not have an unqualified opinion: scope limitation; disagreement opinion; adverse opinion; disclaimer opinion; and nil opinion. Formal definitions of these terms are provided in Appendix B, where the equal gravity of the scope limitation and disagreement opinion are indicated by the layout. The best outcome is clearly the unqualified opinion at the top of the listing, with the alternative opinions sequenced in order of gravity. Table 4 shows that the subtotal for such incidents fell dramatically from 30 (1998–99 audited but unpublished accounts) to 12 in 1999–2000 (the first year for which the audit certificate is in the public domain). In both 2000–01 and 2001–02, the only such incidents were six scope limitations.[20]

Within the breach of statutory duty grouping, the striking feature of Table 4 is that a substantial number of breaches (13) arose in 2001–02, after only three in 2000–01, two in 1999–2000 and none in 1998–99. In 2001–02, ten DRAs were qualified on the basis of excess expenditure or excess administration costs. In the previous years, none had been qualified for these reasons. This does not indicate that performance was necessarily worse in 2001–02 than in previous years. Until AAs ceased to be published in 2001–02, excess votes were only in relation to cash, since only cash was voted by Parliament. From 2001–02, excess votes are against both voted cash and voted resources in resource Estimates. For there to have been consistency through time, the NAO would have had to qualify shadow DRAs on the basis of notional breaches against voted resources, and this was not done.

Accordingly, this part of Table 4 should be interpreted in light of the hurdle having been raised in 2001–02 when the system went live.

ASSESSMENT OF RESOURCE ACCOUNTING IMPLEMENTATION

An assessment has to be provisional because this empirical research is based on only one year of live RA implementation. Nevertheless, certain conclusions can already be drawn. Both the descriptive statistics and the regression model are helpful in the insights that they convey.

First, the bunching of certification dates (see Figure 2) around the statutory deadline for laying accounts offers some support for the view that a shorter timetable would help reduce certification lags. In 2001–02, 20% of certifications occurred later than the 15 January statutory date, but all 54 certified DRAs had been laid before Parliament by the statutory deadline of 31 January. Nevertheless, there is a balance to be struck: there are no sanctions on departments for breaches of this statutory timetable; repeated infringements might discredit the timetable; and there may be cost and quality implications of attempting to reduce certification lags too quickly. There is some evidence of speeding up, and the coefficient on DUMMY02 is negative and substantial (-1.23 months in relation to the 1999–2000 base), being statistically significant at 1%. However, there remains substantial scope for improvement in timeliness, with downward pressure on certification lags clearly being necessary. The large negative coefficient on the EA variable was particularly interesting.

Second, the regression model has strong explanatory power, with an Adjusted R^2 of 0.46. Certain variables that make accounting sense are statistically significant with the expected signs: NEW; CONS; AQ; and %AinA. These results confirm the expectation that, with the system running smoothly and efficiently, some dispersion will occur for operational reasons. For example, a new department, involving consolidations and receiving an audit qualification, might be expected to have a longer certification lag than a well-established, free-standing department receiving an unqualified audit opinion. The size variables, whether measured in terms of assets or expenditure, were never significant. The regression also identified the effect of variables connected with the transition process. DUMMY02 and EA can both be viewed as illustrations of the potential to exploit the learning curve. Except where departments were able to benefit from experience derived from their Executive Agencies and Executive Non-Departmental Public Bodies (Heald and Geaughan, 2001), RA implementation in departments was against a backdrop of very little experience at a senior level of accruals accounting.

Third, the impression of steady improvement, both in timeliness and accounts quality, needs to be modified in one important respect. An assessment of RA implementation cannot be done solely by counting the number of qualifications or tracking mean certification lags. Clearly, some departments are much more important in expenditure terms than others, and some of those with continuing difficulties are important ones. Among the departments currently without unqualified audit opinions are several departments that account for a large proportion of total assets and expenditure. Departments receiving qualified audit opinions in 2001–02 included the Department for Work and Pensions, the Home Office, the Department of Transport, Local Government and the Regions, the Ministry of Defence, and the Department for Education and Skills.[21] Between them, these five departments accounted for 59% of the aggregate Schedule 1 gross expenditure and 78% of the aggregate value of total assets less current liabilities of the 54 departments. Obviously, qualifications covered only part of the expenditure of these departments and were for a number of very different reasons; some pre-dating DRAs, some about the transition from cash-based systems to accruals, and some for one-off issues. Some departments will always be vulnerable to delays in the arrival of third-party information, particularly from local authorities. However, there has to be concern that there will be a demotivating effect in departments that begin to expect always to be qualified.

Fourth, within a few years, it will be possible to say that transition has been completed. However, it is likely that new issues will arise, perhaps in connection with the definition of reporting entities and the determination of which bodies fall within DRAs. Moreover, the surge in audit qualifications classified in Table 4 as breaches of statutory duty (e.g., excess expenditure) illustrates the complexities that arise when government accounting is so heavily embedded in public expenditure control procedures (Heald and McLeod, 2002). Another cause of difficulty will be machinery of government changes, especially if reconfigurations of departments are not structured on the basis of ready building blocks. One technical issue that will arise is that different departments have developed different accounting systems, which are not necessarily compatible in the event of machinery of government reconfigurations.

Fifth, this empirical study on the reporting entities defined as departments for the purposes of RA implementation draws attention once again to the fuzziness associated with machinery of government issues in the United Kingdom. There is circularity in the definition of a government department as a body that requires a DRA because it presents a resource Estimate to Parliament. There is the prior question of the criteria that determined that it would present a resource Estimate. This lack of a clear definition of what is a government department, and the need to examine multiple and sometimes contradictory lists, has attracted considerable attention from political scientists (Hood et al., 1978; Dunleavy, 1989a and 1989b; Jordan, 1994; Hogwood, 1995; McLean et al., 2000; and Massey, 2002). The more attention one pays to this issue, particularly when attempting to produce a definitive list such as Table 2 for use in regressions, the more compelling is the view that, away from the core departments of state, the way some bodies are constituted is partly a matter of historical accident. Some of the smaller departments might have taken other forms, for example as Executive Non-Departmental Public Bodies outside the departmental boundary (Heald and Georgiou, 2000). This roughness at the edges, especially when it substantially affects accounting treatment and the definition of reporting entities, is one of the reasons why the Treasury's Whole of Government Accounting project (Treasury, 1998 and 2001a) is so important. Effectively, the Treasury asked its critics for forbearance on the specification of the departmental boundary, so that it could concentrate on RA implementation in central government departments, on the understanding that these issues would be addressed in the medium term. The adoption of UK GAAP, as modified by the Resource Accounting Manual (Treasury, 2003b), has significant implications for the degree of precision that needs to be applied to machinery of government issues.

Sixth, one of the benefits of RA has been to force accounting systems up the managerial agenda of government departments. Even if some of the claims made for RAB in terms of better decision-making and enhanced public accountability are overstated, there has been unprecedented momentum for improving the accounting infrastructure on which decision-making ought to be based. The greater alignment with UK GAAP is also likely to generate more media attention (Parker, 2003), as government accounting ceases to be regarded as an obscure and backward area. The absence of an announcement event has proved more damaging than might have been expected, and the dispersion of total availability lags needs to be addressed for future DRAs. It should be possible for the Treasury to include in accounting guidance a requirement for departments to make a formal publication announcement, for example on their websites. It would also be helpful if departments currently publishing outside the yellow-format series would publish their DRA within it, if necessary, in parallel to their report and accounts. This format of publication is a useful means of denoting which are DRAs and which are other resource accounts presented to Parliament. Unfortunately, the more likely development is for more DRAs to be published outside the yellow-format series.

What is now required is a process of continuous improvement, targeted at the large, important departments where accounts quality issues still arise, and at those smaller departments whose certification lags seem disproportionate to their organizational and financial complexity. Otherwise, the laggards in timeliness and quality will attract Parliamentary and media criticism, which may divert attention from the enormous investment and dedication that RA implementation has involved.

APPENDIX A

Regression Model of Certification Lag

Reporting of Regression Results

Table 5

Regression Results

Variable	*Coefficient*	*t-ratio*	$P[\|T\|>t]$
Constant	9.00190526**	33.019	0.0000
MD	−0.09192654	−0.327	0.7440
PS	0.84743723*	2.150	0.0333
NEW	1.10040324**	2.867	0.0048
CONS	1.15155660**	4.421	0.0000
AQ	1.16203611**	3.531	0.0006
STD(EXP)	−0.09885153	−0.688	0.4927
STD(TACL)	−0.15256478	−1.331	0.1852
%AinA	−1.64675693**	−4.438	0.0000
DUMMY01	−0.47239753	−1.668	0.0976
DUMMY02	−1.23036470**	−4.078	0.0001
EA	−2.69560295**	−4.403	0.0000

Notes:
Estimation procedure is Ordinary Least Squares.
Number of observations = 152.
Model is corrected for heteroskedasticity, using White's standard errors.
Adjusted $R^2 = 0.46034$.
$F[11, 140] = 12.71$; Probability value = 0.00000.
* Indicates statistically significant at 5 %; ** indicates statistically significant at 1%.

The following model has been estimated:

$$\begin{aligned}\text{CERTLAG}_x &= \beta_1 + \beta_2\text{MD}_x + \beta_3\text{PS}_x + \beta_4\text{NEW}_x + \beta_5\text{CONS}_x \\ &+ \beta_6\text{AQ}_x + \beta_7\text{STD}(\text{EXP}_x) + \beta_8\text{STD}(\text{TACL}_x) + \beta_9\%\text{AinA}_x \\ &+ \beta_{10}\text{DUMMY01}_x + \beta_{11}\text{DUMMY02}_x + \beta_{12}\text{EA}_x + e_x\end{aligned}$$

where the variables are defined as follows:

MD	Ministerial Department
PS	Pension Scheme
NEW	First time this DRA has been prepared and audited
CONS	Subsidiary accounts have been consolidated
AQ	Audit Qualification
STD(EXP)	Standardized Schedule 1 gross expenditure
STD(TACL)	Standardized total assets less current liabilities
%AinA	Proportion of gross expenditure financed by Appropriations-in-Aid
DUMMY01	Financial year 2000–01
DUMMY02	Financial year 2001–02
EA	Executive Agency.

Further Discussion of Regression Methodology

The original intention was to report Fixed Effects regressions as well as OLS regressions. The purpose was to detect differences in timeliness that were unrelated to the independent variables in the regression model, but persistent through time. These might have been interpreted in terms of financial culture and/or competence, which may vary across departments.

In the event, this has not been done for two reasons. One reason is that the number of DRAs that can be included in the regressions necessarily falls because Fixed Effects regressions can only be undertaken when a DRA exists in all three years (1999–2000 to 2001–02). This would have reduced the number of DRAs to 44 per year. The more important reason is that several of the statistically significant variables are time invariant, and therefore have to be dropped from a Fixed Effects regression. In the model reported above, the variables EA, PS, MD and CONS are all time-invariant. If these variables were to be removed from the OLS regression, the statistical performance of the model deteriorates dramatically. Accordingly, this is a case when the Fixed Effects methodology cannot usefully be applied.

APPENDIX B

Explanation of NAO's Audit Opinions

An **unqualified opinion** is expressed when in the judgement of the auditor the financial statements give a true and fair view and have been prepared in accordance with the relevant accounting requirements.

A **scope limitation** is expressed where there has been a limitation on the scope of the auditor's work that prevents him from obtaining sufficient evidence to express an unqualified opinion.

A **disagreement opinion** is expressed where the auditor disagrees with the accounting treatment or disclosure of a matter in the financial statements and in the auditor's opinion the effect of the disagreement is material to the financial statements.

An **adverse opinion** is given where the effect of a disagreement by the auditor with the accounting treatment or disclosure of matters is so material or pervasive that the auditor concludes that the financial statements are seriously misleading. Such financial statements do not give a true and fair view.

A **disclaimer of opinion** is given where the possible effect of a limitation on scope is so material or pervasive that the auditor has been unable to obtain sufficient evidence to support, and so is unable to give, an opinion on the financial statements.

A **nil opinion** is given where the accounts were insufficiently developed to offer an audit opinion (this was only used during shadow running).

Source: National Audit Office (2002, p. Ev 26) and Treasury (2002e, footnote 38).

NOTES

1 Professor Sir Andrew Likierman was Chief Accountancy Adviser to HM Treasury and Head of the Government Accountancy Service until August 2004. Appointed to this post in December 1993, he was responsible for the development and implementation of RAB.

2 The term 'Departmental Resource Accounts' is not used by the Treasury, which instead simply refers to 'resource accounts'. The advantage of the DRA terminology is that it focuses attention on departments that produce resource accounts in order to discharge their Parliamentary accountability as part of the Estimates cycle; many other public organizations present resource accounts to Parliament.

3 Further information about RAB is available from a series of Treasury guides, for example Treasury (2001b, 2001c, 2001d, 2001e, 2002c and 2002d). At successive stages in the process of implementation, the Public Accounts Committee and the Treasury Committee have published progress reports.

4 The reasons for the slow pace of implementation were stated to be: concerns about the scale of the undertaking in certain departments, notably the Ministry of Defence; concerns about the availability of relevant skills; and concerns about containing the costs of implementation, for example by avoiding wholesale replacement of accounting systems and allowing the RAB issues to be dealt with by the periodic upgrading of accounting systems (Likierman, 2002, Q.38).

5 'Although the accounts did not receive a formal audit opinion and were unpublished, the National Audit Office carried out a full audit of them as part of the Trigger Point process and reported its findings to departments and to the Treasury' (National Audit Office, 2001, para 6.6).

6 The DRAs for the Security and Intelligence Agencies, though included in the descriptive statistics, have been excluded from the regression analysis because so little information is published.

7 This test is overridden in the case of the Security and Intelligence Agencies (and their predecessors), for which the Cabinet Secretary is the Accounting Officer but which are regarded as non-ministerial. This treatment does not affect the regressions, either because there is insufficient information to include as an observation or because a DRA was not prepared later than 1998–99. Such a test would not have worked on the pre-devolution Scottish Office, where, for operational reasons in relation to accountability to Parliament, the Accounting Officer function was delegated to heads of the Scottish departments (these were in reality directorates of the Scottish Office).

8 The body, the Royal Mint, has subsequently had its remit altered by statute and this particular DRA will not appear from 2002–03 onwards. The Royal Mint is an Executive Agency, with the status of a trading fund, which had been established before the Next Steps programme.

9 In such cases, the audit files are reviewed by NAO staff before the C&AG signs the audit certificate.

10 Conscious recourse to this tactic was ruled out by Sir John Bourn, the C&AG, at a meeting of the Public Accounts Commission on 24 February, 2004. He emphasized that the objective of the NAO was to operate uniform criteria across departments for qualifying accounts (Bourn, 2005).

11 It is difficult to establish a fair basis of comparison. In New Zealand, the Department of Social Welfare (DSW) has not been qualified since 1994. However, benefit payments are made by DSW on behalf of the Crown and benefit expenditure does not appear in DSW's accounts, where they are reported as supplementary information. The Audit Office has concluded that the systems are sufficient to ensure that this is not material in terms of the overall financial statements of the Crown. There seem to be two relevant possibilities. The first is that the United Kingdom has a bigger problem with insecure benefit expenditure systems than New Zealand; the second is that both countries have similar problems but the differences in financial architecture and/or professional judgement mean that these have different results in terms of audit qualifications (e.g., materiality judged at a departmental level might look different from materiality judged at the Crown level).

12 UK central government encounters two specific problems. The first is that DRAs, as House of Commons Papers, cannot be tabled when Parliament is adjourned. The summer adjournment usually begins about the last week in July, just less than four months after the financial year-end. Under the arrangements for 'Modernization', the House of Commons can now return in mid-September for two weeks, but then adjourns for Party conferences until mid-October. This new schedule provides a window for laying DRAs that did not exist when the summer adjournment lasted until late October, thus creating a void period of almost four months. The second is that the DRA of a department that has received a Supplementary Estimate cannot be laid until the following year's Appropriation Act has been enacted. This is usually not until late July, very close to the summer adjournment, thus creating a very tight window for laying in such cases. (As from March 2005, this particular issue will be resolved by having two Appropriation Acts in a financial year, one in March, one in July.) Taken together, these two issues about the arrangements for laying may also affect certification lags. The C&AG will usually not certify accounts a considerable period ahead of laying because of the possibility of post-balance sheet events arising in the intervening period.

13 The Treasury has explained that '. . . it has no legal power to impose sanctions in the event of the certified accounts not arriving at the Treasury in time to lay them by the 31 January statutory deadline. Certainly, the [Government Resources and Accounts] Act does not allow for the imposition of any sanctions for the failure to meet any of the statutory deadlines. Section 26 of the Act provides that if the Treasury fails to lay the C&AG's Report before the House of Commons by the statutory deadline then the C&AG shall lay the report before the House of Commons as soon as possible . . . a failure by an Accounting Officer to ensure that the department's accounts are sent to the C&AG by the statutory deadline is, insofar as it obstructs or impedes the C&AG in the discharge of his duty (or tends to produce such a result), technically a contempt of Parliament' (Treasury, 2002a, para 5). With regard to 2000–01, 27 departments failed to meet the statutory deadline, including the Treasury itself (Leigh, 2002, Q.7). The Treasury has powers under the *Government Resources and Accounts Act 2000* to amend the statutory timetable by secondary legislation.

14 Although published in the HC series of Parliamentary Papers, some DRAs have taken the form of a combined annual report and accounts, namely those of HM Customs and Excise in 2001–02; the Forestry Commission in 2000–01; the Forestry Commission Pension Scheme in 2000–01; and the Office for National Statistics in all three years (1999–2000 to 2001–02). What these DRAs have in common is that they emanate from long-established non-ministerial departments with a tradition of separate reporting to Parliament.

15 Provided that the Treasury has issued an Accounts Direction, they are published as House of Commons Papers, carrying a number such as 'HC 354 of Session 2002–03'. If an Accounts Direction has not been issued, they are published as Command Papers, carrying a number such as 'Cm 5444 of Session 2001–02'. In the former case, the DRA appears with the precise date on which it was 'Ordered by The House of Commons to be printed'. In the latter case, the DRA shows the month during which it was presented to Parliament. In 2001–02, all DRAs within the yellow-covered standard format were published with an HC number, indicating that an Accounts Direction had been made.

16 On occasions of great urgency, the Journal Office (known for these purposes only as the Votes and Proceedings Office) will accept papers in typescript; normally, however, the deposited copies are expected to be identical to the published copies.

17 When the procedure works smoothly, the Journal Office will, on the following morning, send one copy to the House of Commons Library while the TSO will send multiple copies to the Vote Office of the House of Commons and place the publication on sale.

18 This does not happen frequently, though it does mean that the calculated values for the CL lag are not necessarily based on the full population of DRAs. Occasionally items are missing from the library stock.

19 Otherwise, Table 4 would become more difficult to interpret. In fact, there are only two cases where this occurred: the 1999–2000 DRA of the Ministry of Agriculture, Fisheries and Food received disclaimers of opinion, due to insufficient evidence and disagreement about accounting treatment; and the Ministry of Defence DRA in the same year was given disclaimers, due to insufficient evidence and failure to comply with accounting standards.

20 In 2001–02, these were incurred by the Ministry of Defence, the Department for Work and Pensions, the Security and Intelligence Agencies, the Home Office, the Department of Environment, Food and Rural Affairs and the Office for National Statistics.

21 The Home Office is generally regarded as having slipped back, while the Ministry of Defence is generally regarded as having done exceptionally well to tackle the serious implementation issues it confronted.

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