

Committee of Public Accounts

House of Commons, London SW1A 0AA

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Cat Little

Director General, Public Spending and Head of the Government Finance Function

HM Treasury

1 Horse Guards Road

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31 August 2021

Dear Ms Little,

Whole of Government Accounts

Thank you for your letter dated 15 July providing an update on the 2019-20 Whole of Government Accounts (WGA) and explaining that you no longer believe that you can publish the WGA within the statutory deadline of 31 December 2021 without reducing its quality. This follows your previous letter of 25 January when you explained that you would not be able to produce a draft account for the Comptroller & Auditor General by the statutory deadline for doing so. You have committed to providing a further update after the summer recess.

We discussed the trade-off between quality and timing of the WGA when we met in February, following your letter of 25 January. At that point you outlined to the Committee that there was a choice to be made between delivery of the account prior to the summer recess at a lower quality; or delivery after the summer recess while retaining the quality we have come to expect of the WGA. The committee reaffirmed the importance of receiving a good quality account, and this remains our primary concern. I am therefore disappointed that you no longer believe that you can deliver an account of the planned quality within the statutory deadline.

You anticipate that an account delivered by the statutory deadline is likely to have additional qualifications. You outline that a range of options have been considered to accelerate the publication of the account, including reducing the volume of work undertaken to resolve mismatches in data and more radical options. However, you have not indicated the extent to which a short extension to the deadline could mitigate the qualification risks that you identify. The Committee would like to better understand the trade-off that you are proposing between timeliness and quality, and therefore expects that your post-recess update letter explains: the risks that your proposals pose to the quality of the WGA; how you propose to ensure that any qualifications do not impact future years; and what the timetable impact would be if you do not take these actions.

The Committee would also highlight the importance of improving the quality of analysis and narrative in the WGA to address what will be a significant delay between the accounting period and publication. We discussed this in February and were pleased with your commitment to make progress in this area. The recent further delay heightens the importance of this action.

Your initial explanation of delays to the 2019-20 WGA timetable, on 25 January 2021, highlighted the impact of COVID-19 on accounts timetables, including its effect in exacerbating existing challenges in local government timetables. You now highlight implementation issues with OSCAR 2 as an additional principal cause. It is not clear from your letter the extent to which the latest delay is attributable to these implementation issues or further delays in public sector accounts, and why the delay was not foreseen earlier. In your post-recess update letter I would appreciate receiving your assessment of the potential for OSCAR 2 issues to further impact the 2019-20 timetable.

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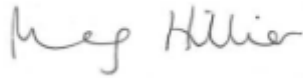
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You expect to return to a pre-recess timetable for 2021-22, i.e. with that account laid before the summer recess in 2023, assuming that underlying entities are effective in recovering their timetables. Given the significant delays to the 19-20 WGA, the Committee expects that HM Treasury will rigorously review the causes of delays this year to understand what further actions are required for 2020-21 and 2021-22, and to provide assurance that your proposed timetables are deliverable.

I would be grateful if you send your response before you give evidence to the Committee on Monday 13 September in relation to our *Efficiency in Government* inquiry.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Meg Hillier', is centered below the text 'Yours sincerely'.

Dame Meg Hillier MP
Chair of the Committee of Public Accounts