



House of Commons

Committee of Public Accounts

Excess Votes (Northern Ireland) 2002–03

**Twenty-second Report of
Session 2003–04**



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Report, together with formal minutes

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The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No 148).

Current membership

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Rt Hon Alan Williams MP (*Labour, Swansea West*)

Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at http://www.parliament.uk/parliamentary_committees/committee_of_public_accounts.cfm. A list of Reports of the Committee in the present Session is at the back of this volume.

Committee staff

The current staff of the Committee is Nick Wright (Clerk), Christine Randall (Committee Assistant), Leslie Young (Committee Assistant), and Ronnie Jefferson (Secretary).

Contacts

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Summary

Introduction

The Report by the Committee of Public Accounts on Excess Votes is part of the framework of Parliamentary control over government spending. Once the audited accounts of each Department have been laid in Parliament, the Committee meet to consider the reports by the Comptroller and Auditor General on the accounts of those Departments that have exceeded the limits of expenditure authorised by Parliament. The Committee's Report recommends whether Parliament should approve further grants to the Departments concerned, thereby regularising the excess expenditure. Where the Excesses are the results of failures in control within Departments, the Committee may make recommendations for improvements.

Resource-based Supply was introduced in 2001–02. It requires Departments to forecast and manage the resources they will consume in delivering services, including changes in the value of assets and liabilities for which they are responsible, as well as their cash spending.

Conclusions and recommendations

1. In 2002–03, the second year of resource-based Supply, the total value of the Excesses incurred by Departments was slightly lower than in 2001–02. In 2002–03 two Departments incurred resource Excesses with a total value of £4.5 million, compared with £6.3 million incurred by three Departments in 2001–02.
2. Although the number and value of Excesses in 2002–03 has fallen from the previous year this does not diminish the significance of the individual Excesses. We expect Departments to plan and control their consumption of resources and their cash requirements within the limits authorised through the Budget Act.
3. The resource Excesses in 2002–03 could have been largely avoided if the Departments concerned had correctly operated the resource accounting and resource-based Supply procedures. Errors in the preparation of Estimates and the failure to monitor and forecast properly financial performance during the year resulted in Departments not identifying overspending against budgets. As a consequence they did not recognise the need to take the steps to control expenditure and, where appropriate, seek additional Supply.
4. Accounting Officers have a personal responsibility to observe the limits on expenditure laid down by the Northern Ireland Assembly or Parliament, whether in resource or cash terms. They should give the highest priority to satisfying themselves that their departments can fulfil that responsibility under resource-based Supply. Departments, where they have not already done so, should implement appropriate accruals-based financial systems to support their planning and in-year monitoring of resource outturn as well as cash spending. We expect the Department of Finance and Personnel to bring our concerns to the attention of all Northern Ireland Departments.
5. Parliament has traditionally authorised the overspending against provision by means of an Excess Vote, and we recommend that the sums set out in Figure 1 should be provided accordingly.

1 Summary of the Excesses in 2002–03

1. In 2002–03 the Northern Ireland Assembly and Parliament authorised total net resources of £10,503 million in Supply Estimates granted to 17 Northern Ireland Departments and Pension Schemes. Two Departments incurred Excess Votes. Both of these were Excesses in the use of resources totalling £4.5 million. There were no Excesses in the application of cash. The details of the Excesses are summarised in **Figure 1**.

Figure 1: Summary of 2002–03 Excess Votes Required (Northern Ireland)

Department	Resource Excess £	Cash Excess £	Amounts to be Voted	
			Resource £	Cash £
Department of Enterprise, Trade and Investment (Request for Resources B)	328,161.11 (2.07%)	–	328,161.11	–
Department of Agriculture and Rural Development (Request for Resources B)	4,157,656.45 (7.25%)	–	4,157,656.45	–
TOTALS	4,485,817.56	–	4,485,817.56	–

Note: Percentages are in relation to limits authorised by the Northern Ireland Assembly and Parliament in the Budget Act

2. The majority of the overspending is attributable to one Department: The Department of Agriculture and Rural Development incurred an Excess of £4.2 million because it failed to allow fully for non-cash expenditure such as cost of capital and depreciation.

3. The number and value of Excesses in 2002–03 has fallen slightly from the previous year, when resource-based supply was introduced. In 2001–02, three Departments incurred Excesses in the use of resources totalling £6.3 million.

2 Details of Excesses in 2002–03

Department of Enterprise, Trade and Investment: Excess on Request for Resources B

4. The Committee has considered the Comptroller and Auditor General's Report on the Excess in the accounts of the Department of Enterprise, Trade and Investment for 2002–03. Expenditure on Request for Resources B (Developing and Maintaining the equality, policy and regulatory environment necessary to achieve economic growth with equal opportunities for all) exceeded the authorised amount by £328,000.

5. The excess arose primarily because of the need to include in the accounts an additional provision of £1,119,000 in respect of the maintenance of abandoned salt mines. This additional provision was partly offset by savings of £791,000 in other Request for Resources B expenditure lines, reducing the Excess to £328,000.

6. The Department has taken steps to improve its in-year monitoring controls to minimise the risk of a future breach. It has put in place procedures to review all provisions on a quarterly basis.

Department of Agriculture and Rural Development: Excess on Request for Resources B

7. The Committee has considered the Comptroller and Auditor General's Report on the Excess in the accounts of the Department of Agriculture and Rural Development. Expenditure on Request for Resources B (reducing the risk to life and property from flooding, promoting sustainable development of the sea fishing industry and maintaining, protecting and expanding forests in a sustainable way) exceeded the authorised amount by £4.2 million.

8. The excess arose because of a failure to allow fully for non-cash expenditure such as depreciation and the cost of capital in preparing estimates.

9. The Department has reminded all relevant managers of the need to ensure that all estimates are calculated correctly and that all expenditure is monitored effectively whether it be of a cash or non-cash nature.

3 Excess in 2001–02

Office of the First Minister and Deputy First Minister: Excess on Request for Resources A

10. In our Eighth Report of Session 2002–03 (HC 504) we considered an Excess of £173,645.00 in the Accounts of the Office of the First Minister and Deputy First Minister. The Comptroller and Auditor General has informed us that, following further investigation, this Excess should be revised to £186,489.71 as the original figure did not include operating accruing resources (income) of £12,844.71 applied in excess of that approved in the estimate. This additional Excess arose because of a misunderstanding regarding the treatment of excess income.

11. We are content that £11,844.71 of surplus accruing resources may be applied towards meeting the additional Resource Excess of £12,844.71, leaving a token sum of £1,000 to be voted as further supply grant.

Formal minutes

Wednesday 28 April 2004

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon

Mrs Angela Browning

Mr Ian Davidson

Mr Gerry Steinberg

Jon Trickett

Mr Alan Williams

The Committee deliberated.

Draft Report (Excess Votes (Northern Ireland) 2002–03), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 11 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Twenty-second Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

Adjourned until Wednesday 5 May at 3.30 pm

List of Reports from the Committee of Public Accounts Session 2003–04

First Report	Tackling fraud against the Inland Revenue	HC 62	<i>(Cm 6130)</i>
Second Report	The new electricity trading arrangements in England and Wales	HC 63	<i>(Cm 6130)</i>
Third Report	The Sheep Annual Premium Scheme	HC 64	<i>(Cm 6136)</i>
Fourth Report	Improving service delivery: the Forensic Science Service	HC 137	<i>(Cm 6155)</i>
Fifth Report	Warm Front: helping to combat fuel poverty	HC 206	<i>(Cm 6175)</i>
Sixth Report	Department of Trade and Industry: Regional Grants in England	HC 207	<i>(Cm 6155)</i>
Seventh Report	Progress on 15 major capital projects funded by Arts Council England	HC 253	<i>(Cm 6155)</i>
Eighth Report	The English national stadium project at Wembley	HC 254	<i>(Cm 6155)</i>
Ninth Report	Review of grants made to the National Coalition of Anti-Deportation Campaigns	HC 305	<i>(Cm 6175)</i>
Tenth Report	Purchasing and managing software licences	HC 306	<i>(Cm 6175)</i>
Eleventh Report	Helping consumers benefit from competition in telecommunications	HC 405	
Twelfth Report	Getting it right, putting it right: Improving decision-making and appeals in social security benefits	HC 406	
Thirteenth Report	Excess Votes 2002–03	HC 407	
Fourteenth Report	Inland Revenue: Tax Credits	HC 89	
Fifteenth Report	Procurement of vaccines by the Department of Health	HC 429	
Sixteenth Report	Progress in improving the medical assessment of incapacity and disability benefits	HC 120	
Seventeenth Report	Hip replacements: an update	HC 40	
Eighteenth Report	PFI: The new headquarters for the Home Office	HC 501	
Nineteenth Report	Making a difference: Performance of maintained secondary schools in England	HC 104	
Twentieth Report	Improving service delivery: the Veterans Agency	HC 551	
Twenty-first Report	Housing the homeless	HC 559	
Twenty-second Report	Excess Votes (Northern Ireland) 2002–03	HC 560	

The reference number of the Treasury Minute to each Report will be printed in brackets after the HC printing number