

GOVERNMENT RESOURCES AND ACCOUNTS ACT (NORTHERN IRELAND) 2001

EXPLANATORY NOTES

INTRODUCTION

1. These explanatory notes relate to the Government Resources and Accounts Act (Northern Ireland) 2001. They have been prepared by the Department of Finance and Personnel (DFP) in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by the Assembly.
2. The notes need to be read in conjunction with the Act. They do not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section does not seem to require any explanation or comment, none is given.

SUMMARY

3. Resource Accounting and Budgeting (RAB) is a wide-ranging change to the way in which Government resources are planned and controlled. It will directly affect all Government departments (including Executive Agencies) and indirectly affect non-departmental public bodies (NDPBs) and the public sector generally.
4. The primary purpose of the Act is to enable departmental estimates and accounts to be prepared on a resource (i.e. an accruals accounting) rather than a cash basis. This is necessary to enable the full introduction of RAB. These notes do not, and are not intended to, provide a full description of RAB.
5. The main purposes of the Act are:
 - To replace and/or amend the existing legislation on Government accounts to enable the introduction of RAB and to modernise the operation of other aspects of the legislation.
 - To put in place enabling legislation to enable the preparation and audit of consolidated accounts for the whole public sector (Whole of Government Accounts or WGA).

COMMENTARY ON CLAUSES

Section 1: The Consolidated Fund Account

This section modernises the provisions of section 1 of the Exchequer and Audit Act (Northern Ireland) 1921, repealing the older legislation.

Subsections (1) and (2) require that all receipts of Northern Ireland departments and other moneys payable to the Consolidated Fund shall be paid into the Consolidated Fund Account.

Subsection (3) sets out arrangements for the Comptroller and Auditor General (C&AG) and DFP to be notified of all payments into the Consolidated Fund Account.

Subsection (4) enables Northern Ireland departments to deal with particular receipts, such as resources accruing to a department under section 8, in a particular manner as specified under other statutory provisions.

Section 2: The Consolidated Fund

This section modernises the provisions of section 2 of the Exchequer and Audit Act (Northern Ireland) 1921, repealing the older legislation.

Subsections (1) and (2) provide that all moneys paid to the Consolidated Fund Account shall be considered as forming one general fund to be known as the Consolidated Fund for Northern Ireland. Payments for public services, as directed by DFP, shall be paid out of the Consolidated Fund.

Subsection (3) enables DFP to exercise control over the management of cash by restricting issues to departments to satisfy their current requirements only.

Section 3: Payments out of the Consolidated Fund – standing services

This section modernises the provisions of section 4 of the Exchequer and Audit Act (Northern Ireland) 1921, repealing the older legislation, and deals with payments out of the Consolidated Fund under any statutory provision.

Subsections (2) and (5) detail the mechanics of issuing payments for standing services out of the Consolidated Fund.

Subsection (6), however, is a new provision and is intended to enable the modernisation of the procedures used to authorise payments out of the Consolidated Fund. This subsection will enable DFP, subject to the approval of the C&AG, to produce, authenticate and transmit the instruments necessary to enable payments to be made from the Consolidated Fund in whatever form DFP decides to adopt. All such requests for payment must be accompanied by evidence of the approval of two authorised DFP

officials. The intention is to enable modern (in particular computerised) systems to replace the paper based procedures required by the existing legislation.

Section 4: Payments out of the Consolidated Fund – sums authorised by Act of the Assembly

This section modernises the provisions of section 6 of the Exchequer and Audit Act (Northern Ireland) 1921, repealing the older legislation, and deals with payments out of the Consolidated Fund authorised by an Act of the Assembly.

Subsections (2) and (5) detail the mechanics of issuing payments, which the Assembly has authorised by Act, out of the Consolidated Fund.

Subsection (6) is again a new provision and is intended to enable the modernisation of the procedures used to authorise payments out of the Consolidated Fund. (See notes on section 3 (6) above.)

Section 5: Application of sums issued

The system of supply is largely non-statutory and it is not intended to change this. This section is not, therefore, intended to provide a comprehensive legal framework for supply under RAB. It is limited to amending, to take account of RAB, the existing statutory basis for determining on what cash issued from the Consolidated Fund can be spent. This section maintains the principle of annuality.

Subsections (1) and (2) modernise the provisions of section 8(1) of the Exchequer and Financial Provisions Act (Northern Ireland) 1950, repealing the older legislation. These provide that where an Act authorises a sum of money to be issued from the Consolidated Fund for the service of a specified year then all such money must be used for the service of that year.

The purpose of this provision is to ensure that sums of money drawn by departments from the Consolidated Fund can be used only for expenditure in the authorised year. Any money drawn down and not spent would have to be surrendered to the Consolidated Fund (or be offset against issues in the next year). This prevents departments from building up cash balances that could then be used to circumvent Assembly spending controls.

Section 6: Use of resources

This section introduces a control on the use of resources by departments.

Subsection (1) requires that the use of resources by departments or any relevant body or person must be within the amount so authorised by the Assembly.

The control in subsection (1) should only apply to specific expenditure within the resource budgeting envelope. Consequently, *subsection (2)* ensures that expenditure already covered by specific statutory authority of the Assembly does not require further authorisation.

Subsection (3) refers to section 7 below.

Subsection (4) simply defines the departments and bodies to which this control applies as those bodies for which an estimate is approved.

Section 7: Use of resources without Budget Act

This section contains a failsafe mechanism and corresponds to the provision in section 59 of the Northern Ireland Act 1998, which applies only to the release of cash from the Consolidated Fund and cannot therefore cover the use of resources. Without this safeguard, if a Bill were not completed due to some unforeseen circumstances there would be no authority to continue with the provision of departmental and other public services.

Section 8: Use of accruing resources

This section provides a statutory basis for the retention and use by departments of income they receive. Under RAB, such income will be recorded on an accruals basis (i.e. it will be recognised when the income is earned) rather than on a cash basis, as is the case at the moment. However, additional provisions are therefore required to deal with the cash effects of resources accruing to a department.

Subsections (1) and (2) enable DFP to direct that income on a resource basis may be used in addition to resources authorised by the Assembly for the service of a particular year. This is subject to the overall limits on the amounts of accruing resources, which have been approved by the Assembly and are set out in the relevant Budget Act. The intention is to give DFP powers in the RAB system similar to those it has under sections 8(2) and (3) of the Exchequer and Financial Provisions Act (Northern Ireland) 1950 in the present system.

Subsections (3) to (5) apply where cash is received in connection with the use of accruing resources which has been authorised. Timing differences between the recognition of these accruing resources and the actual receipt of cash require special provisions for dealing with the cash receipts.

Subsection (4) applies in the situation (which should apply in the great majority of cases) where cash is received in the same financial year for which the use of accruing resources is authorised. In this case the department may retain the cash provided it is used for the purpose authorised in the DFP direction. If the cash cannot be so used then the cash must be surrendered to the Consolidated Fund.

Subsection (5) applies in cases where cash is received in a year other than that for which the use of accruing resources is authorised. This might happen where the time between the recognition of the income and the payment by the debtor straddles the end of the financial year or similarly where a payment is received in advance of the department carrying out the service to which it relates and these events falling into different financial years. Under these circumstances subsection (5) will enable the cash to be used towards the authorised purposes of the year in which it is received. If this is not possible then it will be surrendered to the Consolidated Fund. The ability to use this cash will reduce the department's overall cash requirement for the year (and hence reduce the amount it has to draw out of the Consolidated Fund) but it will not increase the level of resources available to the department in that year.

Section 9: Resource accounts - preparation

This section requires the preparation of resource accounts (which will replace appropriation accounts under RAB), makes provision for DFP to determine the form of the accounts and requires DFP to appoint accounting officers to be responsible for the preparation of the accounts.

Subsection (1) requires any department for which the Assembly has approved an estimate for a particular financial year to prepare a resource account for that year. Resource accounts will detail in financial terms the use by departments of resources during the year (including their acquisition and disposal).

Subsections (2) to (4) provide that DFP shall direct the form of the resource accounts subject to the requirements that they shall present a true and fair view and conform to generally accepted accounting practice (GAAP) amended as necessary in the context of departmental accounts. In doing so DFP will have regard for any guidance issued by the Accounting Standards Board (ASB) or any successor. In practice this means that resource accounts will follow the normal accounting standards and conventions used in the private sector and elsewhere in the public sector modified only where necessary to take account of the particular requirements of departmental accounts. In addition, subsection (3) requires DFP to issue accounts directions to require that DFP guidance is followed with a view to ensuring that resource accounts contain explanations of differences between items appearing in estimates and the actual amounts appearing in the resource account.

Subsection (4) elaborates on the general requirements in subsections (3)(a) and (3)(b) by requiring DFP to have regard to guidance issued by the ASB or any successor body responsible for setting the accounting standards for accounts prepared under the Companies Act 1985. It also requires the accounts to include three main statements:

- a statement of financial performance;
- a statement of financial position; and

- a cash flow statement.

The description of the statements is precisely that adopted by the ASB in its Statement of Principles for Financial Reporting (published in December 1999). This approach is intended to prevent the legislation becoming outdated quickly.

It is proposed that resource accounts will consist of five major statements together with supporting notes:

- A statement of outturn (showing actual outturn against the estimate);
- An operating cost statement, which is analogous to a profit and loss account in company accounts (the statement of financial performance);
- A balance sheet (the statement of financial position);
- A cash flow statement; and
- A statement relating costs to objectives.

The resource accounts for public sector pension schemes will adopt a different format (based on the requirements of private sector pension scheme accounts). The requirements for these resource accounts will also be detailed in the Northern Ireland Resource Accounting Manual (NIRAM).

In addition to accounting information resource accounts will also have to include information, as required by Government Accounting Northern Ireland (GANI), necessary to satisfy Assembly propriety. This will include, inter alia, a note of adjustments between estimated and actual outturn.

Subsection (5) requires all departments preparing resource accounts to send them to the C&AG for audit by 31 July of the financial year following that to which the accounts relate. This reproduces the timescale currently allowed to all departments for appropriation accounts.

Subsection (6) requires DFP to appoint an official of a department (this will usually be a senior full-time official) as the department's accounting officer. *Subsection (7)* places a responsibility on the accounting officer for preparing the departmental resource accounts and transmitting them to the C&AG for audit. *Subsection (8)* enables DFP to appoint other officials in a department as accounting officers for part of a resource account.

The intention behind these subsections is to carry into the resource accounting system DFP's current powers to appoint accounting officers to be responsible for departmental accounts. They are not intended to reproduce a comprehensive statement of duties and responsibilities of accounting officers (which will continue to be set out in 'The Accounting Officer Memorandum' - which is included in GANI).

The distinction between the accounting officers covered by subsections (6) and (7) and those covered by subsection (8) is that the first type is responsible for the department's resource account overall, consolidated where necessary (although he or she may also have operational responsibility for specific parts of the account) whereas the second type is responsible only for a part of the account, normally corresponding with one or more requests for resources (roughly equivalent to Votes under the current system) within the resource estimate. Most departments will have only one accounting officer but where there are more than one, all the accounting officers will sign the accounts and a statement of their respective responsibilities will be appended to the account.

Section 10: Resource accounts - scrutiny

This section sets out the requirements for the audit, by the C&AG, of resource accounts and the procedures for laying the accounts, together with the C&AG's reports thereon, before the Assembly. In addition, DFP's current power to sanction unauthorised spending by departments is modernised to take account of RAB.

Subsection (1) requires the C&AG to audit any resource account sent to him by a department. His audit certificate is required to state whether in his opinion the accounts show:

- a true and fair view;
- that money provided by the Assembly has been expended for the purposes intended;
- that resources authorised by the Assembly to be used have been used for the purposes in relation to which the use was authorised; and
- that the financial transactions covered by the accounts are in accordance with the relevant authority which governs them.

The first assertion (the true and fair opinion) is the same as that given by auditors on company accounts. This differs from the opinion ('properly presents') currently given on the appropriation accounts and reflects the change from a cash to an accruals basis for the accounts. The second part of the audit opinion is the regularity assertion (that money has been spent and resources used as the Assembly intended and that all financial transactions have been undertaken in accordance with the authority that governs them) and is very similar to the assurance currently given in the audit opinion on appropriation accounts.

Subsection (2) provides that when, in the course of his audit, the C&AG discovers a material use of resources that required, but did not receive, DFP authorisation he shall inform DFP and DFP may retrospectively authorise the expenditure. This provision re-enacts (in a RAB context) the existing DFP power contained in section 16 of the Exchequer and Audit Act (Northern Ireland) 1921. DFP cannot use this power to

authorise illegal or improper expenditure - it can only retrospectively authorise expenditure that was itself legal and proper but which required DFP approval.

Paragraph (a) of *subsection (3)* requires the C&AG to issue a certificate (which contains his audit opinion) and report on each resource account. Paragraph (b) requires the audited accounts to be sent to DFP by 31 October of the financial year following that to which they relate, thus reproducing the current timetable. Paragraph (c) requires the C&AG to report to the Assembly where he is not satisfied with the results of any of his audits.

Subsection (4) requires DFP to lay the resource accounts (together with the C&AG's certificate and report) before the Assembly. This must be done by 15 November in the year following that to which the accounts relate.

Section 11: Other departmental accounts

This section provides for the preparation, audit and laying before the Assembly of accounts prepared by departments other than resource accounts. The main type of accounts envisaged as being prepared under this section are those of executive agencies. This section replaces the similar powers contained in section 22 of the Exchequer and Audit Act (Northern Ireland) 1921 (as amended by section 12 of the Financial Provisions (Northern Ireland) Order 1993).

Subsection (1) enables DFP to direct departments to prepare accounts other than resource accounts as considered necessary. As noted above the main accounts envisaged as being prepared under this section are those of executive agencies but DFP may direct that other accounts (such as trust accounts which are prepared where a department holds money or assets (or both) on behalf of others) not covered by specific legislation may also be prepared under this section.

Subsection (2) enables DFP to issue accounts directions specifying the form and contents of the accounts. Due to the likely heterogeneous nature of the accounts that will be produced under this section (full accruals, partial accruals and cash) no restrictions as to the form of the accounts are being included in the legislation.

Subsection (3) requires accounts prepared under this section to be examined and certified by the C&AG and laid before the Assembly.

Subsection (4) requires the C&AG to carry out his audit of accounts prepared under this section with a view to satisfying himself that all expenditure (whether cash or resources) fulfils the requirements of regularity.

Subsection (5) enables DFP to direct that any or all the accounts prepared under this section may be laid before the Assembly by the responsible department(s) rather than by DFP. Many accounts (especially those of executive agencies) which are prepared under

section 22 of the Exchequer and Audit Act (Northern Ireland) 1921 are already effectively laid by the department themselves rather than DFP. This provision will enable formal responsibility to be transferred to the departments.

Section 12: Comptroller and Auditor General – access to information

This section provides the C&AG with a right of access to documents relating to a department's accounts which are held or controlled by a Government department (or are managed by a third party) for the purpose of conducting his audits of any departmental accounts and a right to explanations as necessary.

Section 13: Resource accounts – non-departmental bodies and other persons

This section requires the preparation of resource accounts by other non-departmental bodies or persons whose estimates are approved by the Assembly e.g. Assembly Ombudsman and the Office for the Regulation of Electricity and Gas.

This section does not apply to the Northern Ireland Audit Office (NIAO) as the preparation and audit of the NIAO's accounts is covered by the provisions of the Audit (Northern Ireland) Order 1987 as amended by Schedule 1 to this Act.

Section 14: Whole of government accounts - preparation

This section places a duty on DFP to prepare consolidated accounts for the NI public sector.

Subsection (1) requires DFP to prepare consolidated accounts for the NI public sector. The bodies covered by the accounts are to be determined by DFP (see section 15 below). This will enable DFP to expand the coverage of the accounts as required: it is anticipated that consolidated accounts will initially be prepared for the central government sector and will, over time, be extended to include all public sector bodies.

Subsection (2) allows the extension of the scope of Whole of Government Accounts (WGA) to encompass accounts such as the Social Fund, which although administered by departments, are not included within the departments' own accounts.

Subsections (3) to (5) set out the framework within which WGA must be prepared. Subsection (3) gives DFP the power to determine the form of the accounts, but this power must be exercised in the context of the requirements of subsections (4) and (5). Subsection (4) requires DFP in determining the form and content of WGA to aim to ensure that they present a true and fair view. They must also conform to generally accepted accounting practice modified only as necessary for the needs of the public sector.

Subsection (5) elaborates on the general requirements in subsection (4) by requiring DFP to have regard to guidance issued by the ASB Limited or any other such body

responsible for setting the accounting standards for accounts prepared under the Companies Act 1985. It also requires the accounts to include three main statements:

- a statement of financial performance;
- a statement of financial position; and
- a cash flow statement.

The description of the statements is precisely that adopted by the ASB in its Statement of Principles for Financial Reporting (published in December 1999). This approach is intended to prevent the legislation becoming outdated quickly.

Section 15: Whole of government accounts - obtaining information

This section provides DFP with the necessary powers to obtain the information to prepare WGA. It allows DFP to designate which public sector bodies will be covered and provides DFP with a power to request the audited information necessary to enable it to prepare the account.

Subsection (1) provides for DFP to designate, subject to negative resolution, those public sector bodies which are to be included in the WGA. It is likely that the first accounts will only cover the central government sector (departments, central funds and NDPBs) but that these will be expanded to include all public sector bodies (i.e. Health & Social Services bodies, local councils, nationalised industries and other public corporations in addition to central government bodies).

Subsection (2) enables DFP to require all designated public bodies to provide it with the audited financial information required in a specified form and within a specified timescale. In practice this information will be largely the same as the body requires to prepare its own accounts and would be audited by its existing auditors.

Subsections (3) and (4) give DFP similar powers to require designated bodies to provide unaudited financial information for a specified part of a year. This will enable DFP to produce interim financial statements in due course.

Section 9 requires DFP to appoint accounting officers who are responsible for the preparation of resource accounts and their transmission to the C&AG for audit.

Subsection (5) will allow DFP to appoint individuals who would have similar responsibilities in respect of WGA consolidation returns.

Section 16: Whole of government accounts - scrutiny

This section provides for the C&AG to audit the WGA and for them to be laid before the Assembly.

Subsection (1) requires DFP to send the WGA to the C&AG for audit.

Subsection (2) requires the C&AG to audit the accounts. Due to the nature of the accounts, which will merely consolidate accounts for which accounting officers in other bodies already have responsibility, there is no requirement for the C&AG to provide an audit opinion concerning the regularity of the accounts but simply to determine whether, in his opinion, they are true and fair.

Subsection (3) requires the C&AG to certify the accounts and issue a report on them.

Subsection (4) requires DFP to lay the accounts, together with the C&AG's report, before the Assembly.

Subsection (5) grants a power to enable the C&AG to require from the auditors of bodies or sub-consolidations included in the WGA such information and explanations as he reasonably requires to satisfy himself that the information to be included in the WGA can be relied upon. Guidance on the operation of this power is already contained in professional auditing standards.

The C&AG is the auditor of, or has inspection rights at, many of the bodies that will be included in WGA. However, there are some bodies where he has no access. The power in this subsection will enable the C&AG to make enquiries of the auditors of these bodies to enable him, as auditor of the WGA as a whole, to satisfy himself that the audit has been carried out to an appropriate standard and that the information provided by the body can therefore be relied on.

Subsections (6) and (7) provide that once the dates by which the accounts must be prepared, audited and laid before the Assembly have been decided upon DFP will, after consulting the C&AG, specify the dates by order. Work on WGA is still at a developmental stage and it is not yet possible to set firm dates after the year end by which the necessary work must be completed.

Section 17: Supplies by departments

This section enables DFP to lay down the method of accounting for Value Added Tax (VAT) in departmental accounts and the treatment of the VAT element of receipts.

The intention of *subsection (2)(a)* is to enable departments to account for VAT according to accepted accounting practice (currently set out in Statement of Standard Accounting Practice 5). The accounting policy to be followed will be set out in the Northern Ireland Resource Accounting Manual.

Subsection (2)(b) enables DFP to exempt the VAT element of receipts from the normal requirement that receipts are paid into the Consolidated Fund. This replaces Article 13 of the Financial Provisions (Northern Ireland) Order 1976.

Section 18: Alteration of timetables for accounts

This section enables DFP to alter, subject to consultation with the C&AG and Assembly approval, the timetable for the production, audit and laying of resource accounts and other accounts covered by sections 9, 10 and 11 of the Act.

Section 19: Directions of the Department

This section provides that any direction given by DFP under this legislation can be revoked or amended by the issue of a new direction. This power is necessary to enable new or amended accounts directions to be issued as and when changed accounting requirements make this necessary.

Section 20: Advisory Group

The purpose of this section is to put in place the process that DFP must adopt in order to demonstrate that any departures from generally accepted accounting practice contained in the guidance it issues for the preparation of resource accounts or WGA are justified by the public sector context.

Subsection (1) requires DFP to consult with and take account of all recommendations made by an advisory group (appointed by the Treasury) containing people with appropriate experience of financial reporting principles and standards before issuing such guidance. These requirements are already fulfilled by the Financial Reporting Advisory Board.

Subsections (2) and (3) require the advisory group to prepare a report on its work during the year which DFP must lay before the Assembly. The report may deal with any additional matters that the group considers appropriate such as departures from generally accepted accounting practice.

Section 21: Examinations by Comptroller and Auditor General

This section provides for a number of issues related to examinations by the C&AG.

Subsection (2) requires the C&AG to report to the Assembly where he changes the extent or character of any of his audits under sections 10, 11 or 16 of this Act. This reproduces, in modernised form, the provisions of section 15 of the Exchequer and Audit Act (Northern Ireland) 1921.

Subsection (3) makes clear that any examinations undertaken by the C&AG under sections 10, 11 or 16 of the Act are carried out on behalf of the Assembly.

Subsections (4) and (5) provide that the C&AG has the same rights of access where he is the appointed auditor of other bodies (these will mainly be non-departmental public bodies) as he has when he audits departments.

Subsections (6) and (7) enable DFP to provide by order that a non-departmental public body should be audited by the C&AG, even if the C&AG is currently prevented by statute from auditing the non-departmental public body concerned. An order could remove the restrictions in the statute setting up the non-departmental public body which prevents the C&AG from being appointed auditor.

Subsections (8) and (9) enable DFP to provide by order for section 12 (1) to apply to documents, in addition to those already provided for by section 12 (2), of a specified description or which are held or controlled by a body of a specified kind or in specified circumstances. The intention behind this provision is to enable additional rights of access to documents and bodies for the purpose of auditing departmental accounts to be granted to the C&AG where it is agreed that this should be done.

Subsection (10) requires DFP, in determining whether and how to exercise its powers under subsections (6) or (8), to have regard to any views expressed by the Public Accounts Committee.

Subsection (11) provides that any orders made under subsections (6) or (8) would be made subject to the approval of the Assembly. DFP are required to consult with the C&AG before making an order under subsections (6) or (8).

Section 22: Inspections by Comptroller and Auditor General

This section provides powers for inspections by the C&AG.

Subsection (2) provides that the C&AG shall not exercise these powers unless it appears to him to be appropriate to do so in view of public concern or interest about any matter. This condition provides assurance that the powers will not be used without good reason.

Subsection (3) provides that this section is only applicable to bodies where they are not otherwise open to inspection by the C&AG and where the body exercises functions of a public nature or is entirely or substantially funded by public money. *Subsection (4)* excludes District Councils, which are covered by other arrangements.

Subsection (5) requires the C&AG to be provided with any assistance, information or explanations he requires.

Subsection (6) provides that the C&AG may report to the Assembly the results of any inspection carried out under this section.

Section 23: Economy, efficiency and effectiveness examinations by Comptroller and Auditor General

This section amends Part III of the Audit (Northern Ireland) Order 1987.

Subsection (2) provides that any body, whose accounts are open to inspection under section 22 above, will also be subject to economy, efficiency and effectiveness examinations.

Subsection (3) defines a public sector authority or body for these purposes.

Section 24: Reports of Comptroller and Auditor General

This section provides an additional safeguard for the Assembly that the C&AG's reports on accounts provided for in the Act will be available to it in a timely manner by giving the C&AG an independent power to lay his reports if DFP fails to do so within the times set out in the Act. This section is a modernised and extended re-enactment of section 18 of the Exchequer and Audit Act (Northern Ireland) 1921.

Section 25: Public bank accounts

This section modernises the provisions of sections 7 and 8 of the Exchequer and Audit Act (Northern Ireland) 1921, repealing the older legislation.

This section enables DFP, where necessary, to determine the banks and accounts to be used by departments. *Subsection (2)* enables DFP to require the consolidation of bank accounts if it is considered to be to the advantage of public service.

Section 26: Interpretation

Subsection (1) defines a use of resources as covering their expenditure, consumption or reduction in value. This definition encompasses the costs of depreciation of assets and the using up of inventories as well as the expenditure of cash resources.

Subsection (2) gives interpretation to other terms used in the Act.

Section 27: Amendments and repeals

This section gives effect to the minor and consequential amendments contained in Schedule 1 of the Act and the repeals contained in Schedule 2 of the Act.

Section 28: Commencement

It is intended to move from the present cash based system to RAB at the beginning of the financial year 2001/2002. This section gives DFP powers to bring the provisions of the Act into force by order.

This section also enables DFP to make transitional provisions to ensure a smooth changeover from the cash system to RAB. For example, under the timetable suggested, the last departmental appropriation accounts will be laid before the Assembly during the

winter of 2001/2002 and it is necessary to ensure that the necessary power to prepare, audit and lay these accounts is still available.

Subsection (3) enables DFP, by order, to require bodies to provide the information required for WGA without formally including the body within the scope of the audited and published accounts. This also enables DFP to require another department to pilot the necessary consolidation procedures for public corporations etc. to prepare for the extension of scope of WGA from central government to the whole of the public sector. This will enable DFP to take the phased approach as described earlier. The plan is to prepare and publish audited accounts for central government as the first stage. This subsection will then enable DFP to require public corporations and other bodies to prepare "dry-run" information prior to the formal extension of the coverage of audited and published accounts to the whole of the public sector and for departments to consolidate this, in order to test the systems and procedures required.

Section 29: Short title

This section gives the short title of the Act. This is the title by which the Act will usually be referred to.

Schedule 1: Minor and consequential amendments

The Exchequer and Audit Act (Northern Ireland) 1921

The Act replaces the 1921 Act, with the exception of sections 19, 28, 29 and 31.

Paragraph 1 (1)(a) amends section 19 (examination of accounts of receipts of revenue) to include a reference to resource accounts.

Paragraph 1 (1)(b) states that the accounts shall be prepared in accordance with directions issued by the Department and repeats the substance of section 23 of the 1921 Act, which is now repealed.

The Exchequer and Financial Provisions Act (Northern Ireland) 1950

Paragraph 2 updates some of the language and references used in the 1950 Act.

The Audit (Northern Ireland) Order 1987

Paragraph 3 amends various references in the 1987 Order to comply with the requirements of this Act.

The Financial Provisions (Northern Ireland) Order 1993

Paragraph 4 substitutes a reference to this Act for a reference to the 1921 Act.

The Deregulation and Contracting Out (Northern Ireland) Order 1996

Paragraph 5 changes a reference to section 22 of the Exchequer and Audit Departments Act 1866 to a reference to subsections 5(6) and (8) of this Act.

The Northern Ireland Act 1998

Paragraph 6 amends a reference in section 65(4) of the 1998 Act to the legislation requiring the C&AG to audit the Consolidated Fund of Northern Ireland.