



Treasury Chambers, Parliament Street, SW1P 3AG

30 May 1979

The Rt Hon Norman St John Stevas MP
Chancellor of the Duchy of Lancaster
Cabinet Office
Whitehall
LONDON SW1

Prime Minister

Are you content
for his review to
proceed?

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REVIEW OF THE EXCHEQUER AND AUDIT DEPARTMENTS ACTS

The previous Government announced in January a study of the present day role of the Comptroller and Auditor General with a view to possible legislation to revise or perhaps replace the Exchequer and Audit Departments Acts 1866 and 1921. This was in response to a number of recommendations, notably from the Expenditure and Procedure Committees, for changes in the public audit system as part of wider proposals for improvements in the way in which Parliament seeks to scrutinize expenditure and control the Executive. W

The question now arises whether we should go forward with this review. I think we should. This letter is to seek your agreement, and that of other recipients.

The review is at an early stage. The initial work is being done by officials under Treasury chairmanship, and the Comptroller and Auditor General is associated with the work. The plan, of which the Public Accounts Committee were informed before the Election, is to consult the relevant Parliamentary Committees fairly soon, before initiating consultations with other outside interests.

I am in favour of the review continuing both because I think there is a good case for it on merits, and because those in the House who are interested will expect it. When the Procedure Committee Report was debated in February the main protagonists in the House welcomed the idea and seemed content that the Committee's recommendations about audit should be pursued in this way.

We are likely to be asked whether we intend to continue and I see some advantage in showing ourselves willing to do so.

I should like to announce our intentions soon, by means of an arranged PQ as follows:-

"Q: To ask the Chancellor of the Exchequer whether the review of the Exchequer and Audit Departments Acts announced by the previous Government is continuing and whether he will make a statement.

,A: My Rt. Hon Friend shares the views of recent Select Committees and of the Comptroller and Auditor General about the need for fundamental review of these Acts. He has given instructions for work on the review announced by the previous Government on 18 January 1979 (OR. Col. 2037) to be pressed to an early conclusion. He intends to arrange consultations as soon as possible with the relevant Parliamentary Committees on the basis of a discussion document as a first step to possible legislation later in this Parliament."

I should be glad to know if you would be content with this.

Copies go to the Lord President, the Chief Whip, the Secretary of State for Scotland and the Secretary of State for Wales, and to the Secretaries of State for Industry, Defence, Environment, Energy and the Social Services, and to Sir John Hunt.

NIGEL LAWSON

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From the Private Secretary

5 June 1979

The Prime Minister has seen the Financial Secretary's letter of 30 May to the Chancellor of the Duchy of Lancaster in which he proposes that the review of the Exchequer and Audit Departments Acts should proceed. Subject to other colleagues' views, the Prime Minister agrees that this review should continue.

I am sending copies of this letter to the Private Secretaries to the Lord President, the Chief Whip, the Secretaries of State for Scotland, Wales, Industry, Defence, Environment, Energy and Social Services and to Martin Vile (Cabinet Office).

TL

Mrs P.C. Diggle,
HM Treasury.

SPH



EXCHEQUER AND AUDIT DEPARTMENT
AUDIT HOUSE VICTORIA EMBANKMENT
LONDON EC4Y 0DS

Comptroller and
Auditor General
Sir Douglas Henley K.C.B.
DOH 1728

8 June 1979

Nigel Lawson Esq MP
Financial Secretary to the Treasury
Treasury Chambers
Parliament Street
London SW1P 3AG

Dear Financial Secretary,

REVIEW OF THE EXCHEQUER AND AUDIT DEPARTMENTS ACTS

Sir Anthony Rawlinson has mentioned to me that you are consulting your colleagues about the review of the C&AG's role announced by the previous Government, and has shown me a copy of the proposed arranged P.Q. and Answer.

I warmly welcome your proposal that the review should continue; and I should be happy to have my view of the need for this work mentioned.

May I offer two comments on the draft answer I have seen. First, there are important and complex issues to be considered some of which are sensitive in Parliament and elsewhere, and it might be as well to avoid an immediate commitment on the timing. Second, I wonder whether it is either practicable or desirable to envisage breaking the consultative process down into a first stage of bilateral consultation with the relevant Parliamentary Committees and a second round of discussions with other interests; officials might be invited to consider in due course the precise form which consultation should take.

If you agree, you might like to consider a revised draft as follows:-

Q: To ask the Chancellor of the Exchequer whether the study of the Comptroller and Auditor General's present day role announced by the previous Government is continuing and whether he will make a statement.

A: My Rt. Hon Friend shares the views of recent Select Committees and of the Comptroller and Auditor General about the need for fundamental review of the C&AG's role and the Exchequer and Audit Departments Acts leading to proposals for new legislation. He has given instructions for work on the review announced by the previous Government on 18 January 1979 (OR. Col. 2037) to be pressed forward.

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1. Mr. Lawson MS

2. Mr. P. S.

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I am copying this letter to the other Ministers whom I understand you are consulting, and to Sir John Hunt.

Yours sincerely
Douglas Henley.

DOUGLAS HENLEY