



HM TREASURY

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Dame Meg Hillier MP
Chair, Public Accounts Committee
House of Commons
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20 December 2022

Dear Dame Meg,

Whole of Government Accounts (WGA)

Thank you for your letter dated 3 November 2022. I share your disappointment that the WGA timetable I previously set out to the Committee will no longer be achieved. This letter provides an updated future delivery timetable for WGA, where we have been working in close collaboration with the National Audit Office (NAO). We have developed a long-term recovery plan that will see WGA 2024-25 return to within 15 months of the financial year end.

For WGA 2020-21, we agreed a timetable with the Treasury Audit and Risk Committee and the NAO that will see the account published in quarter 3 of 2023. The plan, which balances timing and quality, is robust but not riskless and we are working closely with the NAO in managing the outstanding risks. These risks include the timing of data submissions, ensuring adequate data quality in returns and managing NAO capacity constraints where they will be seeking to complete the audit of the HM Treasury 2022-23 account over the same period. On a positive note, we now have sufficient returns to commence production of the account, but we know that achieving more behavioural discipline in data submission will be an important part of the recovery plan in future WGA cycles. The risks to delivering WGA 2020-21 are manageable, though some are beyond my direct control.

Returning to pre-Covid timelines (e.g. 15 months after year end) is a significant undertaking, and we have been working closely with the NAO on our wider recovery strategy. This strategy includes a number of components:

- **Planning** – we are investing in expert specialist project management support to enhance project management, and in particular to improve the timeliness of data submission. We are setting out the timings of data submissions and other key milestones for future cycles well in advance to support more forward planning by central government departments and other components.
- **Resourcing** – we will increase the size of the WGA team to enable work on multiple years of WGA simultaneously; collecting returns before the previous year's account is completed. This will help reduce the risk that late returns have a direct knock-on impact to the timing of the final account.

- **Data quality approach** – we are increasing the level of data quality work undertaken centrally by the Treasury and obtaining professional advice on how data quality approaches can be done more efficiently.

The revised timetable under the recovery plan is in annex 1 of this letter. This shows year on year improvement in the publication date, returning to the statutory deadline in 2024, achieving Summer Recess by 2025 and 15 months after the year end by June 2026.

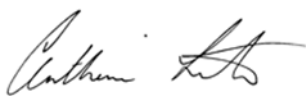
You asked in your letter of 3rd November 2022 about the extent to which OSCAR 2 performance and issues in local government audit were the cause of delays to the WGA 2020-21. OSCAR 2 performance has hampered the smoothness of the submission process in some cases, but the underlying timeliness of submissions are a more significant factor. I am taking steps to strengthen discipline in central government, including making timely WGA returns an explicit measure in the Accounting Officer end-of-year finance assessments. Late returns and outstanding returns have also been an issue in the local government sector, but the harmonisation of the central and local government audit threshold (as referred to in my letter of 8th March 2022) has reduced the amount of local audit work needed to meet WGA data collection requirements, removing one barrier to data submission. With less audit work done locally we are increasing the level of data quality work done centrally on returns below the audit threshold, and have engaged with the NAO on our approach.

You also asked me to set out how we are resolving the apparent capacity constraints in OSCAR 2 that appear to be affecting its performance. We have been working collaboratively and robustly with our supplier, Deloitte, to identify and implement solutions to the currently unacceptable level of performance, which can be frustrating for users but are not hampering the Treasury's ability to monitor and control public expenditure. We now have an agreed plan, running to summer of 2023, to improve OSCAR 2 performance.

I am happy to have a session with you to discuss the detail of what we have outlined in this letter if that would be helpful.

I am copying this letter to the Comptroller and Auditor General.

Yours sincerely,



Catherine Little

Annex 1
WGA recovery timetable

