



*C.H. . It might be
as well to have a
power - would with
Norman (M.G. Skani
-
not*

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

ROLE OF THE COMPTROLLER AND AUDITOR GENERAL:
CIVIL LIST AUDIT

Following discussions within the Treasury on the role of the Comptroller and Auditor General in the context of the St John Stevas Bill, I would like to draw your attention to the present arrangements for audit of the Civil List, and the probable effect of the Bill on them.

2. At present the Civil List expenditure is required, under the Civil List Act 1816, to be audited by an officer appointed by the Treasury. Until 1860 the officers were sometimes independent persons and sometimes Treasury officials. Since that date all auditors have been appointed from the Treasury, and for many years now the officer appointed has been the Permanent Secretary.

3. Since 1889, following a recommendation of the Public Accounts Committee (Fourth Report), the Auditor of the Civil List also audits the Appropriation Account of the Exchequer and Audit Department.

4. As you know, besides the annuity payments to members of the Royal Family and the Queen's Civil List payment direct from the Consolidated Fund, provision is now made for an annual grant-in-aid to the Royal Trustees on the Treasury Vote in supplementation of the basic statutory payments. The payments direct from the Consolidated Fund are, of course, subject to the provisions of Section 13 of the Exchequer and Audit Department Act 1866, which require the Treasury to obtain credit from the Comptroller

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and Auditor General prior to any issue from the Consolidated Fund. The Comptroller and Auditor General also carries out the audit of the Treasury Vote and the Consolidated Fund - up to the point where the payment from the Consolidated Fund is made to the annuitants, or from Votes to the Royal Trustees. Douglas Wass, as Auditor of the Civil List appointed under the 1816 Act, carried out the audit of the expenditure by the Queen and other members of the Royal Family in respect of payments made to them under the Civil List Acts.

5. Given that Civil List expenditure is subject to independent audit in this way and that Douglas Wass can, if need be, be required by a Parliamentary Select Committee (including the Public Accounts Committee) to give an account of his activities, a case can be made for not giving the Comptroller and Auditor General the job of auditing the Civil List and not allowing him access. On the other hand Parliament could argue that the Permanent Secretary of the Treasury does not have anything like the same duties to the PAC and that the C and AG does, and that he is not accustomed to reporting to the PAC on issues that arise in the course of his audit; so de facto Parliamentary oversight of Civil List expenditure is minimal. This is how many people, would like things to be. The opportunity of Parliamentary investigation of Civil List expenditure could be used by critics of the monarchy to generate hostile publicity. But in reality the C and AG would probably not report very often on such a small item as the Civil List, and the additional opportunities for criticism would therefore be small.

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It seems to me better to try and avoid such a situation, which I am sure could be achieved by resisting any attempt by the supporters of the Stevas Bill to change the existing arrangements for the Civil List. Such resistance could be justified, not only by reference to the argument in paragraph 5 above, but also by praying in aid the provision of the Civil List Acts whereby the Royal Trustee (you and I and the Keeper of the Privy Purse) are obliged to make a Report to the Treasury on the sums available under the Civil List Acts and related matters. Statutorily such reports must be made at intervals of not more than ten years; since the last one was dated 31 December 1974, the next one will be no later than 31 December 1984.

7. We have avoided this topic in our current discussions with Mr Du Cann and others. My inclination is to go on doing so. But I thought that you should be aware of the potential problem which we might have to face at some stage if the principle of "following public money wherever it goes" were to be enshrined in new legislation.

CONFIDENTIAL



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Mach.

10 DOWNING STREET

From the Private Secretary

29 December, 1982.

The Prime Minister has now seen the Chancellor's minute of 23 December about the implications for the Audit of the Civil List of the Parliamentary Control of Expenditure (Reform) Bill. Mrs. Thatcher suggests that the Chancellor might like to have a private word with Mr. Norman St. John-Stevas about the points raised in his minute.

Timothy Flesher

Miss Margaret O'Mara,
HM Treasury.

CONFIDENTIAL

CM



Treasury Chambers, Parliament
01-233 3000

Note (Mr. Kerr)
I have asked the Treasury to
let me have a further minute say in how
this matter is dealt with in the Stevas Bill
as published. This
note should arrive
in 1 week.

BJ

Pl. chase if it has not
come by 27.1.

PRIME MINISTER

ROLE OF THE COMPTROLLER AND AUDITOR GENERAL:
CIVIL LIST AUDIT

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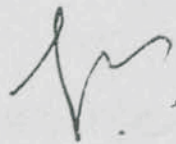
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GEOFFREY HOWE
23 December 1982

Comptroller

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