



NAO's *performance*

We strive constantly to ensure that our professional expertise and the efficiency of our operation keep up with best practice. We aim to deliver more outputs at less cost. In 1998-99 we surpassed our targets for delivery of both financial audits and value for money reports while spending just under our net budget.

People

People are our most valuable resource and we have to compete with the wider public sector and the private sector for the best quality staff. We attach particularly high importance to the development and training of our staff in order to achieve our business goals.

We recruit a range of staff each year. This includes graduate trainees who join our Chartered Accountancy training scheme, qualified accountants and experts in other disciplines and sectors relevant to our work. We set a high standard of entry to our graduate trainee scheme, requiring at least an upper second class degree from all applicants and, of course, competition for the best candidates is fierce. In 1999 we appointed 33 high quality candidates, from over 400 applicants to join the scheme this summer, and in total we currently have around 80 students at various stages of qualification.

We continue to review and develop our human resources policies to reflect both the Office's core values and current best practice. During the last year we have introduced new performance-related pay

arrangements and launched a major management development initiative aimed at enhancing further the people management skills of our staff.

Training

We encourage all our staff to maintain and enhance their skills and to take greater responsibility for their own career development. Our internal training section offers over 45 different courses to help meet our business needs and we also make extensive use of external sources of training and development. In addition to the Chartered Accountancy scheme, we are supporting 38 staff to study for other accountancy qualifications and 22 to gain other qualifications such as Masters of Business Administration or the Institute of Personnel and Development qualification. We also encourage personal development away from the classroom such as coaching and open learning.

Secondments

In order to provide further career development opportunities for our staff and to enhance their understanding of how other organisations work, we run an active and successful secondment programme. The programme also helps develop good client relations by encouraging cross-fertilisation of ideas, techniques and approaches and enables us to help government departments and agencies to develop best financial practice, for example in the introduction of resource accounting. We have between 60 and 70 staff seconded out and around 15 to 20 staff seconded to us.

Money

In 1998-99 we spent £48.8 million of our £49.1 million budget. In the period our workload increased considerably due to:

- Preparation for the audit of resource accounts and provision of advice to audited bodies on this;
- Work on the Government's newly introduced statements of internal financial control; and
- Audit of newly established bodies such as the Regional Development Agencies.

Our productivity has therefore had to increase significantly. This has been achieved through a structured approach to efficiency planning, including:

- Strategic planning systems which are used to set challenging targets;
- Efficient and effective internal monitoring and reporting systems;
- Computerised job management systems;
- Benchmarking of costs against the private sector;
- Quality improvement programmes including external assurance reviews, and
- Effective use of information technology to reduce the time spent on audits.

Outsourcing and competition

A significant contribution to our efficiency programme has come through outsourcing and competition. We outsource a wide range of support services. In 1998 we established a new facilities management contract, to be reviewed annually, covering reprographics, building security, maintenance, reception and messenger services. These contracts now account for 27 per cent of our spending on central services.

In 1998-99 15 per cent of the resources applied to the audit of financial statements were contracted out. This allows us to benchmark our costs and methodologies against the best of the private sector and helps us to manage the peaks and troughs in our workload.

In our value for money work we use consultants in most projects in order to gain the benefit of external expertise and to bring an outside perspective to our work. In 1998-99 external consultants accounted for 14 per cent of the resources applied to value for money activities.

Resource Accounting in the NAO

The Resource Accounting initiative also applies to the NAO and we are well ahead of schedule on this. We have prepared resource accounts for 1997-98 and 1998-99. Both received a clear certificate from our auditors: the 1998-99 accounts within three months of the year-end.



Millie Ikegwonu works on financial audit in the education area. She is studying for Association of Chartered Certified Accountants exams and was recently awarded a prize for getting the highest mark in the world in one of the qualifying exams.

