



WHOLE OF GOVERNMENT ACCOUNTS 2023/24

Issued 27 November 2025

ICAEW welcomes the opportunity to submit written evidence to the [Committee of Public Accounts \(PAC\)'s inquiry](#) into the [Whole of Government Accounts \(WGA\) 2023/24](#) published by HM Treasury on 17 July 2025.

WGA are a critical element of the accountability framework for the UK

- WGA are vital for accountability and for informing strategic decision-making.
- WGA provide a comprehensive financial picture to Parliament and citizens.
- But they take too long, are not as good as they could be, and are not utilised effectively.

Key points on the most recent WGA for 2023/24

- The reduced time taken to prepare WGA is positive but is still far too long at 15½ months.
- The reformatted narrative report is an improvement but still doesn't meet best practice.
- IFRS 18 provides an opportunity to present a better analysis of spending by public service.
- A reconciliation to parliamentary supply estimates would assist with accountability.
- We welcome the WGA Handbook, a shorter, more accessible summary of WGA 2023/24.

We reiterate points we have made in previous WGA inquiries

- Incorporating unaudited draft local authority accounts would be better than their exclusion.
- Monthly financial consolidations would improve financial management, statistics and WGA.
- WGA are not yet being used as effectively as they could; accountability events would help.
- The multiple accounting frameworks used by government need rationalisation.

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KEY POINTS

INTRODUCTION

1. ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of sustainable economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports, and regulates more than 210,000 members and students in over 150 countries. ICAEW members and students work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical, and ethical standards.
2. This response has been prepared by ICAEW's Public Sector team in consultation with ICAEW's Public Sector Advisory Group. ICAEW's Public Sector team supports members working in and with the public sector to deliver public priorities and sustainable public finances, including over 15,000 in ICAEW's Public Sector Community.
3. ICAEW engages with policy makers, public servants, and others to promote the need for effective financial management, audit and assurance, financial reporting and governance and ethics across the public sector to ensure public money is spent wisely.
4. We have submitted evidence to the PAC on previous WGA, most recently:
 - [ICAEW Representation 1/25 Whole of Government Accounts 2022/23](#) in January 2025.
 - [ICAEW Representation 40/24 Whole of Government Accounts 2021/22](#) in 2024.
 - [ICAEW Representation 111/23 Whole of Government Accounts 2020/21](#) in 2023.
 - [ICAEW Representation 47/22 Whole of Government Accounts 2019/20](#) in 2022.
5. In each of these submissions we reiterated our disappointment about the length of time it takes to prepare WGA and highlighted how WGA have yet to fulfil their potential. We also made several suggestions for improvement, many of which remain relevant.
6. We would be very happy to discuss our feedback in more detail if the Committee believes that would be of assistance.
7. For questions on this response please contact us at representations@icaew.com quoting REP XX/25.

WGA ARE A CRITICAL ELEMENT OF THE ACCOUNTABILITY FRAMEWORK FOR THE UK

WGA are vital for accountability and for informing strategic decision-making

8. WGA are audited accruals-based accounts that provide the most comprehensive report on the financial performance and financial position of the UK public sector, and hence a leading tool for providing accountability to Parliament and citizens. They provide the most complete overview of assets and liabilities and of the long-term costs of financial decisions.
9. WGA and the accruals-based financial statements of the 10,000 or so public bodies that consolidate into WGA are also an important tool in helping to improve financial management within the public sector at all levels. High quality financial information including annual financial statements is essential to effective decision making and improving value for money.
10. WGA provide government ministers and civil servants with the most complete picture of the country's financial position, which it is essential to understand when taking major taxation and spending decisions and in developing long-term fiscal strategy. WGA include assets and liabilities such as operational property, public sector pension obligations and nuclear decommissioning liabilities that are not included in net public sector debt as reported in the statistics-based National Accounts.
11. WGA have been key to driving improvements in financial data collection, providing ministers and officials in HM Treasury and government departments with better strategic financial information on which to base decisions.

12. The Office for Budget Responsibility (OBR) has benefited from WGA and supporting information in preparing its medium- and long-term projections of the public finances. These are crucial to the government's ability to develop and deliver fiscal strategy.
13. The publication of WGA covering the entire public sector has provided the Comptroller & Auditor General with a vehicle through which to provide an audit opinion on the financial position of the overall government and not just on individual departments and public bodies.
14. ICAEW strongly supports the use of International Financial Reporting Standards (IFRS) in both central and local government in the UK. IFRS is globally recognised for its high standards in financial reporting and permits comparisons with the private sector and with an increasing number of governments and public bodies around the world. In particular, it provides a global 'common financial language' that should enable preparers to communicate effectively with users.
15. The production since 2010 of an audited IFRS-based WGA, which incorporates central government, devolved governments, the NHS, local government, and public corporations, contributes to the UK's reputation as a global leader in public sector financial reporting.

But they take too long, are not as good as they could be, and are not utilised effectively

16. We believe that the promise of WGA has yet to be fully delivered.
17. A lack of timeliness reduces their utility to Parliament, government and citizens, whether as a tool for holding government to account for its management of the public finances, a tool to support strategic decision-making, or as a tool for informing citizens about the financial position of their government and how public money is generated and then spent on their behalf.
18. WGA are not as good as they could be, with a narrative report and financial statements that do not meet best practice in providing a strategic report on how the government has raised money, spent it and its financial situation and prospects. Nor do WGA currently provide information that many users want - how much has been spent on the main public services provided by central and local government and the outputs and outcomes that have resulted from that expenditure.
19. WGA are not being utilised effectively. This includes how WGA are not easily accessed by or publicised to citizens, are not being used as a basis for how the public finances are communicated to Parliament and citizens, and are not yet core to how the government manages the public finances both operationally and strategically.

KEY POINTS ON THE MOST RECENT WGA FOR 2023/24

The reduced time to prepare WGA is positive but is still far too long at 15½ months

20. We are pleased that the time taken to produce the latest WGA has improved from 24 months for 2021/22 to 20 months for 2022/23 and 15½ months for 2023/24.
21. This is still substantially longer than the nine-month target set by HM Treasury for itself or the six months or less taken by other governments publishing accruals-based financial statements, such as Australia (5½ months), Canada (5¼ months), USA (4¾ months), France (3¾ months), and New Zealand (3¼ months).
22. Bringing the preparation time down to less than 12 months would be transformative as this would avoid the complications currently experienced through having more than one set of WGA in the process of preparation at any one time. It would also enable the WGA team to shift from recovery of the process to investing more time in evolving the WGA to improve the quality and understandability of both the performance report and the financial statements.

The restructured narrative report is an improvement but doesn't align with best practice

23. We welcome the restructuring of the Performance Report in the WGA 2023/24 compared with 2022/23. It is more readable and less cluttered, and hence more informative and accessible to readers.

24. However, despite being described as a 'performance' report, the majority of its content does not relate to the financial performance or position of the UK government and the wider public sector during the 2023/24 financial year.
25. We think that subsections such as the foreword, overview of the WGA, role of WGA in financial management, and the future of the WGA would be better placed as part of a separate 'Introduction to the WGA' report. This could be a distinct section within WGA, but much of this material might potentially be better as an annex or even as separate standing explanatory document on the government website.
26. Doing so would enable the performance report itself to focus on providing a clearer and more focused commentary on the financial 'story' of the year, providing readers with a coherent picture of how government in the UK operates, its economic and fiscal strategy, and its operational and financial performance and position.
27. Such a development would help in moving the WGA towards best practice narrative reporting, for example as set out in the Financial Reporting Council's [Guidance on the Strategic Report](#) followed by listed companies. We will separately encourage the Financial Reporting Advisory Board (FRAB) to update its guidance in the Financial Reporting Manual (the FReM) accordingly.

IFRS 18 provides an opportunity to provide a better analysis of spending by public service

28. We think the adoption in 2027/28 of IFRS 18, a new accounting standard on presentation and disclosure in financial statements, presents an opportunity for the format of the revenue and expenditure statement in WGA to be re-examined.
29. Currently, operational expenditure is presented in this primary statement on a 'by nature' basis, setting out what expenditure is spent on: social security benefits, staff costs, purchases of goods and services, grants and subsidies, depreciation and impairment, interest costs, and changes in provisions.
30. While this is important information that should be included somewhere in the financial statements (for example in the notes to the accounts), we think understanding of the public finances by readers would be better if the primary statement of revenue and expenditure analysed spending by public service, on a 'by function' basis.
31. Such an approach could, for example, analyse operating expenditure incurred between (i) welfare, (ii) health and social care, (iii) education, (iv) defence and security, (v) public safety, and (vi) other public services, together with a further breakdown for each of these categories in the notes to the accounts).
32. WGA is well suited for reporting on a 'functional' basis in theory, but in practice we understand that the financial data taxonomy used across the public sector would need revisiting and the government's financial consolidation tool revision accordingly. However, we think this would also help government develop a 'line of sight' between how much it allocates to public services and how much is spent on them.
33. Such a presentation would provide the basis for a much improved narrative report that explains the why as well as the what of how public money has been spent, the outputs that were delivered, and the outcomes that resulted.
34. We also think that there is an opportunity to reduce the number of numbers shown in the statement of financial position (aka the balance sheet) to provide a clearer overview for readers, while at the same time streamlining the notes to the accounts.

A reconciliation to parliamentary supply estimates would assist with accountability

35. The 2023/24 WGA includes reconciliations to the National Accounts measures of public sector net debt, public sector net financial liabilities, and the current budget deficit.
36. We think these reconciliations are important given that government reports its monthly public sector finances, public sector expenditure analyses (PESA) and the numbers it uses in fiscal events on a National Accounts basis.

37. We believe the reconciliations would benefit from streamlining and a better presentation to make the differences between accounting frameworks clearer to understand. We would also suggest to revisit the contribution of pensions to the reconciliation of the current budget deficit, which we think may have been included in other adjustments rather than shown explicitly.
38. We also believe that the WGA would benefit by providing additional reconciliation between the expenditure numbers presented in the revenue and expenditure statement to the Parliamentary Supply Estimates presented to and approved by Parliament. This would improve the ability of Parliament and the PAC in particular to hold the government to account for how public money has been utilised during each financial year.

We welcome the WGA Handbook, a shorter, more accessible summary of WGA 2023/24

39. We support the publication for the first time of a [WGA Handbook for 2023/24](#).
40. This provides a high-level summary of the consolidated financial performance and position set out in WGA 2023/24, and should make the public finances much more accessible and understandable.
41. We recommend that HM Treasury distribute this booklet to every MP to raise their awareness of WGA.

POINTS MADE TO PREVIOUS WGA INQUIRES

Incorporating draft numbers for local authorities would be far better than their omission

42. A total of 186 local government entities, 11 central government entities and three public corporations were excluded from WGA in 2023/24, resulting in the omission of an estimated £82bn in expenditure, £48bn in revenue, £186bn in assets and £135bn in liabilities from the consolidated totals.¹
43. Although these omissions are not fundamental to the WGA, and are well explained, the quality of the WGA would be significantly improved if unaudited accounts or even draft numbers extracted from underlying accounting systems were to be incorporated instead.
44. This is because the potential inaccuracy of incorporating numbers lacking audit assurance is several degrees of magnitude less significant than the definite inaccuracy caused by excluding them completely.
45. While the English local authority 'backstop' recovery programme should mean that the number of omitted local authority financial statements reduces significantly, we believe HM Treasury should work with MHCLG and local authorities to obtain WGA submissions irrespective of whether audited or unaudited financial statements have been prepared. All local authorities will have sufficient data to prepare such a submission even if there is uncertainty about the ultimate determination of currently unresolved audit issues.
46. We also believe HM Treasury should take further steps to obtain WGA submissions from the 11 central government entities and three public corporations that were omitted in 2023/24, again even if in so doing those submissions are based on unaudited accounts or on provisional numbers extracted from underlying accounting systems.
47. While the incorporation of unaudited or draft numbers will not address the lack of audit assurance that has led the Comptroller & Auditor General to disclaim his audit opinion, doing so would significantly improve the usefulness of the WGA as a comprehensive report on the public finances.

Monthly financial consolidations would improve financial management, statistics, and WGA

48. One of the practical issues hampering the ability of HM Treasury's ability to prepare the WGA on a timely basis is the lack of a monthly or quarterly financial consolidation covering both central and local government.

¹ WGA 2023/24 pages 21 to 24: 'Data omitted from the WGA'.

49. Not only would in-year financial consolidations significantly improve the quality and richness of the financial data available to the government as it seeks to manage the public finances, this would also enable major accounting and audit issues that might affect WGA to be addressed as they appear, rather than waiting until the end of the financial year to be addressed.
50. Monthly financial consolidations would also improve the quality of the public sector finances release published each month by the Office for National Statistics (ONS) that currently rely on estimates rather than actual financial data in many areas and are subject to a higher-than-desirable frequency of error-related revisions.
51. We hope this possibility will be considered by the joint Local Government Financial Information taskforce that has been established by the ONS, HM Treasury, MHCLG and the OBR to look at the challenges that the ONS has faced in obtaining timely and high-quality estimates for recent periods, particularly for expenditure by local authorities in England.

WGA are not yet being used as effectively as they could; accountability events would help

52. The primary purpose of an annual financial report is to support stakeholders in holding an organisation to account. In the private and third sectors the process of accountability is centred around accountability events. These typically comprise an annual results presentation by management to stakeholders and by annual general meetings at which the audited financial statements are formally provided to stakeholders to be adopted.
53. We think that accountability to Parliament would be enhanced by similar accountability events to Parliament including an annual results presentation by ministers and/or officials following the conclusion of each financial year and the formal adoption of WGA and consideration of the report of the Comptroller & Auditor General once they are available.
54. Formal accountability events, we believe, strengthen and complement existing accountability processes including the PAC's inquiries into each WGA by focusing the attention of both the government and Parliament on the financial position of the public sector and the sustainability of the public finances. This is particularly important given the Office for Budget Responsibility's conclusion that they are not sustainable in the longer term.
55. In addition to accountability, financial statements and the processes that are used to put them together, are also critical to good governance, to effective financial and risk management, to the operation of internal controls, to strategic decision making and to provide transparency to stakeholders.
56. While WGA have helped improve how government operates in each of these areas, they are still not fully embedded and so are yet to fully deliver the benefits that a comprehensive set of financial statements and associated reporting processes can provide.
57. We therefore support HM Treasury in its efforts to further embed WGA into how government operates despite many other demands on its time and resources. The UK public sector now takes in and spends substantially in excess of a trillion pounds each year and so it is important that it does not underinvest in how it accounts for and manages such large sums of public money.

The multiple accounting frameworks used by government need further rationalisation

58. Central government and local government between them currently use four different accounting frameworks.
59. While formal accounting, financial reporting and external audits are based on accruals accounting in accordance with IFRS, budgeting and performance monitoring in central government is based on 'resource accounting', a hybrid form of accruals accounting unique to the UK, and in local government on a unique but different form of accruals accounting modified by statutory overrides. Meanwhile, monthly financial reporting, forecasting and fiscal targets are based on the statistics-based National Accounts.

60. The use of multiple different accounting frameworks is a contributing factor to the lack of a clear line of sight between the supply estimates that are authorised by Parliament and the budgets set by local authorities and the reporting of how those funds are utilised.
61. We believe that there are further improvements that could be made to minimise the number of differences between the four frameworks and to streamline reporting to improve line of sight. Examples include reporting the amounts actually spent by local government within the National Accounts rather than netting off external income, reducing the number of statutory overrides in local government accounting, and introducing streamlined reporting of expenditure by public service to replace the complexities of DEL, AME, PGCE and PGSI that make it very difficult to drill down into how much money is being spent on individual government priorities. Such improvements would assist in enabling both the National Accounts and the WGA to be more effective in reporting on where and how public money is being spent in addition to what it is being spent on, as well as in reporting on outputs and outcomes and not just inputs.
62. It would also help the government to eventually move to fiscal targets based on accounting measures similar to the approach now adopted by countries such as Canada, Australia and New Zealand, in addition to making it easier for the Cabinet and Parliament to be able to understand how the government is, or is not, delivering on its financial objectives.