



House of Commons
The Public Accounts
Commission

Seventeenth Report

*Presented to the House of Commons pursuant to section 2(3)
of the National Audit Act 1983*

Ordered by The House of Commons
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The Public Accounts Commission

The Public Accounts Commission is defined by the National Audit Act 1983 and the Budget Responsibility and National Audit Act 2011. The Commission's principal duties under the Acts are to review the National Audit Office Estimate and lay it before the House of Commons, to appoint the accounting officer for the NAO, to appoint an auditor for the NAO, to appoint non-executive members of the NAO board (other than the chairman), and to report from time to time.

Current membership

Edward Leigh MP (*Conservative, Gainsborough*) (Chairman)

Richard Bacon MP (*Conservative, South Norfolk*)

Stella Creasy MP (*Labour/Co-operative, Walthamstow*)

Rt Hon Margaret Hodge MP (*Labour, Barking*) (*ex-officio* as Chair of the Committee of Public Accounts)

Rt Hon Andrew Lansley MP (*Conservative, South Cambridgeshire*) (*ex-officio* as Leader of the House of Commons)

Rt Hon Anne McGuire MP (*Labour, Stirling*)

Austin Mitchell MP (*Labour, Great Grimsby*)

John Pugh MP (*Liberal Democrat, Southport*)

Mr Andrew Tyrie MP (*Conservative, Chichester*)

The following Member was also a member of the Commission during 2011:

Dr William McCrea MP (*Democratic Unionist, South Antrim*)

Rt Hon Sir George Young MP (*Conservative, North West Hampshire*) (*ex-officio* as Leader of the House of Commons)

Publications

The Reports and evidence of the Commission are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/public_accounts_commission.cfm

Committee staff

The current staff of the Commission are Robert Twigger (Secretary of the Commission) and Louise Sargent (Assistant Secretary).

Contacts

All correspondence should be addressed to Mr Robert Twigger, Secretary of the Commission, House of Commons, London SW1A 0AA; twiggerrj@parliament.uk. The telephone number for general enquiries is 020 7219 3270.

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Introduction

1. This is the seventeenth report made to the House of Commons since the establishment of the Public Accounts Commission under the National Audit Act 1983. Although it has published several reports on specific matters, this is the first general report on the work of the Commission since the twelfth report published in 2005.¹ This report concentrates on the work of the Commission during the calendar year 2011, but Annex C lists the meetings held between 2005 and 2010 and gives details of the minutes and supporting documentation that is available from the Parliament website.²

2. The Commission has nine members. Two—the Leader of the House of Commons and the Chair of the Public Accounts Committee (PAC)—are members *ex officio*. The others are appointed by the House of Commons.

3. The membership of the Commission during 2011 was as follows:

Mr Richard Bacon

Stella Creasy (appointed 26 January 2011)

Mr Edward Leigh (appointed 26 January 2011)

Dr William McCrea (discharged 26 January 2011)

Mrs Anne McGuire (appointed 26 January 2011)

Austin Mitchell

John Pugh (appointed 26 January 2011)

Mr Andrew Tyrie

Rt Hon Sir George Young (*ex officio* as Leader of the House of Commons)

Rt Hon Margaret Hodge (*ex officio* as Chair of the PAC)

4. Andrew Tyrie was the chairman at the start of 2011. Edward Leigh took the chair in place of Mr Tyrie on 16 March 2011.

5. During 2011 the Secretary of the Commission was Dorian Gerhold, Clerk of Domestic Committees, and the Assistant Secretary was Louise Sargent.³

Meetings and Parliamentary Questions

6. The Commission held two meetings during 2011: on 16 March and 7 December. Minutes of the meetings are reproduced in Annex A. Annex B lists the supporting

¹ The Public Accounts Commission: Twelfth Report, HC 216 (Session 2004–05)

² http://www.parliament.uk/parliamentary_committees/public_accounts_commission.cfm

³ All correspondence should be addressed to Mr Robert Twigger, Secretary of the Commission, House of Commons, London SW1A 0AA; twiggerrj@parliament.uk. The telephone number for general enquiries is 020 7219 3270.

documentation, which is available from the Parliament website. At both meetings oral evidence from witnesses was taken in public.

7. Seven Parliamentary Questions were tabled to the Chairman of the Public Accounts Commission during 2011, two of which were answered orally.

Statutory Functions

8. The Commission has three main functions under the National Audit Act 1983:

- to examine the Estimates for the National Audit Office (NAO) proposed by the Comptroller and Auditor General (C&AG) and to lay them before the House with such modifications as it thinks fit;
- to appoint the accounting officer for the NAO; and
- to appoint an auditor for the NAO.

9. On 16 March, the Commission approved the NAO's Estimate for 2011/12 having taken evidence from the Comptroller and Auditor General (Mr Amyas Morse), the Chairman of the NAO (Sir Andrew Likierman) and its Chief Operating Officer (Mr Michael Whitehouse). The Commission also received observations from HM Treasury. Areas that were considered in detail during questioning included the cost and quality of value-for-money audits, the potential impact of the proposed abolition of the Audit Commission, and staffing costs and retention.

10. On 7 December, the Commission approved the NAO's Strategy for 2012/13 to 2014/15, again taking evidence from the Comptroller and Auditor General, the Chairman of the NAO, other NAO officials and RSM Tenon (the NAO's auditors). Areas that were considered in detail during questioning included the NAO's aim of reducing its costs by 15% between 2010/11 and 2013/14, the need to reduce corporate overheads and the turnover of staff.

11. The Budget Responsibility and National Audit Act 2011 put the arrangements for the governance of the NAO on a statutory basis, and, in particular, established the NAO as a body corporate. Section 23 of the Act states that the Estimate submitted to the Public Accounts Commission will, in future, be jointly prepared by the Chairman of the NAO and the Comptroller and Auditor General. The Commission must review the Estimate and lay it before the House of Commons—modified where it considers appropriate—and in doing so must have regard to any advice provided by the Public Accounts Committee or the Treasury. Under paragraph 4 of schedule 2 of the Act, the Commission will also appoint non-executive members of the NAO board other than the chairman, on the recommendation of the chairman. In the event of the Commission not appointing, the chairman of the NAO must make another recommendation.

12. In order for the NAO to be prepared for the Act taking full force, the Public Accounts Commission will be required to consider and make certain approvals before 1 April 2012, including:

- Scheme of Delegation
- Scheme of Fees
- Schedule of Assets, Rights and Liabilities to be transferred
- Code of Practice
- Appointment of the NAO Auditors
- Confirm the C&AG as Accounting Officer of the 'new' NAO.

Annex A

Minutes of meetings held in 2011

Tuesday 16 March 2011

Members present:

Mr Andrew Tyrie in the Chair

Mr Richard Bacon
Mrs Margaret Hodge
Mr Edward Leigh

Mrs Anne McGuire
Austin Mitchell
Dr John Pugh

1. Declaration of interests

New members of the Commission declared their interests, as follows:

LEIGH, Edward (Gainsborough)

Remunerated employment, office, profession etc

Barrister at Law.

Parliamentary consultant to TWG Services Limited from 1st August 2009. (£10,001–£15,000).

Payments from Pinnacle Insurance Plc.; Pinnacle House, A1 Barnet Way, Borehamwood, Hertfordshire WD6 2XX. Employment ceased 31 November 2010.

Received £3,500 from Pinnacle Insurance Plc as retainer for consultancy work. Hours: nil. (Registered 28 March 2010)

Received £3,500 retainer from Pinnacle Insurance Plc. Hours: nil. (Registered 14 September 2010)

MCGUIRE, Anne (Stirling)

Remunerated employment, office, profession etc

Completed a survey for IPSOS MORI, and the company paid £150 to Strathcarron Hospice, Denny, Stirlingshire. Hours: 1 hour. (Registered 27 July 2010)

Sponsorships

Donations to the constituency party or association: GMB Scotland, Fountain House 1-3 Woodside Crescent, Glasgow G3 7UJ; £4,500. (Registered 8 June 2010)

2. Chair

Resolved, That Mr Edward Leigh take the Chair of the Commission in place of Mr Andrew Tyrie.—(*Mr Andrew Tyrie*)

Mr Edward Leigh accordingly took the Chair of the Commission.

3. Consideration of the National Audit Office's Estimate for 2011–12

Evidence was taken from Mr Amyas Morse (Comptroller and Auditor General), Sir Andrew Likierman (NAO Chairman) and Mr Michael Whitehouse, Chief Operating Officer, NAO.

The Commission approved the National Audit Office's Estimate for 2011–12.

Wednesday 7 December 2011

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon
Margaret Hodge

Mrs Anne McGuire
John Pugh

1. Consideration of the National Audit Office's Strategy for 2012/13 to 2014/15

Evidence was taken from Mr Amyas Morse (Comptroller and Auditor General), Sir Andrew Likierman (NAO Chairman) and officials of the National Audit Office, and from RSM Tenon.

The Commission approved the National Audit Office's Strategy for 2012/13 to 2014/15.

Annex B

Supporting documentation for meetings of the Public Accounts Commission in 2011

(Available from the Parliament website)

Supporting documents relating to the meeting on 16 March 2011

NAO Memorandum on Resource Estimate for 2011/12

Letter from HM Treasury

NAO Main Supply Estimate 2011–2012

Transcript

Minutes

Supporting documents relating to the meeting on 7 December 2011

NAO Our Strategy 2012/13 to 2014/15

Letter from HM Treasury

Letter from Department for Communities and Local Government

Transcript

Minutes

Annex C

Documentation available from the Parliamentary website relating to meetings of the Public Accounts Commission 2005–2010

22 February 2005

Minutes

Transcript

Treasury letter on NAO Estimate: 2005–06

NAO Annual Report 2005–06

NIAO Main Estimate 2005–06

Memorandum from the NAO on the Estimate for 2005–06

18 October 2005

Minutes

Transcript

Treasury document

Graduate recruitment value for money study

13 December 2005

Minutes

Transcript

28 February 2006

Minutes

Transcript

4 July 2006

Minutes

Transcript

NIAO Letter of 16 June 2006

NIAO Letter on Corporate Plan

NAO Concept Design Report Summary Final

NAO Memorandum

NAO Annex Refurbishment additional resources

NIAO 2005–06 Resource Accounts

NIAO Corporate Plan

31 October 2006

Minutes

Transcript

NAO Memorandum on the (Winter) Supplementary Estimate 2006–07

NAO Winter Supplementary Estimate 2006–07

27 February 2007

Minutes

Transcript

13 June 2007

Minutes

Letter from the C&AG to the Chairman of the Commission dated 10 May 2007

Briefing for the Public Accounts Commission on C&AG's travel

Letter from NAO re FoI request dated 18 April 2007

Attached Table for Letter dated 18 April 2007

Attached Annex for Letter dated 18 April 2007

Letter from NAO re FoI request dated 10 May 2007

Attached Annex for Letter dated 10 May 2007

11 July 2007

Minutes

10 October 2007

Minutes

20 November 2007

Minutes

4 December 2007

Minutes

Transcript

NAO Corporate Plan 2007

Letter from HM Treasury on NAO Corporate Plan dated 27 November 2007

NAO Annual Report 2007

Tenon Report (Value for Money Audit 2006/07)

5 February 2008

Minutes

27 February 2008

Minutes

4 March 2008

Minutes

Transcript

NAO Memorandum on the Estimate for 2008–09

NAO Main Supply Estimate 2008–09

2 July 2008

Minutes

Transcript

NAO Corporate Plan June 2008

NAO Annual Report 2008

Note from C&AG to the Commission on Refurbishment of the NAO Headquarters

Tenon report on Review of the NAO's forecasting, budgeting and charging for fee-paying audits and assignments: Value for Money Audit 2007/08

15 July 2008

Minutes

28 October 2008

Minutes

Transcript

Memorandum by the Comptroller & Auditor General

4 December 2008

Minutes

16 December 2008

Minutes

Memorandum by the National Audit Office on the Government's draft clauses

Memorandum by the Treasury on NAO Governance: Legislation

Memorandum by the National Audit Office on remuneration of the C&AG

Government's draft clauses on NAO Corporate Government

17 March 2009

Minutes

Transcript

NAO Main Supply Estimate 2009–10

National Audit Office Resource Estimate for 2009–10

Note from HM Treasury re NAO estimate for 2009–10

20 May 2009

Minutes

Document regarding the appointment of non-executive members to the NAO Board

20 October 2009

Minutes

Transcript

NAO Strategy 2010–11 to 2012–13

Tenon Value for Money Audit 2008/09

HM Treasury Letter re NAO: Strategy 2010–13

NAO letter re Appointment of Auditors

16 March 2010

Minutes

Transcript

Draft NAO Main Supply Estimate 2010–11

Addendum

NAO Memorandum on Resource Estimate 2010–11

NAO Note on the refurbishment project

Letter from the Treasury on Main Supply Estimate 2010–11

NAO papers relating to new non-executive member

9 November 2010

Minutes

Transcript

Letter from HM Treasury on NAO Estimate 2011–12

NAO Strategy 2011–12 to 2013–14