



House of Commons
The Public Accounts
Commission

**Twenty-first Report:
Work of the
Commission in 2015**

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

*Ordered by the House of Commons
to be printed 10 March 2016*

HC 898

Published on 18 March 2016
by authority of the House of Commons
London: The Stationery Office Limited
£6.50

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

Sir Edward Leigh MP (*Conservative, Gainsborough*) (Chairman)
Richard Bacon MP (*Conservative, South Norfolk*)
Deidre Brock MP (*Scottish National Party, Edinburgh North and Leith*)
Rt Hon Nicholas Brown MP (*Labour, Newcastle upon Tyne East*)
James Cartlidge MP (*Conservative, South Suffolk*)
Rt Hon Chris Grayling MP (*Conservative, Epsom and Ewell*) (*ex-officio* as Leader of the House of Commons)
Meg Hillier MP (*Labour (Co-op), Hackney South and Shoreditch*) (*ex-officio* as Chair of the Public Accounts Committee)
Ian Murray MP (*Labour, Edinburgh South*)
Mr Andrew Tyrie MP (*Conservative, Chichester*)

Publications

The Reports and evidence of the Commission are published by The Stationery Office by Order of the House. All publications of the Committee are on the internet at
<http://www.parliament.uk/business/committees/committees-a-z/other-committees/public-accounts-commission/publications/>

Committee staff

The current staff of the Commission are Helen Wood (Secretary to the Commission) and Ronnie Jefferson (Assistant Secretary).

Contacts

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Introduction

1. This is the twenty-first report made to the House of Commons since the establishment of the Public Accounts Commission under the National Audit Act 1983. This report covers the work of the Commission during the calendar year 2015.
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 2015 was as follows:
 - Mr Richard Bacon (reappointed 4 November 2015)
 - Deidre Brock (appointed 4 November 2015)
 - Rt Hon Nicholas Brown (appointed 4 November 2015)
 - James Cartlidge (appointed 4 November 2015)
 - Stella Creasy (discharged 4 November 2015)
 - Rt Hon Chris Grayling (*ex officio* as Leader of the House of Commons from May 2015)
 - Rt Hon William Hague (*ex officio* as Leader of the House of Commons until March 2015)
 - Meg Hillier (*ex officio* as Chair of the PAC from June 2015)
 - Rt Hon Margaret Hodge (*ex officio* as Chair of the PAC until March 2015)
 - Sir Edward Leigh (reappointed 4 November 2015)
 - Dame Anne McGuire (until March 2015)
 - Austin Mitchell (until March 2015)
 - Ian Murray (appointed 4 November 2015)
 - John Pugh (discharged 4 November 2015)
 - Mr Andrew Tyrie (reappointed 4 November 2015)
4. Sir Edward Leigh was Chairman of the Commission during 2015.
5. Robert Twigger was Secretary of the Commission until 31 August 2015. Helen Wood took over the role from 1 September 2015. The Assistant Secretary throughout 2015 was Ronnie Jefferson.

Statutory Functions

6. The Public Accounts Commission was established under section 2 of the National Audit Act 1983. 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. It also revised the statutory responsibilities of the Commission.
7. Section 23 of the 2011 Act states that the NAO and the Comptroller and Auditor General (C&AG) must jointly prepare an Estimate of the NAO's resources, including resources necessary for the C&AG's functions. 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.
8. Under paragraph 4 of schedule 2 of the 2011 Act, the Commission also appoints non-executive members of the NAO board (other than the chair), on the recommendation of the chair. In the event of the Commission not appointing, the chair of the NAO must make another recommendation.
9. Under paragraph 10 of the same schedule the Commission must appoint the C&AG (or some other appropriate person) as the NAO's accounting officer. Under paragraph 11 the Commission must approve the appointment of an auditor for the NAO for each year and lay the NAO's Report and Accounts before the House of Commons.
10. Paragraph 1 of schedule 3 of the 2011 Act requires the NAO and the C&AG to prepare and maintain a strategy for national audit functions, including a plan for the use of resources. This strategy (including any revision) must be submitted for approval to the Public Accounts Commission (which may modify it) having regard to any advice given by the Treasury.
11. Under paragraph 8 of the same schedule, the Commission must approve any revision to the Scheme of Audit Fees and, under paragraph 10, must approve a Code of Practice dealing with the relationship between the NAO and the Comptroller and Auditor General.

Work in 2015

12. The Commission held two formal meetings during 2015: on 12 February and 10 December. Formal minutes of these meetings are reproduced in Annex A. Annex B lists the supporting documentation that is available from the Parliament website. Oral evidence from witnesses was taken in public at both meetings. Its hearings are also webcast via a link on the Parliament website.
13. Four Parliamentary Questions were tabled to the Chair of the Public Accounts Commission during 2015 of which three were answered orally (one was withdrawn).
14. On 12 February, the Commission re-appointed Naaz Coker as a non-executive member of the NAO Board for a further period of two years (until 30 June 2017). It also considered the NAO's Estimate for 2015/16. The Commission received observations from HM Treasury including that the Estimate was in line with the NAO's Strategy and in keeping with the trajectory it had followed in recent years. HM Treasury suggested that the Commission might invite NAO to provide further thoughts on how to measure its efficiency and effectiveness including providing a range of evidence to demonstrate how NAO's costs compare with other organisations. Oral evidence was taken from the Comptroller and Auditor General (Sir Amyas Morse), the Chairman of the NAO (Lord Bichard) and its Chief Operating Officer (Mr Michael Whitehouse). The Commission agreed to provide the Estimate requested by the NAO.
15. On 10 December, the first meeting of the Commission in the new Parliament took place with four newly appointed members and two new ex-officio members. Sir Edward Leigh was confirmed in place as the Chair of the Commission. The meeting then considered the NAO's Strategy for 2016/17 to 2018/19. Evidence was again taken from the Comptroller and Auditor General, the Chairman of the NAO and its Chief Operating Officer. The Commission also received written observations from HM Treasury. Areas that were considered in detail during questioning included: the changing environment for the NAO (devolution, localism, transfers of powers); the impact on staff of budget reductions; staff retention; improving auditing through systems that drive information in NAO's clients; the implications of the Scotland Bill and engagement with the Bank of England Bill; and support provided to Parliament beyond the Public Accounts Commission. The Commission approved the strategy without modification.
16. The Commission also agreed to lay before the House of Commons the annual value for money (VFM) report on the NAO by its auditors, Crowe Clark Whitehill. The 2015 VFM report looked at HR Processes.¹

¹ Value for Money Study: HR Processes, HC 645

Annex A

Formal minutes of meetings held in 2015

Thursday 12 February 2015

Members of the Commission present:

Sir Edward Leigh, in the Chair

Mr Richard Bacon

Andrew Tyrie

Margaret Hodge

Apologies: Stella Creasy, Mr William Hague, Dame Anne McGuire, Austin Mitchell and John Pugh

Re-appointment of non-executive member of the NAO Board

The Commission re-appointed Naaz Coker as a non-executive member of the NAO Board for a further period of two years (until 30 June 2017).

NAO's Estimate for 2015/16

The Commission approved a 2015/16 net resource Estimate for the National Audit Office of £64.5 million. The Commission approved a 2015/16 capital Estimate for the National Audit Office of £2.0 million.

Twentieth Report of the Public Accounts Commission

The Commission agreed to publish the report on its activities in 2014.

ROBERT TWIGGER
(Secretary to the Public Accounts Commission)

Thursday 10 December 2015

Members of the Commission present:

Sir Edward Leigh, in the Chair

Mr Richard Bacon	Meg Hillier
Deidre Brock	Ian Murray
Mr Nicholas Brown	Mr Andrew Tyrie
James Cartlidge	

Apologies: Chris Grayling

Declaration of interests

Commissioners declared their interests: see Appendix.

Additional interests were noted:

Richard Bacon—organised a seminar called “How Should Norfolk Grow?” in November 2015 sponsored by Barclays, Anglian Water, Saffron Housing Trust, New Anglia LEP, Maids Head Hotel, Norwich International Airport, Swallowtail Print and Abellio Greater Anglia.

Deidre Brock—attended a recent plenary session of the British Irish Parliamentary Assembly in Cheltenham.

Meg Hillier—had a recent speaking engagement in Denmark.

Election of Chairman

Sir Edward Leigh was confirmed in place as the Chair.

Consideration of the National Audit Office’s Strategy for 2016/17 to 2018/19 (in public)

Evidence was taken from Sir Amyas Morse (Comptroller and Auditor General), Lord Bichard (NAO Chairman) and Michael Whitehouse (NAO Chief Operating Officer). The Commission approved the National Audit Office’s Strategy for 2016/17 to 2018/19.

VFM Report on NAO 2015: HR Processes (in public)

The Commission took note of the report and agreed to lay the report before the House.

HELEN WOOD
(Secretary to the Public Accounts Commission)

Appendix to 10 December 2015 proceedings

Bacon, Richard (South Norfolk)

4. Visits outside the UK

Name of donor: Government of the Islamic Republic of Iran

Address of donor: Tehran, Islamic Republic of Iran

Amount of donation (or estimate of the probable value): return business class flights from London to Tehran- value: £1,319, hotel accommodation and meals – value: £464; total £1,783

Destination of visit: Tehran

Date of visit: 9-12 December 2014

Purpose of visit: to attend a conference in Tehran on ‘The World Against Violence and Extremism’ organised by the Iranian Ministry of Foreign Affairs in my capacity as Co-Chair of the All Party Parliamentary Group on Iran.

(Registered 19 March 2015)

8. Miscellaneous

I am a patron of Elizabeth’s Legacy of Hope, a registered charity in England and Wales, No 1141287. During the course of overseas visits I may from time to time undertake engagements on behalf of the charity (Updated 26 May 2015).

(Registered 25 January 2013)

Brock, Deidre (Edinburgh North and Leith)

1. Employment and earnings

Payments from City of Edinburgh Council, High St, Edinburgh, EH1 1YJ, for work as Depute Lord Provost and Councillor. As a councillor, I also hold an annual bus pass with a value of £630. (Registered 05 June 2015)

£1,776.05 received. Hours: approx. 100 hrs.

£1,393.83 received on 26 June 2015, being final salary payment. Hours: approx. 100 hrs. (Registered 06 August 2015)

6. Land and property: (i) value over £100,000 (ii) rental income of over £10,000 a year

My partner and I have half share ownership (in total) of two flats in Edinburgh: (i) (Registered 05 June 2015)

Brown, Nicholas (Newcastle upon Tyne East)

2. (b) Any other support not included in Category 2(a)

Name of donor: GMB

Address of donor: 1 Mosley Street, Newcastle upon Tyne, Tyne and Wear NE1 1YE

Amount of donation or nature and value if donation in kind: £2,000

Date received: 28 April 2015

Date accepted: 28 April 2015

Donor status: trade union

(Registered 05 June 2015)

Cartlidge, James (South Suffolk)

1. Employment and earnings

18 May 2015, received £186 from Share to Buy Ltd, PO Box 11998, Sudbury CO10 3BS.

Resigned as paid director on 7 May 2015. Hours: no hours since the election.

(Registered 02 June 2015)

22 May 2015, received £103.23 final payment as a Councillor for Babergh District Council, Corks Lane, Hadleigh IP7 6SJ, for 1-7 May 2015. Hours: no hours since the election.

(Registered 02 June 2015)

7. (i) Shareholdings: over 15% of issued share capital

Share to Buy Ltd; property portal, mortgage broker and home shows (see category 8 below).

(Registered 02 June 2015)

Share to Buy (Advertising) Ltd; not trading (see category 8 below). (Registered 02 June 2015)

8. Miscellaneous

Unpaid director of Share to Buy Ltd and Share to Buy (Advertising) Ltd (not trading).

(Registered 02 June 2015)

Grayling, Chris (Epsom and Ewell)

3. Gifts, benefits and hospitality from UK sources

Name of donor: Epsom Downs Racecourse

Address of donor: Surrey KT18 5LQ

Amount of donation or nature and value if donation in kind: two racecourse passes for 2015, total value £450

Date of receipt: 1 May 2015

Date of acceptance: 1 May 2015

Donor status: company, no 01752969

(Registered 19 May 2015)

Name of donor: Manchester United football club

Address of donor: Old Trafford Manchester M16 0RA

Amount of donation or nature and value if donation in kind: Match day hospitality on two occasions in 2015, for five people in total: value £750

Date of receipt: 17 May 2015 (second occasion)

Date of acceptance: 17 May 2015

Donor status: company, registration no 00095489

(Registered 21 May 2015)

Name of donor: Epsom Downs Racecourse

Address of donor: Surrey KT18 5LQ

Amount of donation or nature and value if donation in kind: Hospitality for Derby Day, total value £500

Date of receipt: 6 June 2015

Date of acceptance: 6 June 2015

Donor status: company, no 01752969

(Registered 23 June 2015)

6. Land and property: (i) value over £100,000 (ii) rental income of over £10,000 a year

Two terraced houses in London: (i) and (ii)

9. Family members employed and paid from parliamentary expenses

I employ my wife, Sue Grayling, as Office Manager.

Hillier, Meg (Hackney South and Shoreditch)

2. (b) Any other support not included in Category 2(a)

Name of donor: Catholic Bishops' Conference of England and Wales

Address of donor: 39 Eccleston Square, London SW1V 1BX

Amount of donation or nature and value if donation in kind: an educational allowance of £5,116.25 and accommodation provided for an intern in my parliamentary office for 10 months: October 2014 – July 2015

Date of receipt: 6 October 2014

Date of acceptance: 6 October 2014

Donor status: registered charity

(Registered 25 November 2014)

6. Land and property: (i) value over £100,000 (ii) rental income of over £10,000 a year

A property in London: (i) and (ii)

8. Miscellaneous

Ambassador (unremunerated) for Healthcare Denmark, a body established by the Danish Government in partnership with public and private providers. This entails attending briefing sessions, online and in person, to discuss and compare health care provision across the world.

(Registered 25 November 2014)

Leigh, Sir Edward (Gainsborough)

1. Employment and earnings

Non-executive director of Europe Arab Bank (from 4 April 2012). Address: 15 Moorgate, London EC2R 6AD. From 1 October 2015 to 1 October 2016 I will receive an annual salary of £74,000, paid monthly, for an expected monthly commitment of 20-30 hrs. (Updated 7 October 2015)

27 October 2014, received payment of £6,250 gross, £3,355.66 net, for October 2014. Hours: 30 hrs. (Registered 27 November 2014)

27 November 2014, received payment of £6,250 gross, £3,355.66 net, for November 2014. Hours: 20 hrs. (Registered 27 November 2014)

17 December 2014, received payment of £6,250 gross, £3,355.66 net, for December 2014. Hours: 40 hrs. (Registered 03 February 2015)

27 January 2015, received payment of £6,250 gross, £3,355.66 net, for January 2015. Hours: 30 hrs. (Registered 03 February 2015)

27 February 2015, received payment of £6,250 gross, £3,355.66 net, for February 2015. Hours: 30 hrs. (Registered 22 May 2015)

27 March 2015, received payment of £6,250 gross, £3,355.66 net, for March 2015. Hours: 30 hrs. (Registered 22 May 2015)

27 April 2015, received payment of £6,250 gross, £3,355.66 net, for April 2015. Hours: 30 hrs. (Registered 22 May 2015)

27 May 2015, received payment of £6,250 for May 2015. Hours: 17 hrs. (Registered 15 June 2015)

26 June 2015, received payment of £6,250 for June 2015. Hours: 40 hrs. (Registered 07 October 2015)

27 July 2015, received payment of £6,250 for July 2015. Hours: 25 hrs. (Registered 07 October 2015)

27 August 2015, received payment of £6,250 for August 2015. Hours: 10 hrs. (Registered 07 October 2015)

25 September 2015, received payment of £6,250 for September 2015. Hours: 15 hrs. (Registered 07 October 2015)

2. (a) Support linked to an MP but received by a local party organisation or indirectly via a central party organisation

Name of donor: Sir Richard Sutton Estates Ltd

Address of donor (the address of individuals will not be published): 14 Bolton Street, Piccadilly, London W1J 8BF

Amount of donation or nature and value if donation in kind: £2,000

Donor status: company, registration 00346359

(Registered 08 January 2015)

8. Miscellaneous

Until 1 January 2015 (Updated 8 January 2015), Chairman of Protection Products Ltd; company providing income support for unemployed people through a payment waiver.

I received no fees.

Barrister, not currently practising. (Registered 22 May 2015)

9. Family members employed and paid from parliamentary expenses

I employ my wife, Mary Leigh, as Office Manager.

Murray, Ian (Edinburgh South)

1. Employment and earnings

Payments received from ComRes, 4 Millbank, London, SW1P 3JA.

£75 for participation in October 2014 survey. Payment donated to local charity. Hours: 30 mins. (Registered 04 December 2014)

£75 for participation in November 2014 survey. Payment donated to local organisation. Hours: 30 mins. (Registered 26 February 2015)

2. (a) Support linked to an MP but received by a local party organisation or indirectly via a central party organisation

Name of donor: Pricewaterhouse Coopers

Address of donor: 1 Embankment Place, London WC1N 6RM

Amount of donation or nature and value if donation in kind: the services of a research assistant, received via the Labour Party, to support me in my role at the Independent Export Commission from 10 November 2014 to 1 May 2015. The total value of the secondment is £45,000

Date of receipt: 10 November 2014

Date of acceptance: 10 November 2014

Donor status: limited liability partnership
(Registered 10 December 2014)

Name of donor: USDAW

Address of donor: Usdaw Central Office, 188 Wilmslow Road, Manchester M14 6LJ

Amount of donation or nature and value if donation in kind: £2,000

Donor status: trade union
(Registered 08 June 2015)

Name of donor: Community

Address of donor: Head Office, 465c Caledonian Road, Lower Holloway, London, N7 9GX

Amount of donation or nature and value if donation in kind: £2,000

Donor status: trade union
(Registered 08 June 2015)

Name of donor: Unite

Address of donor: Unite House, 128 Theobald's Road, Holborn, London, WC1X 8TN

Amount of donation or nature and value if donation in kind: Printing and mailing costs valued at £1,863.25

Donor status: trade union
(Registered 08 June 2015)

Name of donor: Glen Bramley

Address of donor: private

Amount of donation or nature and value if donation in kind: £2,000

Donor status: individual
(Registered 08 June 2015)

6. Land and property: (i) value over £100,000 (ii) rental income of over £10,000 a year

Half share in a house in Edinburgh: (i) and (ii) (Registered 29 June 2011)

7. (i) Shareholdings: over 15% of issued share capital

100MPH Events Ltd (event management).

8. Miscellaneous

Unremunerated director of Foundation of Hearts, a consortium of supporters purchasing a controlling interest in Heart of Midlothian Football Club (Updated 7 January 2015).

(Registered 06 November 2013)

Unremunerated director of Heart of Midlothian Football Club plc. (Registered 10 June 2014)

Tyrie, Andrew (Chichester)

3. Gifts, benefits and hospitality from UK sources

Honorary membership of Goodwood Country Club.

8. Miscellaneous

Support for staff costs, travel and other expenses incurred as Chairman of the All-Party Parliamentary Group on Extraordinary Rendition, from registered donations made to the All-Party Parliamentary Group.

Annex B

Supporting documentation for meetings of the Public Accounts Commission in 2015

(Available from the Parliament website:

<http://www.parliament.uk/business/committees/committees-a-z/other-committees/public-accounts-commission/publications/>)

Supporting documents relating to the meeting on 12 February 2015

Minutes of meeting held on 2 December

Correspondence on appointment of Non-Executive Members

Letter from the Chair of the NAO on re-appointment of a Non-Executive Member

Draft NAO Supply Estimate 2015/16

Memorandum on NAO Supply Estimate for 2015/16

Letter from HM Treasury on NAO Supply Estimate for 2015/16

Draft Twentieth Report of the Public Accounts Commission

Letter from the Chair of the PAC on NAO Estimate

Supporting documents relating to the meeting on 10 December 2015

Minutes of meeting held on 12 February 2015

Declaration of interests

Letter from the Chair of the PAC

Article from the Guardian, 17 June 2015

NAO Strategy 2016/17–2018/19

Letter from HM Treasury on Draft NAO Strategy 2016/17–2018/19

Letter from the Chair of the Trade Union Side of the National Audit Office

VFM Report 2015: National Audit Office: Value for Money Study – HR Processes (HC 645)