



House of Commons
The Public Accounts Commission

Twenty-fourth Report: Work of the Commission in 2018

*Presented to the House of Commons pursuant
to section 2(3) of the National Audit Act 2003*

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The Public Accounts Commission

The Public Accounts Commission is defined by the National Audit Act 2003 and the Budget Responsibility and National Audit Act 2011. The Commission's principal duties under the Acts are to review the National Audit Office (NAO) 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

[Mr Richard Bacon MP](#) (*Conservative, South Norfolk*) (Chair)

[Jack Brereton MP](#) (*Conservative, Stoke-on-Trent South*)

[Mr Nicholas Brown MP](#) (*Labour, Newcastle upon Tyne East*)

[Douglas Chapman MP](#) (*Scottish National Party, Dunfermline and West Fife*)

[Clive Efford MP](#) (*Labour, Eltham*)

[Meg Hillier MP](#) (*Labour (Co-op), Hackney South and Shoreditch*) (*ex-officio as Chair of the Public Accounts Committee*)

[Julian Knight MP](#) (*Conservative, Solihull*)

[Andrew Leadsom MP](#) (*Conservative, South Northamptonshire*) (*ex-officio as Leader of the House of Commons*)

[Sir Edward Leigh MP](#) (*Conservative, Gainsborough*)

Publications

The Reports and evidence of the Commission are published by Order of the House. All publications of the Committee can be found on the [publications page](#) of the Committee website.

Committee staff

The current staff of the Commission are Dr Michael Everett (Secretary to the Commission) and Ronnie Jefferson (Assistant Secretary).

Contacts

All correspondence should be addressed to Dr Michael Everett, Secretary to the Commission, House of Commons, London SW1A 0AA; everettmr@parliament.uk. The telephone number for general enquiries is 020 7219 2924.

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Introduction

1. This is the twenty-fourth 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 2018.
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 2018 was as follows:
 - Mr Richard Bacon
 - Jack Brereton
 - Mr Nicholas Brown
 - Douglas Chapman (from 9 July 2018)
 - Martyn Day (until 9 July 2018)
 - Clive Efford
 - Meg Hillier (*ex-officio*)
 - Julian Knight
 - Andrea Leadsom (*ex-officio*)
 - Sir Edward Leigh
4. Sir Edward Leigh was Chairman of the Commission during 2018.
5. Dr Michael Everett was Secretary of the Commission throughout 2018. The Assistant Secretary throughout 2018 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 National Audit Office (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 24 of the same schedule the Commission must appoint the C&AG (or some other appropriate person) as the NAO's accounting officer. Under paragraph 25 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 2018

12. The Commission held three formal meetings during 2018: on 10 January, 21 March and 18 December. Formal minutes of these meetings are reproduced in Annex A. Supporting documentation relating to these meetings is available on the Parliamentary website.¹ Oral evidence from witnesses was taken in public at each meeting. 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 2018. Each of these was answered orally.

14. In January the Commission considered the appointment of Dame Clare Tickell as a non-executive Board Member of the National Audit Office (NAO). The Commission took evidence from Dame Clare and Lord Bichard and agreed to appoint Dame Clare as a non-executive Board Member from 10 January 2018 for a period of three years.

15. In March the Commission considered the NAO's Estimate for 2018/19, which sought approval for a net cash requirement of £67.7 million. The Commission received observations from HM Treasury. The Treasury suggested that the Commission might like to encourage the NAO to provide further information on the value for money judgements made by the NAO when choosing different audit models for the different international jurisdictions of the BBC's commercial activities. The Treasury also questioned the justification for the 3% pay increase the NAO was proposing for staff. Oral evidence was taken from the Comptroller and Auditor General (Sir Amyas Morse), the Chairman of the NAO (Lord Bichard) and the Executive Lead of Strategy and Operations (Daniel Lambauer). The Commission agreed to provide the Estimate requested by the NAO.

16. At their meeting on 18 December the Commission considered the NAO's strategy for the financial years 2019–20 to 2021–22. The Treasury again provided the Commission with their written observations. Areas that were considered in detail at the meeting included: Government departments' preparations for the UK's withdrawal from the European Union, the NAO's future auditing of the Student Loans Company, and the resources the NAO would need to scrutinise the Restoration and Renewal project at Parliament. The Commission approved the NAO's Strategy without modification.

17. At the meeting on 18 December the Commission:

- agreed that for the purposes of section 15(2) of the Budget Responsibility and National Audit Act 2011, the Advisory Committee on Business Appointments should be the body that former Comptroller and Auditor Generals must consult with; and
- approved the NAO's recommendation that Crowe UK be appointed as the NAO's external auditor for the financial years ending 31 March 2020, 2021 and 2022, in accordance with paragraph 25 of Schedule 2 to the Budget Responsibility and National Audit Act 2011.

¹ <https://www.parliament.uk/business/committees/committees-a-z/other-committees/public-accounts-commission/publications/>

18. The Commission also agreed to lay before the House the Value for Money Report, *Contract Management Review* (HC1818), in accordance with Paragraph 26 of Schedule 2 to the Budget Responsibility and National Audit Act 2011.

Annex A: Formal Minutes of meetings held in 2018

Wednesday 10 January 2018

Members of the Commission present:

Sir Edward Leigh, in the Chair

Jack Brereton Meg Hiller

Clive Efford Julian Knight

Apologies: Mr Nicholas Brown, Andrea Leadsom

Appointment of Non-Executive Director of the NAO Board.

The Commission agreed to appoint Dame Clare Tickell as a non-executive Board Member of the NAO Board with effect from 10 January 2018, for a period of three years, and that remuneration should be in line with that for existing non-executive members of the NAO Board.

MICHAEL EVERETT

(Secretary to the Public Accounts Commission)

Wednesday 21 March 2018

Members of the Commission present:

Sir Edward Leigh, in the Chair

Richard Bacon Martyn Day

Jack Brereton Clive Efford

Mr Nicholas Brown Meg Hiller

Apologies: Andrea Leadsom, Julian Knight

1. NAO Main Estimates 2018/19

The Commission approved the NAO's Main Estimate for 2018/19.

2. 23rd Report of the Public Accounts Commission

The Commission agreed to publish a report on its work in 2017.

MICHAEL EVERETT

(Secretary to the Public Accounts Commission)

Tuesday 18 December 2018

Members of the Commission present:

Sir Edward Leigh, in the Chair

Richard Bacon Clive Efford

Jack Brereton Meg Hiller

Apologies: Andrea Leadsom, Julian Knight, Douglas Chapman

1. **Approval of Minutes**

The Committee approved the Minutes of the meeting on 21 March 2018.

2. **Employment of former Comptroller and Auditor Generals**

The Commission agreed that, for the purposes of section 15(2) of the Budget Responsibility and National Audit Act 2011, the Advisory Committee on Business Appointments should be the person that former Comptroller and Auditor Generals must consult with.

3. **NAO Strategy 2019–20 to 2021–2022**

The Committee heard evidence from the following on the NAO's Strategy 2019–20 to 2021–2022:

- Lord Bichard, Chair of the NAO
- Sir Amyas Morse, Comptroller and Auditor General of the NAO
- Daniel Lambauer, Executive Leader, Strategy and Operations, NAO

The Commission approved the NAO's Strategy for 2019–20 to 2021–2022, in accordance with Paragraph 1 of Schedule 3 to the Budget Responsibility and National Audit Act 2011.

4. **Value for Money Study**

The Commission agreed to lay before the House the Value for Money Report, Contract Management Review, (HC1818), in accordance with Paragraph 26 of Schedule 2 to the Budget Responsibility and National Audit Act 2011.

5. **Appointment of external auditors**

The Commission approved the NAO's recommendation that Crowe UK be appointed as the NAO's external auditor for the financial years ending 31 March 2020, 2021 and 2022, in accordance with paragraph 25 of Schedule 2 to the Budget Responsibility and National Audit Act 2011.

MICHAEL EVERETT
(Secretary to the Public Accounts Commission)