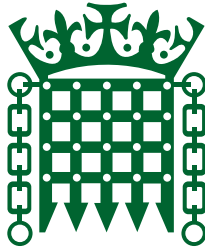


NATIONAL AUDIT ACT 1983



---

# THE PUBLIC ACCOUNTS COMMISSION

---

## Twenty-ninth Report: Work of the Commission in 2023

*Presented to the House of Commons pursuant  
the National Audit Act 1983*

*Ordered by the House of Commons  
to be printed 1 May 2024*

**HC 748**

Published on 14 May 2024  
by authority of the House of Commons

## 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 (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 chair), and to report from time to time.

### Current membership

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

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

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

[Peter Grant MP](#) (*Scottish National Party, Glenrothes*)

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

[Mrs Sharon Hodgson](#) (*Labour, Washington and Sunderland West*)

[Rt Hon. Penny Mordaunt MP](#) (*Conservative, Portsmouth North*) (ex-officio as Leader of the House)

### Publications

The Reports and evidence of the Commission are published by Order of the House. All publications of the Commission can be found on the publications page of the Commission's website.

### Committee staff

The current staff of the Commission are Kevin Candy (Secretary to the Commission) and Su Panchanathan (Committee Operations Officer).

### Contacts

All correspondence should be addressed to Kevin Candy, Secretary to the Commission, House of Commons, London SW1A 0AA; email address: [candyk@parliament.uk](mailto:candyk@parliament.uk). The telephone number for general enquiries is 020 7219 5903.

# Contents

---

<b>Introduction</b>	<b>3</b>
<b>Statutory functions</b>	<b>4</b>
<b>Work in 2023</b>	<b>5</b>



# Introduction

---

1. This is the twenty-ninth 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 2023.

2. The Commission has nine members. Two—the Leader of the House of Commons and the Chair of the Committee of Public Accounts (PAC)—are members ex-officio. The others are appointed by the House of Commons. At the end of 2023 the Commission had two vacant positions.

3. The following were members of the Commission in 2023:

Mr Richard Bacon (Chairman)

Mr Nicholas Brown (until 8 March 2023)

Anthony Browne (until 5 July 2023)

Jack Brereton

Clive Efford

Peter Grant

Dame Meg Hillier (ex-officio as Chair of the Committee of Public Accounts)

Sharon Hodgson (from 8 March 2023)

Jerome Mayhew (until 11 July 2023)

Penny Mordaunt (ex-officio as Leader of the House)

4. Richard Bacon was Chairman of the Commission throughout 2023.

5. Bradley Albrow was Secretary of the Commission until October 2023 and Kevin Candy from November 2023. Arvind Gunnoo was the Operations Officer until March 2023 and Su Panchanathan was the Operations Officer from April 2023. The Commission was supported in its work by Alex Knight, Head of Financial Scrutiny, House of Commons Scrutiny Unit, and Lynn Pamment CBE, independent expert audit adviser.<sup>1</sup>

---

<sup>1</sup> Having been previously being appointed as the Commission's expert audit adviser on 17 November 2022 for one-year, Lynn Pamment was reappointed by the Commission for a further year at its meeting on 28 November 2023.

## 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 National Audit Office (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 and 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 of the NAO. In the event of the Commission not appointing the recommended candidate, 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 2023

---

12. The Commission held five formal meetings in 2023. Formal minutes of these meetings are published on the Commission's website.<sup>2</sup> Oral evidence from witnesses was taken in public at four of these meetings and was webcast on the parliamentary website.

13. One oral Parliamentary Question was tabled to the Chairman of the Public Accounts Commission during 2023.<sup>3</sup>

14. On 10 January, the Commission held a public hearing to consider an appointment to the NAO Board. The Commission took evidence from Dame Fiona Reynolds DBE, Chair of the NAO, and the preferred candidate, Alistair Conner, and subsequently agreed to Mr Conner's appointment.

15. At the same meeting the topics longlisted by the NAO's Audit and Risk Assurance Committee for the NAO auditor's 2023 economy, efficiency and effectiveness examination were considered. The Commission agreed that 'Financial management of the NAO's Financial Audit work' should be the subject for the 2023 examination.

16. On 8 March, the Commission met to consider a progress update on the NAO's strategy for 2020–21 to 2024–25, and the NAO's Main Estimate for 2023/24.<sup>4</sup> In preparation for this meeting the Commission held a private informal meeting on 1 March to enable a briefing from the House of Commons Scrutiny Unit on the NAO's performance and draft Estimate. The Estimate sought approval for a net resource requirement of £91.1 million and a net capital requirement of £4.9 million. As part of the process, the Commission had regard to advice from the Treasury,<sup>5</sup> and the Committee of Public Accounts.<sup>6</sup> Oral evidence was taken from Gareth Davies, the Comptroller and Auditor General, Dame Fiona Reynolds DBE, Chair, and Daniel Lambauer, Executive Director, NAO.<sup>7</sup> The Commission agreed the Estimate requested by the NAO and laid it before the House of Commons on 20 April.<sup>8</sup>

17. On 5 July, the Commission was briefed by Richard Evans, Crowe, the NAO's external auditor, on the subject of the NAO's financial management of financial audit work. The Scrutiny Unit provided a separate briefing on the NAO's Annual Report and Accounts 2022–23.

18. On 11 July, the Commission took evidence in public from Gareth Davies, Dame Fiona Reynolds and Daniel Lambauer on the NAO Annual Report for 2022/23.<sup>9</sup> At this meeting the Commission agreed to lay before the House of Commons the NAO auditor's economy, efficiency and effectiveness examination on the NAO's financial management of financial audit work. It also agreed the topic of the 2024 examination should be on the NAO Audit Transformation Programme.

---

2 Commission's formal minutes for 2023

3 HC Debates, Official Report, 26 January 2023, c. 1163

4 NAO strategy: Progress update and estimate memorandum for 2023–24, National Audit Office Main Supply Estimate 2023/24

5 Letter from the Treasury Officer of Accounts regarding Estimate 2023–24, 23 February 2023

6 Letter from the Chairman of the Committee of Public Accounts, 7 February 2023

7 Transcript, 8 March 2023

8 Votes and Proceedings, 20 April 2023

9 Transcript 11 July 2023

19. On 10 November, the Chairman of the Commission visited the NAO's new offices in Newcastle in connection with the Commission's scrutiny work and the NAO's Audit Transformation Programme. During the visit the Chairman met a group of NAO trainees and new staff based in its Spark Building site.

20. On 28 November, the Commission held a further public hearing to consider a new appointment and reappointments to the NAO's board. The Commission took oral evidence from Dame Fiona Reynolds and Hetan Shah, the preferred candidate for appointment to the NAO's board, and Gaenor Bagley and Sir Martin Donnelly, who were both seeking re-appointment. The Commission confirmed Ms Bagley and Sir Martin's positions at that meeting<sup>10</sup> and confirmed Hetan Shah's appointment subsequently once confirmation had been received that all pre-appointment checks had been completed satisfactorily.<sup>11</sup>

21. The Commission had planned to hold a public evidence session on the quality of the NAO's audit work relating to 2021/22 audits. The Financial Reporting Council (FRC) reviews examining audits for this period had taken place between October 2022 and November 2023. However, the FRC's 2022/23 Audit Quality Inspection report was still under discussion between the NAO and the FRC at the end of 2023. As such, the planned session was now expected to take place in May 2024.

---

10 Letter from Chairman of Commission to Chair of NAO, 28 November 2023

11 Letter from Clive Efford MP, Commissioner, to Chair of NAO, 24 January 2024