National Audit Act 1983

Public Accounts Commission

Thirtieth Report

Work of the Commission in 2024

HC 842

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

Clive Efford MP (Labour; Eltham and Chislehurst) (Chair)

Phil Brickell MP (Labour; Bolton West)

Sir Geoffrey Clifton-Brown MP (Conservative; North Cotswolds)

Rt Hon. John Glen MP (Conservative; Salisbury)

Tom Hayes MP (Labour; Bournemouth East)

Sarah Olney MP (Liberal Democrat; Richmond Park)

Rt Hon. Lucy Powell MP (Labour; Manchester Central)

Chris Vince MP (Labour; Harlow)

Michelle Welsh MP (Labour; Sherwood Forest)

Publication

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Contacts

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Introduction

1. This is the thirtieth 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 2024.

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 2024 the Commission had two vacant positions.

3. The following were members of the Commission in 2024:

Mr Richard Bacon (Chair)[1]

Jack Brereton

Clive Efford

Peter Grant

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

Sharon Hodgson

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

4. Kevin Candy was Secretary to the Commission and Su Panchanathan was the Operations Officer. 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.[2]

1 Richard Bacon was Chair of the Commission throughout 2024

2 Lynn Pamment was reappointed by the Commission for a further year at its meeting on 28 November 2023.

Statutory functions

5. 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.

6. 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.

7. 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.

8. 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.

9. 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 Commission (which may modify it) having regard to any advice given by the Treasury.

10. 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 C&AG.

11. Under section 2(3) of the National Audit Act 1983, the Commission is expected, from time to time, to present to the House of Commons a report on the exercise of its functions. It does so by way of an annual report, setting out its activities in the previous year.

Work in 2024

12. The Commission held three formal meetings in 2024. Formal minutes of these meetings are published on the Commission's website.[3] Oral evidence was taken from witnesses in public at two of these meetings and was webcast on the parliamentary website.

13. Two oral Parliamentary Questions were tabled to the Chair of the Public Accounts Commission during 2024.[4]

14. At its meeting on 24 January 2024 the Commission confirmed Mr Hetan Shah's appointment as a non-executive member to the NAO board. Commissioners had previously taken oral evidence from Mr Shah in November 2023[5] but had requested further information on the recruitment process prior to approving his appointment.

15. At the same meeting the Commission considered an NAO supplementary estimate which sought a net cash increase of £3.2 million for 2023/24.[6] The Commission took evidence in public on this request from Gareth Davies, Comptroller and Auditor General, Dame Fiona Reynolds DBE, Chair, and Daniel Lambauer, Executive Director, NAO. Having considered the oral evidence and advice received from the Treasury,[7] the Commission approved the supplementary estimate in full and it was subsequently laid before the House of Commons on 1 February 2024.[8]

16. On 6 March 2024, the Commission met to consider the NAO's main estimate for 2024/25.[9] The estimate sought approval for a net resource requirement of £101.9 million and a net capital requirement of £4.3 million. As part of the process, the Commission considered advice from the Treasury, and the view of the Committee of Public Accounts.[10] Oral evidence was taken from

3 Commission's formal minutes for 2024
4 HC Debates, Official Report, 23 May 2024, c. 1013
5 Public Accounts Commission, Oral evidence: Appointment and reappointments to NAO Board, 28 November 2023
6 Public Accounts Commission, Oral evidence: National Audit Office Supplementary Estimate 2023/24, 24 January 2024
7 Letter from the Treasury Officer of Accounts to the Commission regarding supplementary estimate 2023/24, 16 January 2024
8 Votes and Proceedings, 1 February 2024
9 Letter from the Treasury Officer of Accounts regarding Estimate 2024–25, 26 February 2024
10 Letter from the Chair of the Committee of Public Accounts, 19 February 2024

Gareth Davies, Dame Fiona Reynolds and Daniel Lambauer.[11] Following this, the Commission agreed the estimate requested by the NAO in full and it was laid before the House of Commons on 12 March 2024.[12]

17. At the same meeting the Commission considered a letter from Dame Fiona Reynolds on appointment of external auditors for the NAO. The Commission agreed to the re-appointment of Crowe as the NAO's auditor for a period of three years from 1 April 2024.

18. On 1 May, Commissioners were briefed by Anthony Barrett, Director, Audit Quality Review, and Ian Mansfield, Senior Quality Assurance Inspector, Financial Reporting Council, on the FRC's report on the NAO's audit quality for 2022–23. The Commission was also briefed by Lynn Pamment, the Commission's expert audit adviser, in preparation for a planned public evidence session on the NAO's audit quality. However, the planned session did not take place owing to the calling of the General Election. As such, work relating to NAO's audit quality was expected to take place at a future date in 2025.

11 Public Accounts Commission, Oral evidence: National Audit Office Strategy and Main Estimate 2024–25, 6 March 2024

12 Votes and Proceedings, 12 March 2024