



House of Commons
The Public Accounts Commission

**Twenty-sixth
Report: Work of the
Commission in 2020**

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

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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 (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*)

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

[Anthony Browne MP](#) (*Conservative, South Cambridgeshire*)

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

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

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

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

[Jacob Rees-Mogg MP](#) (*Conservative, North East Somerset*)

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 Kevin Maddison (Secretary to the Commission) and Arvind Gunnoo (Committee Operations Officer).

Contacts

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Introduction

1. This is the twenty-sixth 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 2020.

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.

3. The following were members of the Commission in 2020:

Mr Richard Bacon

Mr Nicholas Brown

Jack Brereton

Douglas Chapman (until 18 March)

Clive Efford

Peter Grant (from 18 March)

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

Julian Knight (until 18 March)

Sir Edward Leigh

Alan Mak (from 18 March)

Mr Jacob Rees-Mogg (*ex-officio* as Leader of the House)

4. Sir Edward Leigh was re-elected as Chairman of the Commission at the first meeting in the new Parliament on 21 January 2020. Following Sir Edward's decision to stand down as Chairman, Mr Richard Bacon was elected as Chairman of the Commission on 24 March. The Commission recorded its thanks for Sir Edward's distinguished service as Chairman.

5. Kevin Maddison was Secretary of the Commission throughout 2020. Christine McGrane was the Operations Officer until 30 November when Arvind Gunnoo took over. The Commission was supported in its work by Larry Honeysett, Head of Financial Scrutiny at the House of Commons.

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 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 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 2020

12. The Commission held six meetings in 2020. Formal minutes of these meetings are published on the Commission's website. Oral evidence from witnesses was taken in public at four of these meetings and was webcast on the parliamentary website.

13. Two oral Parliamentary Questions were tabled to the Chairman of the Public Accounts Commission during 2019.¹

14. In March, the Commission considered the NAO's proposed strategy for 2020–21 to 2024–25.² In doing so, the Commission had regard to the advice from the Treasury.³ Oral evidence was taken from the C&AG (Mr Gareth Davies). The Commission agreed the NAO's Strategy and laid it before the House.

15. In April, the Commission considered the NAO's Estimate for 2020–21, which sought approval for a net resource requirement of £76.22 million and a net capital requirement of £1.5 million.⁴ The Treasury indicated that it had little to add to the comments made in advance of the session on the strategy. Oral evidence was taken from the C&AG, the then Chair of the NAO (Lord Bichard) and the Executive Lead, Strategy and Operations (Mr Daniel Lambauer). The Commission agreed the Estimate requested by the NAO and laid it before the House.

16. In October, the Commission held a further evidence session with Gareth Davies, Lord Bichard and Daniel Lambauer.⁵ The purpose of this session was to review progress against the Estimate, particularly in light of the uncertainties arising from the Covid-19 pandemic.

17. The Commission held a final meeting in December at which it took oral evidence from Lord Bichard, whose term as NAO Chair was coming to an end, and Dame Fiona Reynolds, the Chair-designate.⁶ Lord Bichard offered his reflections on his time as Chair, and Dame Fiona was asked about her priorities. The Chairman of the Commission expressed his thanks to Lord Bichard for the distinguished way he had served the NAO over the previous six years.

18. Following this public session, the Commission met Lord Bichard and Dame Fiona in private, along with their proposed candidates for positions on the NAO board: Ms Gaenor Bagley and Sir Martin Donnelly, who were seeking appointment for the first time, and Dame Clare Tickell, who was seeking re-appointment. The Commission questioned the candidates about their motivations, skills and experience and whether they foresaw any potential conflicts of interests. It also questioned Lord Bichard and Dame Fiona about the process and the due diligence undertaken. The Commission asked Sir Martin, Lord Bichard and Dame Fiona about any potential conflict with the executive roles Sir Martin held at Boeing. The Commission was advised that the NAO board played no role in the NAO's statutory audit work, which was the sole responsibility of the Comptroller and

1 Oral questions from [Kerry McCarthy MP](#) and [Mr Philip Hollobone MP](#) were answered on 19 May and 31 October respectively.

2 [Transcript, 24 March 2020](#)

3 [Letter from the Treasury](#), 14 March 2020

4 [Transcript, 23 April 2020](#)

5 [Transcript, 20 October 2020](#)

6 [Transcript, 1 December 2020](#)

Auditor General, and that—in the unlikely event that the NAO Board were to discuss any defence matters—Sir Martin would recuse himself from the discussions. The Commission agreed to appoint Ms Bagley and Sir Martin, and to re-appoint Dame Clare, as non-executive members of the NAO board, each for a three-year term.