



# National Audit Office

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Rt Hon Jeremy Hunt MP  
Secretary of State for Culture,  
Olympics, Media and Sport  
Department for Culture, Media  
and Sport  
2-4 Cockspur Street  
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Our Reference AM/1516/10  
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*Dear Minister,*

## NATIONAL AUDIT OFFICE AUDIT OF THE BBC

I very much welcome your comment at the Select Committee earlier this week that the National Audit Office should have the right to examine areas of its own choosing, at times of its own choosing, of the way the BBC spends the licence fee, and the Coalition Government's commitment to give the National Audit Office full access to the BBC's accounts.

Since you have championed the changes, I thought it would be helpful to set out what we need to be able to do an effective job on behalf of Parliament in examining value for money at the BBC.

We need the following:

- the ability to decide on our programme of value for money work;
- unfettered access to information held by the BBC; and
- the ability to report independently to Parliament.

Of course, our value for money work would be strengthened if we were the auditor of the BBC's accounts. That said, the case for us to audit the BBC's accounts stands on its own merits as the BBC's funding is the only significant block of money voted by Parliament that is not audited by the Comptroller and Auditor General.

As regards value for money work specifically, I will take each element in turn.

### 1. The ability to decide on our programme of value for money work

This is the area you referred to in your comments this week and making this change would be a major improvement on the current arrangements. We are looking for the choice, scope and timing of our value for money work to be at the Comptroller and Auditor General's discretion. At present we require the BBC Trust's agreement to carry out a review and in practice we must also agree the terms of reference before we start work. This means the BBC Trust in effect controls the content and timing of our programme.



## **2. Unfettered access to information held by the BBC**

In order to carry out our work thoroughly and promptly, the Comptroller and Auditor General needs a right of access to information held by the BBC. At present, we have no such right and in practice the BBC regularly argues that information is commercially sensitive or relates to areas of editorial judgement. (Of course, I recognise the importance of both of these issues but I would expect them to be applied only occasionally and to a high standard of proof.) This has resulted in protracted discussions about what information we need and what we should publish, which materially delays our work with attendant effects on resources and on our ability to get the job done promptly and deliver a high quality, complete product.

## **3. The ability to report independently to Parliament**

The ability for the Comptroller and Auditor General to report independently to Parliament would allow us to determine the timing of publication, and to present our findings without the addition of the BBC's comments. This is not the position at present as we currently report to the BBC Trust, which adds responses from BBC Management and from the Trust itself. No other organisation we audit is able to add its perspectives before the Committee of Public Accounts has had the opportunity to consider the reports. In addition, the BBC Trust arranges for the reports to be laid before Parliament by the Department for Culture, Media and Sport, meaning it controls the timing of publication which can lead to a considerable delay between completion and publication of the reports.

I hope this letter is helpful in setting out the elements I consider are required to achieve more effective accountability for the public money the BBC spends. In doing so, I do not want to belittle the work that we have done under the existing arrangements, which I think has been very valuable, both to Parliament and to the BBC itself. Our reviews have found that the BBC does some things very well, while in other areas there is scope for improved value for money. Delivering the three elements above would, however, provide greater transparency, build public confidence, and allow Parliament to hold the BBC to account more effectively for its use of public money.

I would, of course, be happy to discuss these matters further if that would be helpful.

I am copying this letter to the Chief Secretary to the Treasury and to Jonathan Stephens.



AMYAS C E MORSE