



## National Audit Office

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Rt Hon Jeremy Hunt MP  
Secretary of State  
Department of Culture, Media and Sport  
2-4 Cockspur Street  
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Date 29 July 2011  
Reference AM/1337/11

*Dear Minister,*

Thank you for your letter of 19 July asking for my views on the proposed amendments to the Agreement between the Government and the BBC relating to the NAO's access to the BBC.

My view remains that audit arrangements which depend on continuing agreement between Government and the BBC rather than on statute leave important matters unresolved. In particular, I attach importance to having the right to report direct to Parliament, and complete discretion over the information reported. Additionally, in the absence of a statutory right of access I will continue to have no access to information covered by the Data Protection Act.

That said, my priority is to ensure that the revised arrangements work on behalf of taxpayers. On the question of my having flexibility to alter the annual programme of NAO reviews once it has been set, your letter describes an arrangement whereby changes could, exceptionally, be made to the programme at predefined points each quarter. Whilst this is in principle not the same as having full discretion over the subjects to be examined, it is an arrangement that I believe could be made to work in practice.

You note Lord Patten's concern that the Trust should have the opportunity to review issues before there can be any NAO scrutiny. In deciding on a programme of work we regularly discuss our plans with the body in question and if the Trust was itself planning work in a particular area this would certainly be an important consideration. The current and proposed working arrangements already require that I consult the Trust on the timing of any review, report exclusively to the Trust and that the Trust and the BBC Executive respond before the report is considered by Parliament. Taken together with these other requirements, the potential for the Trust to veto NAO work in the way proposed begins to look disproportionate and presupposes I will not act in a reasonable way. This is, on the basis of our past record of working co-operatively with the Trust, entirely unnecessary and risks being used as a delaying device in itself.

My only other observation on the draft Agreement attached to your letter is that there seems to be limited value in requiring reasonable notice to be given before the NAO is able to start any work. It is difficult to define what 'reasonable notice' might mean in practice. I would of course discuss my plans with the BBC Trust before arriving at an annual programme of work and in doing so would provide an indication of the expected timetable. If the BBC Trust considers this issue to be important perhaps the Agreement could reflect the need for the annual work programme to specify the likely timing of examinations? Once again, the "protection" looks disproportionate to any perceived risk.



As you say, these arrangements are formally a matter for agreement between you and the Chairman of the BBC Trust, although I am of course grateful for the opportunity to comment. I will ask my officials to liaise with yours on taking forward any changes to be made in response to the points raised in this letter and would like to reiterate that I am fully committed to making the new arrangements work on behalf of taxpayers.



AMYAS C E MORSE