

CMS 157552/DC

Mr Amyas Morse
Comptroller and Auditor General
National Audit Office
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host government
department

18 November 2010

Dear Mr. Morse,

Thank you for your letter of 22 October.

I apologise for the delay in replying but the detail of how the new arrangements are to be implemented has still to be decided and I am not yet in a position to respond conclusively to all the concerns you have expressed.

At this stage, however, I feel it would be helpful to re-iterate the principles behind some of the matters you raise.

My aim is to secure a successful outcome within the current Charter and Agreement framework: accordingly, I do not intend to give the NAO statutory access. I would like to avoid a situation where legislation could potentially contradict or override the Charter and Agreement.

I agree that the position on editorial policy must be made clear in order to set proper limits to the NAO's field of inquiry but also taking on board your point that editorial policy should not be used to constrain proper audit activity. My officials will work with NAO Officers and the BBC to draft a definition which meets both of these requirements.

I am not persuaded that I should require the BBC to appoint the NAO as its external auditor. I do not consider this a necessary step in ensuring that the Government commitment on NAO access is achieved. The BBC appoints its external auditor following a competitive process and I do not believe that it represents good practice to mandate the BBC's behaviour in this way and reduce the range of work that is open to private sector auditors. It is open to the NAO to compete for this work. I understand that the contract next comes up for renewal in 2012.

My officials are currently working on taking forward the new arrangements, together with changes to the BBC Agreement arising out of the recent licence fee settlement, and will be in touch shortly to discuss the NAO perspective further.

I am copying this letter to the Chair of the Culture, Media and Sport Committee.

Yas ew

Jeremy

JEREMY HUNT

Secretary of State for Culture, Olympics, Media and Sport