



National Audit Office

Comptroller and Auditor General
Amyas Morse

Helping the nation spend wisely

Telephone +44 (0)20 7798 7777
Facsimile +44 (0)20 7798 7990
Email work amyas.morse@nao.gsi.gov.uk

Rt Hon Jeremy Hunt MP
Secretary of State
Department for Culture, Media and Sport
2-4 Cockspur Street
LONDON SW1Y 5DH

Reference AM/1555/10
Date 22 October 2010

Dear Secretary of State,

Thank for your letter of 22 September about National Audit Office access to the BBC. I wanted to take a little time to reflect before responding.

I should start by registering my concern that we were only informed of the Government's planned announcement a few days before it was made. These are matters that directly concern the work of the National Audit Office, and I must therefore ask that we are involved from the outset in the discussions about the wording of the relevant parts of the formal Agreement between the Government and the BBC. As an Officer of the House of Commons, I will be looking for an outcome which is consistent with the Comptroller and Auditor General's ability to support Parliament by providing independent and unfettered scrutiny of the BBC.

I am grateful for confirmation that you have agreed in principle with the BBC that the Comptroller and Auditor General will be able to decide which areas of BBC spending will be examined by the National Audit Office. This is a positive step, although "spending" does not capture the full scope of our interest, which is in the use of all BBC resources and includes revenue generating activities, as they both exploit BBC resources and contribute to them.

I also welcome your assurance that we will have the right of access to any information required to carry out our programme of work, and this right should extend to the information we need to identify the areas to be examined. I should add, however, that without a statutory right of access, we will continue to have no right of access to information covered by the Data Protection Act.

I agree with you that the position on editorial matters needs to be clear. Just as we do not question the merits of government policy objectives, we do not and should not question the BBC's editorial judgements. I have previously made clear to the BBC that I am happy to work with them to come to a working definition of editorial policy which is not so broad as to inhibit or prevent proper audit scrutiny of the way BBC resources are used.

You envisage a "requirement" that we inform the BBC Trust before deciding our programme of work. In a public statement on 22 September the BBC Trust went further and referred to the National Audit Office choosing its programme "on an annual basis". As your letter is silent on who will decide the timing of value for money work, it might be helpful to clarify what I have in mind. The Comptroller and Auditor General's ability to decide what to do and when to do it go hand in hand. The former is worth little without the latter. We would expect to discuss our plans with the



BBC Trust and the BBC Executive so we could take account of their views, as we do with other organisations, but I would be unwilling to commit to annual plans. We must have flexibility to react to changing circumstances and issues of the day.

I am disappointed that it remains your view that my reports should reach Parliament via the BBC Trust and the Secretary of State. This means that the Comptroller and Auditor General will not control the timing of publication. It raises the possibility that the BBC Trust or the Secretary of State could redact material or indeed not publish the report, and, under current arrangements, it means that the BBC, uniquely, responds to the issues raised by our reports before they have been considered in Parliament.

I have shared with you previously my view that the Comptroller and Auditor should be the external auditor of the BBC's accounts, an appointment which the BBC Trust can make only with the approval of the Secretary of State. This is more than a point of principle, as we will not be as well placed to identify and deliver a fully informed programme of value for money work as we would be were we the BBC's external auditors.

I understand that there are difficult issues at play here and welcome your commitment to monitoring the effectiveness of the arrangements proposed in your letter. I am concerned, however, that audit access which depends on continuing agreement between Government and the BBC rather than on statute leaves important matters unresolved and may mean that in practice the Coalition's proposals may not take things much further forward in terms of independent scrutiny of the BBC.

Finally, I should tell you that John Whittingdale, Chair of the Culture, Media and Sport Committee, has written to seek my views on the Government's proposed changes. I thought the most straightforward way of dealing with his request would be to let him see this letter to you and so I am sending him a copy.

I am also copying the letter to Jonathan Stephens.


AMYAS C E MORSE