



National Audit Office

An Introduction to the National Audit Office

Contents

[Overview](#)

This section covers the role of the NAO and the Comptroller and Auditor General; the impact of the NAO's work; the accountability process; and who our work is produced for.

[Our work](#)

This section explains the different aspects of the NAO's work in detail.

[Our governance](#)

This section details the NAO's governance and leadership structures.

[Other corporate information](#)

Further information about our outputs, our people and accreditations.



National Audit Office

Overview

Our role

The National Audit Office (NAO) **scrutinises public spending** for Parliament

We help to **hold government departments** and the bodies we audit **to account** for how they use public money

Our work helps public service managers to **improve performance and service delivery**, nationally and locally

Our impact

Our public audit perspective helps Parliament hold government to account and improve public services.

Our work leads to savings and other efficiency gains worth many millions of pounds:

£734 million in 2016

The Comptroller and Auditor General (C&AG)

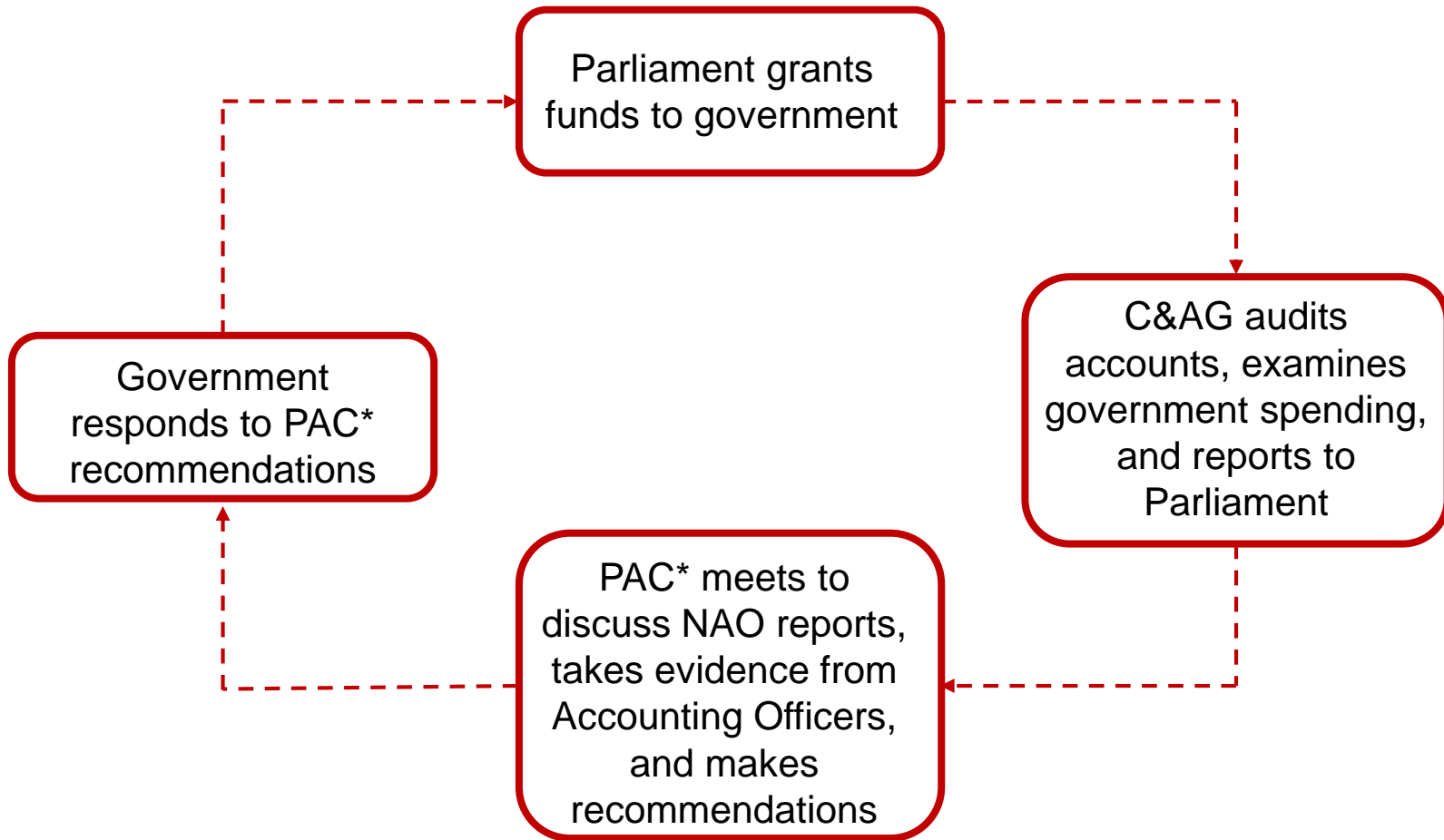
Sir Amyas Morse KCB was appointed in June 2009, and leads the NAO.

He is an Officer of the House of Commons and was appointed by the Queen.

He has statutory access and reporting rights.

He and his staff are totally independent of government.

The accountability process



* Committee of Public Accounts

Our work is produced for

- The Committee of Public Accounts (PAC)
- Other select committees, including the Public Administration and Constitutional Affairs Committee, Environment, Health, Transport, etc.
- All MPs and peers
- Senior officials in government departments
- Members of the public and groups interested in aspects of our work



National Audit Office

Our work

There are five dimensions to our work

Financial Audit

We certified 372 accounts in 2016-17.

Bodies we audit include government departments, charities and some companies.

Value for Money

We published 68 value for money reports in 2016-17.

We highlight important lessons for the bodies we audit and for government more widely.

Investigations

We completed 18 investigations in 2016-17. This work enables us to respond quickly to important issues that public bodies face.

Our work focuses on robust financial management, using information better and areas where MPs and others have concerns.

Support for Parliament

We help the Committee of Public Accounts (PAC), other Select Committees and individual MPs in their scrutiny of public spending and service delivery.

The PAC held 62 hearings based on our work in 2016-17. We also supported other Parliamentary committees.

International

We carry out external audits of a range of international organisations.

We report on EU spending in the UK.

We are a member of INTOSAI* and EUROSAI**.

* International Organisation of Supreme Audit Institutions ** European Organisation of Supreme Audit Institutions

Audited bodies

The C&AG certified 372 accounts in 2016-17, covering more than £1.7 trillion of public income and expenditure

Departments	e.g. Health, Defence
Agencies	e.g. Highways England
Arm's-length bodies	e.g. Environment Agency, Competition and Markets Authority
Charities	e.g. British Council, V&A Museum
Companies	e.g. Historic Royal Palaces Enterprises Ltd

Financial audit

The NAO provides an independent opinion ensuring accounts are:

- 'true and fair'
- properly prepared – in accordance with the relevant Accounting Framework
- regular – income or expenditure, or both, in line with Parliamentary intention

Financial audit approach

The NAO approach:

- complies with International Standards on Auditing (ISAs)
- is a risk-based audit approach
- focuses on material matters, i.e. matters which could alter the user's understanding of a set of financial statements

Financial audit outputs

Audit opinion on financial statements

The C&AG gives an opinion on financial statements, including whether they are true and fair. For most of the accounts we audit, the C&AG will also give a regularity opinion.

C&AG's report on accounts

The C&AG may choose to issue a substantive report on an entity which he audits. These are used to bring Parliament's attention to matters which have a direct or indirect effect on public expenditure.

Letter to management

The letter recommends process and control improvements.

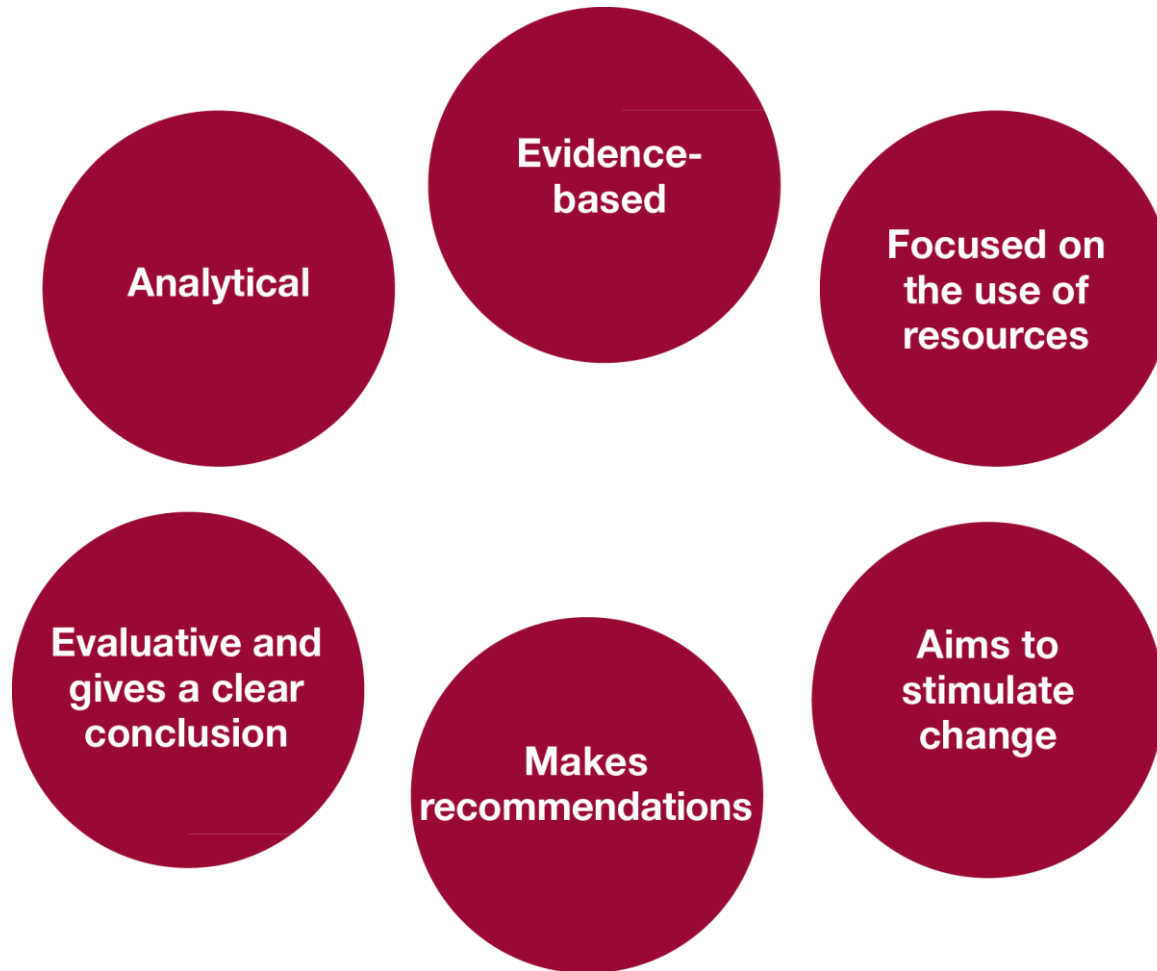
Value for money audit (VFM)

- Parliament uses our reports to hold government to account for how it spends public money
- We cover a wide range of significant topics, such as the NHS and major defence projects, and increasingly focus on local services, including those delivered by local government
- We select our studies based on a detailed assessment of risks to value for money, with input from PAC and Parliament

Value for money audit (VFM)

- Our reports highlight important lessons for the bodies we audit and for government more widely
- We do not comment on the merits of policy but aim to conclude on whether value for money has been secured

What is VFM audit?



Confirming the accuracy of our reports

- The C&AG has complete discretion over the content of our reports
- We agree the factual accuracy of our reports with the bodies we audit but not the conclusions and recommendations
- We also seek comments from other parties mentioned in our reports
- The aim is to ensure subsequent debate focuses on lessons to be learned, with the facts agreed

Investigations and insight

We carry out **investigations** into areas of concern raised with us by Members of Parliament or members of the public. In 2016-17 this work included:

- [Investigation into the collapse of the UnitingCare Partnership contract in Cambridgeshire and Peterborough](#)
- [Investigation: The Department for Transport's funding of the Garden Bridge](#); and
- [Investigation into HMRC's contract with Concentrix](#)

Investigations and insight

We provide in-depth analysis into the systemic issues faced across government, including:

- the effective use of information and ICT;
- digital and technology-enabled change;
- commercial skills; and
- good practice in financial management.

Support to Parliament

We place our skills at the service of Parliament as a whole, supporting in particular the Committee of Public Accounts (PAC), other select committees from both Houses and individual MPs in their scrutiny of public spending and service delivery.

Our international role

- We carry out external audits of a range of other international organisations
- We report on EU spending in the UK
- We are a member of the International Organisation of Supreme Audit Institutions ([INTOSAI](#)), the European Organisation of Supreme Audit Institutions ([EUROSAI](#)) and the group of Commonwealth Auditors General group
- We provide capacity-building support to Supreme Audit Institutions and overseas parliaments

Local government responsibilities

We have powers and responsibilities with regard to local government spending:

- The Local Audit and Accountability Act 2014 gives the C&AG and the NAO new responsibilities including preparing and consulting on the Code of Audit Practice, detailed [here](#).
- We have the power to examine the efficiency and effectiveness of central government expenditure from decision to service provision, including local bodies' use of resources.
- We have a new power to provide evaluation, commentary and advice of a general nature to local bodies.

We have been preparing for this work since the government announced in 2010 its intention to abolish the Audit Commission.



National Audit Office

Our governance

NAO board members

Non-executive members

Lord Michael Bichard Non-executive Chair

Janet Eilbeck Chair of the Audit Committee

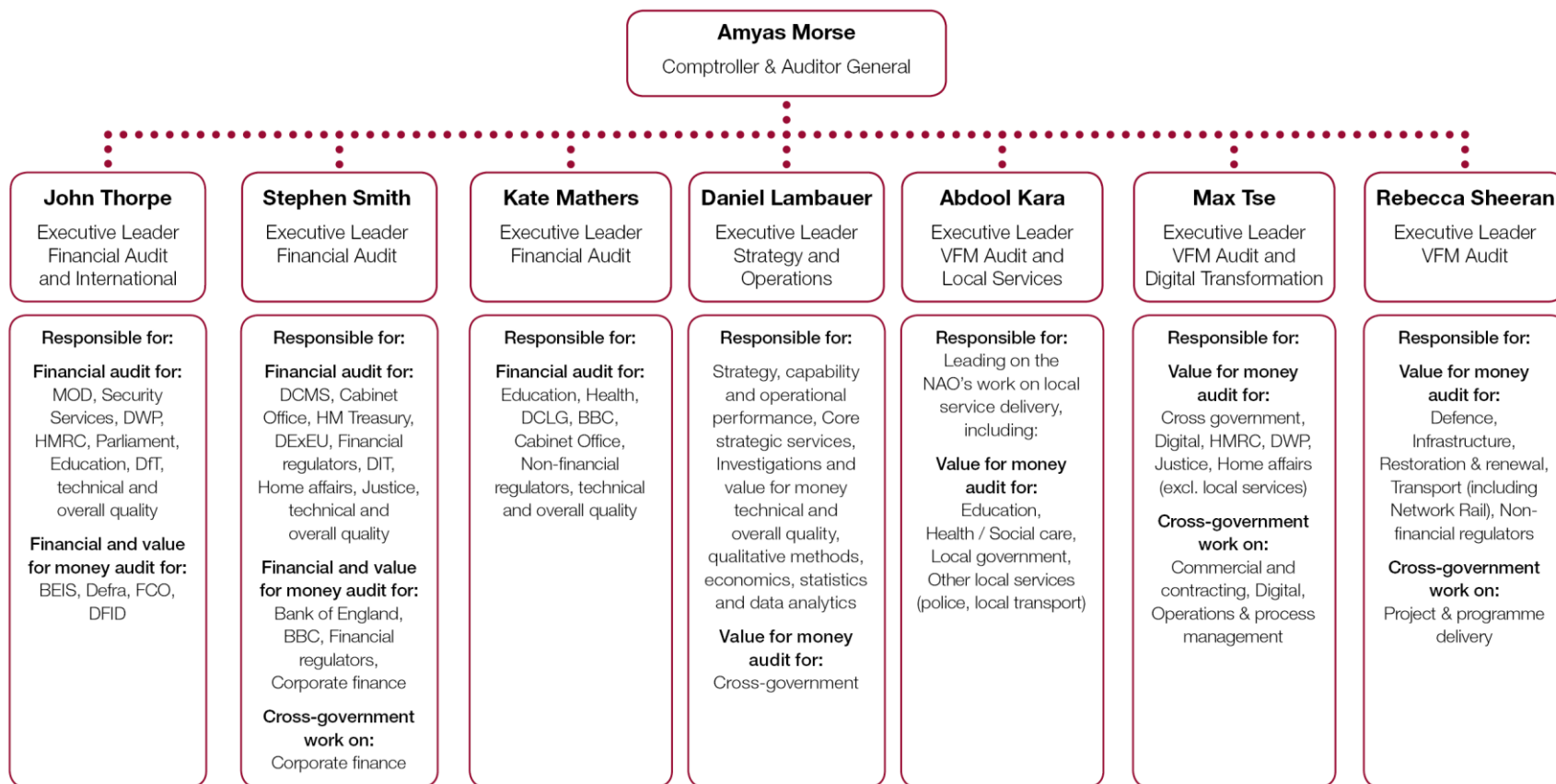
Ray Shostak Chair of the Remuneration and Nominations Committee

Robert Sykes Non-executive member

Executive member

Amyas Morse Comptroller and Auditor General

NAO leadership team



Who audits the NAO?

The Public Accounts Commission, a committee of MPs

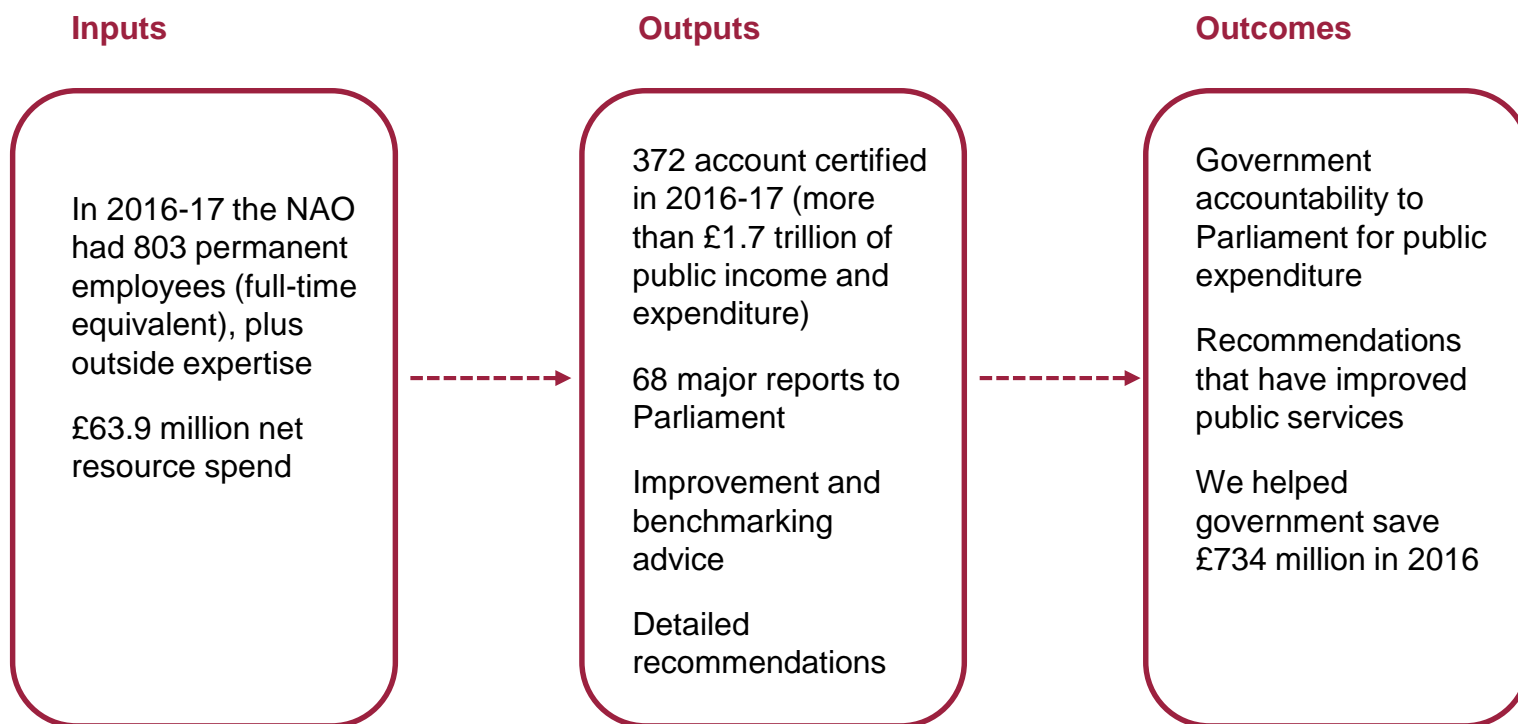
- Approves our budget
- Appoints the non-executive board members
- Scrutinises costs and performance
- Appoints our external auditors
- Commissions value-for-money studies of our operations



National Audit Office

Other corporate information

Key corporate data



Our people

- Accountants
- Statisticians
- Economists
- Social scientists
- Technical specialists
- Client specialists

Our role in the accountancy profession

We sit on the following boards and councils:

- HM Treasury's Financial Reporting Advisory Board ([FRAB](#))
- [FRC](#)¹ Audit and Assurance Council
- [CIPFA](#)/LASAAC² Board
- [CIPFA](#) Central Government Panel
- [FEE](#)³ Public Sector Sub Committee
- [ICAEW](#)⁴ Financial Reporting Board
- [ICAEW](#) Public Sector Audit Committee

¹ Financial Reporting Council

² Chartered Institute of Public Finance and Accountancy / Local Authority (Scotland) Accounts Advisory Committee

³ Fédération des Experts-comptables Européens – Federation of European Accountants

⁴ Institute of Chartered Accountants in England and Wales

Accreditations

We were placed 82 in the Top 100 Stonewall Equality Index 2015, reflecting our work to promote a better working environment for lesbian, gay, bisexual and transgender employees.

Other accreditations and pledges include:



Further information

- NAO website www.nao.org.uk
- Follow the NAO on Twitter [@NAOorguk](https://twitter.com/NAOorguk)
- Sign up for email alerts with [NAOdirect](#)
- NAO videos on [YouTube](#)
- [NAO Annual Report & Accounts 2015-16](#)
- [Public Accounts Commission](#)