



National Audit Office

**The UK's independent public spending watchdog**

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Reference FOI-1574

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## OVERSIGHT OF POST OFFICES SERVICES

Thank you for your request of 25 November 2022 regarding the oversight of services provided by The Post Office. Your request was considered in accordance with the terms of the Freedom of Information Act 2000 (FOIA).

I can confirm that we hold information in scope of your request. Your specific request is set out at Annex A for your reference where we also provide our full response. While we hold some information in scope of your request, we consider it to be exempt from disclosure under Section 33 (public audit functions) of the FOIA.

Annex B explains the exemption and how it applies to your request, and our consideration of the Public Interest Test in relation to s.33. Annex C sets out the steps can take if you are not satisfied with the way we have handled your request under the FOIA.

I hope you find this response helpful.

Yours sincerely,

**NAO FOI Team**

## Annex A

### Request for information about 'Oversight of Post Office services'

#### **Freedom of Information Questions and Answers**

*(Your request in italics, NAO response in plain text)*

*"It is my understanding that the NAO has oversight responsibility for the functioning of Post Office provision of service to the general public. Therefore, under the provisions of the Freedom of Information Act 2000 please provide any/all recorded information which would describe the scope of oversight responsibilities and authorities of Post Office services to the public."*

#### **NAO response**

It might be helpful if we explained the NAO's overall audit responsibilities. The head of the National Audit Office, the Comptroller and Auditor General (C&AG), is responsible for the external audit of government departments and many other public bodies. His powers include the ability to undertake examinations into the economy, efficiency and effectiveness with which public bodies have used public money.

The services provided by The Post Office, however, do not fall within the direct remit of the C&AG and NAO. Although the government owns the Post Office through a Special Share arrangement and the Department for Business, Energy, and Industrial Strategy (BEIS) holds government responsibility for postal affairs policy (including the Post Office), the Post Office was specifically excluded from the remit of the C&AG under the National Audit Act 1983. The Office for National Statistics classifies the Post Office as a Public Non-Financial Corporation. It is a publicly owned organisation which produces goods and services, but it is distinct from its owners, meaning that the government has determined that the Post Office is operationally independent - the Post Office Limited Board retains responsibility for the operations of the Post Office. As a result, the NAO does not audit the Post Office.

Further information about the Special Share arrangement can be found in the [Shareholder Relationship Framework Document](#). and on UK Government Investments ([UKGI](#)) website - the government's centre of expertise in corporate finance and corporate governance, which manages the government's shareholdings as the "Shareholder's Representative". We have however previously undertaken studies looking at how government bodies, primarily the relevant government department and regulator, have interacted with the Post Office. These reports can be found on our website [here](#).

Having searched our records, we can confirm that we hold some information falling within the scope of your request but we consider this information exempt from disclosure. The information we hold is an internal audit report provided by the Government Internal Audit Agency (GIAA). It is crucial to both our Value For Money and financial audit work. Disclosing these details would prejudice our access to obtaining this information in the future. For this reason, the following exemption applies: Section 33 Public Audit. Please see Annex B for details of this exemption.

## Annex B

**This annex sets out the exemption that we have applied to your request.**

### **Section 33 Freedom of Information Act 2000 – Public Audit**

Section 33 of the FOIA provides that:

*(1) This section applies to any public authority which has functions in relation to -*

*(a) the audit of the accounts of other public authorities, or*

*(b) the examination of the economy, efficiency and effectiveness with which other public authorities use their resources in discharging their functions.*

*(2) Information held by a public authority to which this section applies is exempt information if its disclosure would, or would be likely to, prejudice the exercise of any of the authority's functions in relation to any of the matters referred to in subsection (1).*

### **Reasons why we have applied the Section 33 exemption:**

We have applied the Section 33 exemption to information we hold in scope of your request and which we are withholding from release namely the documentation obtained from the *GIAA*.

We have applied this exemption because we consider it is critically important to an effective audit process. It enables us to gather information and knowledge and engage in a free and frank way with audited bodies as we carry out our audits. Much of the information we obtain is volunteered to us by the bodies and people we engage with, and we consider our work would be less collaborative, more inhibited, and so less effective if people thought audit information would be released subsequently.

We believe that were we to release this information, the *GIAA* would be reluctant to share documents pertaining to this matter with the NAO in the future. This would undermine the efficiency of the audit and our ability to conduct appropriate first and second stage reviews of audit work. Furthermore, releasing the information would damage our working relationship with government. This would be likely to impact adversely on the conduct, cost and effectiveness of public audit. Therefore, we consider that disclosure of this information would be likely to prejudice the exercise of the NAO's functions as set out in the National Audit Act 1983. For this reason, we have applied the public audit exemption available under Section 33(2) of FOIA.

### **Reasons why the public interest in maintaining the exclusion outweighs the public interest in disclosing the information in this case:**

The NAO is independent of government and scrutinises public spending on behalf of Parliament. Our work serves the public interest by helping Parliament hold government to account, providing transparency on matters of public interest and driving improvement in the use of public resources.

We recognise that there is a public interest in knowing that the use of public money is subject to appropriate levels of accountability and transparency, delivered through an effective audit function. However, we consider that disclosure of sensitive audit evidence supplied to the NAO by departments in pursuit of our statutory functions and beyond that published in our reports, would impair the audit process for the reasons set out above. Departments would be reluctant to engage with us which would delay and diminish the audit process.

The NAO's work puts information into the public domain and helps Parliament hold government to account. In our view, the balance of public interest rests with the NAO being able to deliver an effective and efficient public audit function and report our findings to the public.

Consequently, given the negative impact that would result from disclosure, we consider it appropriate to maintain the Section 33 public audit exemption.

## **Annex C**

### **Statement of Policy**

Our policy is to respond to requests made under the Freedom of Information Act 2000 as helpfully and promptly as possible, having regard to the principles set out in the Act. I therefore hope you are happy with the way we have handled your request. If you are not, then you should take the following steps.

In the first instance, within 40 working days, write to the National Audit Office Freedom of Information (FOI) Team at [FOI.requests@nao.org.uk](mailto:FOI.requests@nao.org.uk) or by post to:

FOI Team, Green 2, National Audit Office, 157-197 Buckingham Palace Road, London, SW1W 9SP

The Head of FOI will arrange a review, which will be conducted by a senior member of staff who was not involved in decisions relating to your original request. Once the review has been completed, we will write informing you of the outcome.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at:

<https://ico.org.uk/> or Information Commissioner's Office Wycliffe House Water Lane Wilmslow Cheshire SK9 5AF