

LETTER FROM THE PUBLIC AUDIT COMMITTEE TO THE DEVOLUTION (FURTHER POWERS) COMMITTEE, DATED 10 JUNE 2015

Thank you for your letter dated 29 April in which you invite the Public Audit Committee to provide views on the draft BBC Memorandum of Understanding (hereafter referred to as the 'draft BBC MoU').

As you may be aware the Public Audit Committee has been undertaking scrutiny of the possible impact on audit and accountability of the proposals for further devolved powers as set out in the UK Government's Command paper entitled *Scotland in the United Kingdom: An enduring settlement*.

The Committee will conclude its initial consideration of these proposals when it publishes an issues paper in late June 2015. As such we are able to provide the Devolution (Further Powers) Committee with some early views in advance of that of agreeing that issues paper.

The Committee's observations are as follows:

We question the extent to which any Scottish Parliamentary Committee can hold the BBC to account on 'matters relating to Scotland' on the basis of its UK annual report and accounts. We would observe that the BBC raises revenue in Scotland and funds Scottish specific activities such as programming and coverage of major events such as the Commonwealth Games. It also reports to the Scottish Parliament on some Scottish specific activity through its BBC Scotland Management Review and provides specific audited annual report and accounts for BBC Alba.

We consider therefore that for any accountability to be meaningful the BBC should provide Scottish specific data on performance, service delivery and financial information in its UK annual report and accounts. Although the BBC does provide a BBC Scotland Management Review, we consider it essential that any Scottish specific data is robust and has been subject to external audit as is the case with the BBC's annual report and accounts (which are audited by the Comptroller and Auditor General and the National Audit Office).

We are concerned that in the absence of Scottish specific performance, service and financial information, requests for the BBC to give evidence before the Public Audit Committee on the basis of their UK accounts could be rejected on the basis that their UK accounts do not contain sufficient information on matters relating to Scotland.

We note that the Secretary of State or the Foreign Secretary (set out in section 2 of the draft BBC MoU) has the power to give directions as to the information to be given in the report about the finance, administration and work of the BBC and in the statement of accounts. We consider that the draft BBC MoU should provide for consultation with the Scottish Parliament before any such directions are made.

This would enable the Parliament to provide any views on the impact of the proposed direction on the transparency of any Scottish specific information in the annual report and accounts. It could also provide for a mechanism by which more Scottish specific information in the annual report and accounts could be requested by the Scottish Parliament, particularly as its oversight role develops.

Finally we observe that the draft BBC MoU refers to the BBC annual accounts being laid by the BBC in the Scottish Parliament on the next 'available sitting day' after the Secretary of State lays those accounts in the UK Parliament. Under Standing Order Rule 2.1.3 a sitting day is any day 'when the office of the Clerk is open but not when the Parliament is in recess or dissolved'. We are concerned therefore that if the BBC UK annual accounts are laid in the UK Parliament during July each year (as is usually the case) then there would be no obligation under the draft MoU to lay those accounts in the Scottish Parliament until the first sitting day in September (given the Scottish Parliament is usually in recess during July and August).

We also question whether the use of 'available' could also result in the UK accounts being laid in the Scottish Parliament sometime after they are laid in the UK Parliament as it is open to interpretation. We therefore recommend that the words 'available sitting day' is replaced with 'the next day on which the office of the Clerk is open'.

I will ensure that a copy of our issues paper is sent to you once it has been agreed.

Yours sincerely

Paul Martin MSP
Convener to the Public Audit Committee