



National Audit Office

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Mr John Lowrie
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Date 9 April 2018

Dear Mr Lowrie

CHARITY COMMISSION

Thank you for your email of 12 March in which you enquired about further work carried out by the National Audit Office on the Charity Commission following our report *The Regulatory Effectiveness of the Charity Commission* in 2013. I am responding as the National Audit Office (NAO) Director with responsibility for the financial audit of the Charity Commission.

I should begin by saying that the Comptroller and Auditor General (C&AG) and the National Audit Office (NAO), which is independent of government, has two main functions. The first is to audit the financial statements of central government departments and a wide range of other public sector bodies, and to express an opinion on those financial statements. The second is to carry out examinations into the economy, efficiency and effectiveness with which government departments and other public sector bodies have used their resources. These functions are conducted within a legal framework put in place through various Acts of Parliament primarily the National Audit Act 1983 and the Budget Responsibility and National Audit Act 2011.

Our audit of the Charity Commission's annual financial statements is designed to give assurance that the financial statements are free from material misstatement and that the income and expenditure have, in all material respects, been applied to the purposes intended by Parliament. In accordance with the audit scope, the audit certificate provides assurance that in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

In respect of our wider work on the Charity Commission, the NAO has published two additional pieces of work since we last wrote to you. The first of these was the *Follow-up on the Charity Commission* published on 22 January 2015 in a follow-up to our December 2013 report on the regulatory effectiveness of the Charity Commission. We found that the Commission had made good, early progress in addressing all NAO and Public Accounts Committee recommendations and developed a credible change programme. However, significant challenges lay ahead at that date. The report can be downloaded at <https://www.nao.org.uk/report/follow-up-on-the-charity-commission/>.

The Public Accounts Committee subsequently held an evidence session on the 28 January 2015 at which it questioned the Chief Executive of the Charity Commission on our findings. Details of the hearing, together

with a follow-up letter from the Chief Executive to the Chair of the Committee can be found at <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news/follow-up-on-the-charity-commission-evidence-session/>.

Our second piece of work was the *Charity Commission: Progress report*, published on 29 November 2017, which focused on the progress that the Commission has made since the 2015 report. We have found that the Commission had continued to improve significantly from its baseline position in 2013. The report examined areas that could be improved and made suggestions for the Commission to consider next. The report can be downloaded at <https://www.nao.org.uk/report/charity-commission-progress-report/>.

I hope that this information is useful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. G. Keane'.

Paul Keane
Director