

AUDIT COMMITTEE**MINUTES****Date:** 19 October 2000**Time:** 2pm**Venue:** Committee Room 1**Attendance** **Members**

Janet Davies (Chair) SW West

Lorraine Barrett Cardiff South & Penarth

Peter Black SW West

Geraint Davies Rhondda

Brian Gibbons Aberavon

Alison Halford Delyn

Dafydd Wigley Caernarfon

Officials

Sir John Bourn Auditor General for Wales

Ian Summers National Audit Office

Gillian Body National Audit Office

Sharon Davies Acting National Assembly Compliance Officer

Andrew George Committee Clerk

Julie Bragg Deputy Committee Clerk

Apologies were received from Alun Cairns.

Agenda Item 1: Chair's Opening Remarks

1.1 The Chair welcomed all present to the first meeting of the Committee in the new Assembly year. The meeting would look at the future activities of the Committee and the Auditor General for Wales. The Committee had a valuable role to play in Welsh public life and the Chair considered that its annual report, which would be discussed later in the agenda, highlighted the impact the Committee had had over the past year. She noted that Jane Davidson was no longer eligible to be a member of the Audit Committee now that she had become a member of the Assembly Cabinet and offered members' thanks to Mrs Davidson for her contribution to the work of the Committee.

Agenda Items 2 and 3: Draft Estimate of the Income and Expenses of the Auditor General for Wales and Programme of Value for Money examinations

Papers: AC-07-00(p.1), AC-07-00(p.2) and AC-07-00(p.3)

2.1 The Chair proposed that items 2 and 3 be taken together as they were inter-related. She advised the Committee that the draft estimate paper (paper 1) set the background for consideration of the other two papers. All three had been produced by Sir John Bourn and she invited him to introduce his papers.

2.2 Sir John said that he had taken forward many topics suggested by the Committee over the past 12 months and considerable progress had been made. Many important issues had already been considered and these were set out in paper 2. The potential savings that had arisen from reports produced to date and in which the Committee had expressed a great interest were also set out. They were relevant to the estimate and amounted to a one-off saving of over £80,000 and recurrent savings of between £1.5m and £1.75m a year. This return had been produced on the basis of £400,000 made available to the Auditor General for Wales for value for money and associated work last year. A return of some 4 times the 'investment' had therefore been produced. Whilst most of the financial savings were from the Auditor General's VFM work, the financial audit of ACCAC had found an overcharge of £23,000 by an English body which had now been repaid.

2.3 Table 1 of paper 3 outlined the range of work currently in progress or proposed for future years. The proposals included studies with the potential for substantial financial savings such as that on Drug Prescribing. There was also significant scope for savings from reports concerning procurement and estate management in different aspects of Welsh public administration. Other proposed studies covered issues suggested by Audit Committee members.

2.4 In the light of the proposals, Sir John had produced an estimated budget of £2,145,000 to cover both financial audit and value for money work in 2001-2002. This represented an increase of £220,000 net on 2000-2001. Apart from the 2.7% of the amount which covered cost increases compared to the current year, the main reasons for the increase were the additional accounts to be audited, particularly in the education sector, and more complicated accounts, such as the Assembly's resource account. Sir John asked the Committee to approve his estimated budget on the basis of the good start that had been made

which he would look to continue. In response to two queries, he confirmed that the budget for 2000-2001 previously agreed by the Committee would not be overspent but was on target; and that the proposed budget for 2001-2002 took account of issues that needed to be revisited within the value for money programme.

2.5 The Chair requested further information about the "administration, professional and technical services" element of the Auditor General's estimates. Sir John said that this included support to the Audit Committee, preparation of the Auditor General's corporate plan and estimate, his annual report and accounts, the salary of his own Private Secretary and correspondence, especially that from the public. The estimated cost of replying to correspondence was some £79,000. Some issues required very detailed responses which involved a considerable amount of work. The public needed to be aware that their correspondence would be dealt with seriously and that a considered reply would be provided. He advised the Committee that up to 30 letters had been received from the public this year as well as those from other sources amounting to well over 100 enquiries. He agreed to provide a summary of the issues raised by the public in their correspondence.

2.6 The Chair noted that a letter had been received from the WDA querying the possible savings that had been identified in the Auditor General's report on the creation of the enlarged agency. Sir John pointed out that any savings identified in his reports were potential savings which had to be planned for and managed. They were not guaranteed and the National Audit Office would be working to assist the Agency to produce those savings, as they would with any other organisation. He would advise the Committee on the actual savings achieved in due course and would include a note to this effect in future Annual Reports.

2.7 The Chair invited members to comment on the proposed programme of value for money examinations. Members raised the following points:

- the proposed report on the effectiveness of Regional Selective Assistance grants was very important and could inform the deliberations of the Economic Development Committee;
- the review of drug and alcohol misuse could be given high priority in order to inform Assembly policy in various areas including social inclusion;
- the reviews of hospital catering and cleaning services concerned 'value for life' as well as value for money. These should take place as soon as possible so that possible sources of MRSA could be eradicated and more nutritious meals could be provided to aid the speedier recovery of patients. Sir John advised that the need for his proposed review of hospital cleaning services had partly been reinforced by a UK study of hospital-acquired infection;
- it was important to use investigations in certain circumstances to inform policy. For example, it would be interesting to consider the influence of private practice on the length of hospital waiting lists. Sir John said that he would consider how he might approach this;

- in response to a question, Sir John confirmed that he would consider whether to look at the effectiveness of housing renovation grants in connection with the report on homelessness and rooflessness; and,
- Sickness levels in the police service might also be a useful area to consider if Sir John had powers in this area. He said that he would see what information he could provide to the Committee in conjunction with the Home Office.

2.8 A query was raised as to whether it was within the scope of the Auditor General's powers to examine bodies which are limited companies wholly owned by local authorities. Sir John advised that he had no powers to examine limited companies. The audit of companies established by Government was an issue he was raising on a UK basis and he would provide a paper to the committee.

2.9 The Committee agreed the Auditor General's estimated budget and accepted his review of value for money activities to date. The Chair asked him to consider the suggestions made by members on his proposed value for money programme for 2001-2002 and future years and invited him to inform the Committee of his final programme for 2001-2002 in due course.

Agenda item 4: Draft Annual Report of the Audit Committee

Paper: AC-07-00(p.4)

4.1 The Audit Committee's annual report would be the subject of an Assembly plenary debate on 31 October. Members indicated that they were content with the report as produced in draft.

Agenda item 5: Minutes of Previous Meeting

Paper: AC-06-00(min)

5.1 The minutes of the previous meeting were agreed.

5.2 Future meetings of the Committee would feature the following topics:

- November - Assembly Accommodation;
- December - Maximising Income from prescription charges;
- First meeting in 2001 - Handling of Clinical Negligence Claims.

Agenda Item 6: Audit Committee's reports on WDA: managing the creation of the enlarged Agency and looking for future savings and support for indigenous businesses in Wales and Coleg Gwent (Treasury Minute to the Public Accounts Committee's report on Financial Management and Governance at Gwent Tertiary College)

6.1 The Committee resolved to exclude the public from this part of the meeting in accordance with Standing Order 8.21(vi):

A Committee may resolve to exclude the public from a meeting or any part of a meeting where: the committee is deliberating on the conclusions or recommendations of a report it proposes to publish.

The Committee deliberated on the two reports and, taking into account the points raised, came to agreement on them.

6.2 The meeting concluded at 15.10pm.