



Estimate of the income and expenses of the Auditor General for Wales for the year ending 31 March 2002

Submitted to the Audit Committee of the National Assembly for Wales under Section 93(4) of the Government of Wales Act 1998

**October
2000**

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Introduction by the Auditor General for Wales

Background

1. Under Section 93(4) of the Government of Wales Act 1998, I am required to submit an annual estimate of my income and expenses to the Audit Committee of the National Assembly for Wales. This estimate is for the financial year ending on 31 March 2002. The estimate, together with my forward programme of value for money work, is scheduled for consideration by the Audit Committee on 19 October 2000.
2. For the current financial year (2000-01), the Audit Committee set a net provision of £1,925,000 to cover the cost of:
 - the audit of accounts (less fees that I am able to collect from certain bodies for such work);
 - value for money audit;

- other audit work; and
- administrative, professional and technical services.

Value for money audit

3. The provision agreed last year by the Committee of £1 million for value for money work to be undertaken between 1 April 2000 and 31 March 2001 has enabled the National Audit Office Wales, acting on my behalf, to commence work on a wide range of studies. A number of these studies will identify, and help management to secure, in due course, significant financial savings. The first such reports from the work funded by this provision will be laid before the National Assembly later this year and will provide the bulk of the material for the Audit Committee's own programme of work from December 2000 onwards.

4. For 2001-02, I propose to maintain the current level of activity on value for money audit, in order to continue my planned coverage of the many functions undertaken by the Assembly and its sponsored bodies. I am submitting separately two memoranda to the Committee: a review of my value for money activities to date and my proposed forward programme.

Financial audit

5. In 2001-02, I will be required to complete the audits of 29 accounts for the 2000-01 financial year of account, compared with 26 that I will complete in 2000-01 for the 1999-00 year of account (Annex 1 refers). In 2001-02, I will also have to commence work on four new bodies to be established in Wales under recent Acts of Parliament:

- The National Council for Education and Training for Wales;
- The Care Standards Inspectorate for Wales;
- The Children's Commissioner for Wales; and
- The Care Council for Wales.

The National Council for Education and Training for Wales will take over the work of the existing Welsh Training and Enterprise Councils (these are limited companies and are not audited by myself) and the Further Education Funding Council for Wales.

6. The level of financial audit activity will also increase to reflect the new expenditure programmes supported by Objective One funding from the European Commission, including the transfer to the National Assembly of financial responsibility for projects supported by the European Social Fund. I anticipate that financial audit activity in this important area will need to increase still further in 2002-03 and later years, to reflect rising levels of expenditure as projects get underway.

Summary

7. As well as taking account of the above factors relating to financial audit and my decision to maintain the current level of value for money activity, I have increased the estimate by approximately 2.7 per cent from the current financial year to allow for increases in the costs that the National Audit Office Wales will incur including increases to its salary costs.

8. I am requesting the Committee's approval of a **net provision of £2,145,000 for 2001-02**. A breakdown of this estimate, with explanatory notes, is contained in the following pages.

John Bourn

National Assembly for Wales

Auditor General for Wales

Cardiff Bay

2 October 2000

Cardiff

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	2001-02 estimate	2000-01 provision	Note reference
	£000	£000	
Audit of accounts	987	675	1
Value for money audit	1,027	1,000	2
Other audit work	159	205	3
Administrative, professional and technical services	309	295	4
Total expenses			5
Fee receipts			
NET PROVISION REQUESTED	2,482	2,175	
	(337)	(250)	
	2,145	1,925	

This estimate excludes the cost of the Auditor General's salary, which is payable by the Assembly direct under Section 91 of the 1998 Act.

Explanatory notes

1. The cost of auditing accounts covers the work that I am required to undertake in accordance with standards laid down by the Auditing Practices Board in order to form opinions on the accounts listed at Annex 1 for the 2000-01 year of account. It also includes initial work on the accounts for the 2001-02 financial year, and other financial audit tasks.

The total cost of financial audit work to be undertaken in 2000-01 will increase by £292,000 from 2000-01, as set out below:

	£000
2000-01 Estimate	675
Add: New audit work	206
Add: Transfer from 'Other audit work'	88
Add: Inflation Uplift	18
2001-02 Estimate	987

The four new accounts that I will audit in 2001-02 are set out in paragraph 5 of the Introduction. The estimate also reflects the anticipated increase in costs for auditing the Assembly's resource account for a full 12-month period (the 1999-00 account scheduled for completion in 2000-01 only covers a 9-month period of programme expenditure from the date of the transfer of functions).

For 2001-02, I have included the cost of producing reports on accounts (researching the subject matter, drafting the reports and clearing them with interested parties) under this heading. For 2000-01 this cost was included in "other audit work". This change is to more accurately reflect the nature of this work in my estimate and annual accounts and brings the structure into line with that adopted by the National Audit Office.

2. The estimate for value for money audit is budgeted to remain constant from 2000-01, in real terms. Further details are contained in the two memoranda submitted separately to the Audit Committee.

3. Other audit work includes the cost of corporate governance work within the Assembly, as well as audit work that I undertake on Assembly sponsored public bodies, at the request of the Assembly. It also includes the cost of producing my annual General Report for Wales. The decrease in costs under this heading is due to a reclassification of the cost of producing reports on accounts, which is explained in Note 1.

4. Administrative, professional and technical services include the support that I provide to the Audit Committee for evidence sessions and advice on subsequent reports, preparation of my annual estimate, the accounting and bookkeeping services required by my office, the cost of my external auditors (appointed by the Assembly), and other administrative costs incurred in running my office.

5. Under Section 93(3) of the Government of Wales Act 1998, I am permitted to charge a fee for auditing the accounts of all public bodies, with the exception of those prepared by the Assembly itself. I also levy a fee for the other financial audit work that I undertake on the Assembly's sponsored public bodies. The increase over last year's budgeted income is due to fees that I will collect in 2001-02 for the audit of new accounts.

Annex 1

Audits of accounts for the 2000-01 financial year scheduled for completion in 2001-02

Accounts prepared by the National Assembly for Wales

Resource Account

Cadw: Welsh Historic Monuments

Summarised account of Welsh TECs (closing account)

Summarised account of Welsh health authorities

Summarised account of Welsh NHS trusts

Summarised account of Funds held on trust by Welsh NHS bodies

Welsh Non-Domestic Rating Account

Assembly Members' Pension Fund

Welsh European Funding Office (new account)

[9 accounts]

Accounts prepared by Assembly Sponsored Public Bodies

Arts Council of Wales*

Countryside Council for Wales

General Teaching Council for Wales (new account)

Higher Education Funding Council for Wales

Further Education Funding Council for Wales (closing account)

Local Government Boundary Commission for Wales

National Library of Wales

National Library of Wales Pension Fund

National Museums and Galleries of Wales

Estyn

Qualifications, Curriculum and Assessment Authority for Wales

Sports Council for Wales*

Sports Council for Wales Trust

Wales Tourist Board

Welsh Administration Ombudsman

Welsh Development Agency

Welsh Forestry (new account)

Welsh Language Board

Welsh National Board for Nursing, Midwifery and Health Visiting

Welsh NHS Commissioner

[20 accounts]

* The National Lottery Distribution accounts will continue to be audited by the Comptroller and Auditor General and laid before both Parliament and the Assembly