

AUDIT COMMITTEE

Date: 12 June 2003
Time: 14:00
Venue: Committee Room 3 &4, National Assembly Building, Cardiff Bay
Title: Draft forward work programme for Audit Committee

Purpose

1. This paper provides an outline of future business for the Audit Committee.

Recommendation

2. Members are invited to note the list of reports to be published by the Auditor General for Wales and the other business due to come before the Committee.

Background

3. Section 60 of the Government of Wales Act (the Act) requires the Assembly to establish an Audit Committee. The responsibilities of the Audit Committee are set out in detail in Standing Order 12. (A copy of which is attached at Annex 1 and extracts from the relevant parts of the Government of Wales Act are attached at Annex 2).

4. In broad terms, the role of the Audit Committee is to examine the reports on the accounts of the Assembly and other public bodies prepared by the Auditor General for Wales; and to consider reports by the Auditor General for Wales on examinations into the economy, efficiency and effectiveness with which the Assembly has used its resources in discharging its functions.

5. The Audit Committee's work programme is, therefore, based on the programme of investigations and reports of the Auditor General for Wales. (The Auditor General for Wales submits his proposed programme to the Audit Committee each Autumn for comment).

6. Responsibility for the audit of local authorities is a matter for the Audit Commission and falls outside the remit of the National Assembly for Wales' Audit Committee.

Reports scheduled for publication by the Auditor General for Wales

7. The following table indicates what reports the Auditor General is due to produce over the next year. This outline will be subject to change as new areas requiring investigation can emerge during the year and the estimated length of time an investigation will take can change. Not all of the reports will be considered in detail by the Audit Committee.

Material to be delivered in the short term (between 1 May and 30 September 2003)	NHS Wales Financial Health
	General report on the financial audit work of the Auditor General for Wales
	Hospital cleaning services in Wales
	Follow-up memorandum on the sale of the Mid Wales Hospital at Talgarth
	Housing: Private sector renewal in Wales
	Compensation payments for bovine TB in Wales
Work underway, to be delivered by 31 March 2004	Auditor General for Wales Estimate and value for money forward programme
	ELWa: Pop Factory
	National Museums and Galleries Wales: collections management
	The trunk road and motorway network in Wales
	NHS Wales: managing sickness absence
	Delays to agriculture payments in Wales

8. At its final meeting on 27 March 2003 the Audit Committee agreed a list of outstanding items, which it recommended that the incoming Audit Committee include in its work programme. The list is attached at Annex 3, and the contents will be added into the Committee work programme, as they become available.

Action

9. Members are invited to note the expected programme of reports from the Auditor General for Wales and the list of other business contained in Annex 3.

Contact Point

Committee Secretariat

TERMS OF REFERENCE FOR COMMITTEE

STANDING ORDER 12 - Audit Committee

Membership

12.1 The Audit Committee shall consist of at least 7 and not more than 11 Members and be chaired by a member of a political group which is not represented in the Assembly Cabinet. A member of the Assembly Cabinet may not be a member of the Audit Committee.

Responsibilities

12.2 The Committee shall:

- (i) exercise the functions set out in section 93(6)-(7) of the Act relating to estimates submitted by the Auditor General for Wales;
- (ii) present views to the Auditor General for Wales from time to time on the Auditor General's exercise of his or her powers to undertake examinations into the economy, efficiency and effectiveness of the use of resources;
- (iii) exercise any functions relating to the approval of bodies of accountants delegated to it by the Assembly under section 94(4); and
- (iv) submit an annual report to the Assembly on the work of the Committee.

12.3 The Committee may:

- (i) report to the Assembly in accordance with section 102(1) of the Act on documents put before it by the Auditor General for Wales or that officer's auditor; and
- (ii) take evidence and report to the House of Commons Committee of Public Accounts if requested by that Committee to do so.

12.4 In the performance of its responsibilities under paragraph 12.3(i) the Committee shall not question the merits of the policy objectives of the Assembly, or those of any other body or person which is the subject of the Committee's report.

12.5 Whenever the Committee submits a report to the Assembly under paragraph 12.3(i) it shall send a copy to the First Minister. If the report relates to any matter coming within the responsibilities of the House Committee, it shall at the same time also send a copy to the chair of that Committee. Within 30 working days of the First Minister receiving the report a Minister shall, if the report relates to a matter for which a Minister is accountable or responsible to the Assembly, lay before the Assembly a response to the Audit Committee's report on behalf of the Assembly

Cabinet and, if that response is of an interim character, the Minister shall lay a final response before the Assembly within a further two months. In so far as the Audit Committee's report relates to matters coming within the responsibilities of the House Committee, then within 30 working days of the chair receiving a copy of that report, a member of the House Committee shall, on behalf of that Committee, lay before the Assembly a response to the Audit Committee's report; and if that response is of an interim character a member of the House Committee shall lay a final response before the Assembly within a further two months.

Meetings

12.6 The Committee shall determine its programme of work, in consultation with the Auditor General for Wales. The Auditor General may attend private meetings of the Committee, with the permission of or at the request of the chair.

12.7 No member of the Committee shall participate in its consideration of any matter if he or she was at the relevant time a member of the Assembly Cabinet (or if the matter is within the responsibility of the House Committee, if he or she was at the relevant time a member of the House Committee as reconstituted after 18.12.02).

12.8 The Presiding Officer may issue guidelines for members on avoiding conflicts of interest when participating in the activities of the Audit Committee.

12.9 If the chair is disqualified from participating in the Committee's consideration of any matter under the standing orders or voluntarily withdraws from such participation, the Committee shall elect another member to chair it whenever that matter is being considered. The Committee may not elect as its temporary chair a member of the largest political group which is represented in the Assembly Cabinet.

12.10 A member of the Committee who has given advance notice to the Chair may be represented at a meeting, or a part of a meeting, of the Committee by another member of the same political group. The appropriate political group shall nominate for temporary membership of the Committee another member of the group whose name has been notified in advance to the Chair. The nominated representative shall not be a member of the Assembly Cabinet. No member may represent more than one committee member at a meeting.

Summoning of Witnesses and Production of Documents

12.11 In the course of preparing any reports, the Committee shall take evidence as necessary from the Assembly's Principal Accounting Officer or from other Accounting Officers with responsibilities relevant to the matters under consideration.

12.12 In accordance with section 74 of the Act, the Committee may resolve to summon witnesses or require the production of documents. Any such motion shall identify the persons who are to be summoned or the documents which are to be produced.

12.13 When the Committee has resolved to summon witnesses or order the production of documents, the chair shall notify the Presiding Officer of the terms of the resolution, and request the Presiding Officer to give notice in writing to any relevant persons. Such a notice shall contain the information specified in section 74(6) of the Act, and comply with the requirements of section 74(7).

12.14 A person who has been summoned to attend the Audit Committee may be required to take an oath (or make an affirmation). In the absence of any of the officers specified in section 75(1)(a) of the Act, or if the chair is disqualified from participating in the Committee's consideration of the matter under paragraph 12.7, the temporary chair of the Committee may administer the oath (or affirmation).

12.15 Where an oath is to be sworn or an affirmation made under paragraph 12.14, it shall be in the form set out in paragraph 9.17.

RELEVANT EXTRACTS FROM THE GOVERNMENT OF WALES ACT 1998

Audit Committee

- 60.** - (1) The Assembly shall establish a committee to be known as the Audit Committee or Pwyllgor Archwilio.
- (2) The Audit Committee shall have such number of members as the standing orders may provide.
- (3) The members of the Audit Committee shall be elected by the Assembly from among the Assembly members so as to secure that, as far as is practicable, the balance of the parties in the Assembly is reflected in the membership of the Committee.
- (4) Neither the Assembly First Secretary nor an Assembly Secretary may be a member of the Audit Committee.
- (5) The Assembly shall elect one of the members of the Audit Committee to chair the Committee but it may not be chaired by a member who represents the largest party with an executive role.
- (6) The Assembly may not delegate any function to the Audit Committee except as provided by section 94(4).

Evidence and documents relating to public bodies

- 74.** - (1) The Assembly may require any person to whom subsection (2) applies-
- (a) to attend proceedings of the Assembly for the purpose of giving evidence, or
- (b) to produce to the Assembly documents in his possession or under his control.
- (2) This subsection applies to-
- (a) any person who is a member, or a member of the staff, of a body specified in Schedule 5, and
- (b) any person who holds, or is a member of the staff of a person who holds, an office so specified.
- (3) A requirement imposed on a person under subsection (1)-
- (a) if imposed under paragraph (a) of that subsection, is to attend to give evidence in connection with the affairs of the body or office in question so far as relating to Wales, and
- (b) if imposed under paragraph (b) of that subsection, is to produce documents which relate to those affairs.
- (4) The powers conferred by subsection (1) may be exercised by and for the purposes of the Audit Committee.
- (5) Those powers may be exercised by and for the purposes of-
- (a) any other committee of the Assembly, apart from the executive committee, or

(b) any sub-committee of any such committee, apart from a sub-committee of the executive committee,
if the committee or sub-committee is expressly authorised to exercise those powers by the standing orders (but may not be exercised by any individual Assembly member or by any member of the Assembly's staff).

(6) In order to impose a requirement on a person under subsection (1) the presiding officer or deputy presiding officer must give him notice in writing specifying the body or office in question and-

(a) the time and place at which he is to attend, or

(b) the documents, or types of documents, which he is to produce and the date by which he is to produce them.

(7) A notice required by subsection (6) to be given to a person must be given at least two weeks before the day on which the proceedings are to take place, or by which the documents are to be produced, unless he waives that requirement.

(8) If a notice required by subsection (6) to be given to a person is sent to him, by registered post or the recorded delivery service, addressed to his usual or last known address or, where he has given an address for service of the notice, to that address, it shall be taken to be given to him.

75. - (1) Where a requirement has been imposed on a person under section 74(1) to attend proceedings-

(a) the presiding officer or deputy presiding officer, or the Assembly member who chairs the committee or sub-committee concerned, or

(b) such other person as may be authorised by the standing orders, may require him to take an oath (or make an affirmation) before he gives evidence at the proceedings and may administer the oath (or affirmation) to him.

(2) A person to whom a notice under section 74(6) has been given is guilty of an offence if he-

(a) refuses or fails, without reasonable excuse, to attend proceedings as required by the notice,

(b) refuses to take an oath (or make an affirmation) when required to do so in accordance with subsection (1),

(c) refuses to answer any question which is properly put to him when attending any proceedings as required by the notice,

(d) refuses or fails, without reasonable excuse, to produce any document required by the notice to be produced by him, or

(e) intentionally alters, suppresses, conceals or destroys any document required by the notice to be produced by him.

(3) A person guilty of an offence under subsection (2) is liable on summary conviction to-

(a) a fine not exceeding level 5 on the standard scale, or

(b) imprisonment for a term not exceeding three months.

(4) A person is not obliged by section 74 to answer any question or produce any document which he would be entitled to refuse to answer or produce in or for the purposes of proceedings in a court in England and Wales; and subsection (2) has effect accordingly.

(5) The Secretary of State may by order amend Schedule 5 by-

(a) adding or omitting any body or office, or

(b) altering the description of any body or office.

(6) For the purposes of section 74 and this section-

(a) a person shall be taken to comply with a requirement to produce a document if he produces a copy of, or an extract of the relevant part of, the document, and

(b) "document" means anything in which information is recorded in any form (and references to producing a document are to the production of the information recorded in it in a visible and legible form).

Auditor General for Wales - Expense, fees and accounts

93. - (4) For each financial year after the first financial year of the Assembly, the Auditor General for Wales shall prepare, and submit to the Audit Committee, an estimate of the income and expenses of his office.

(5) Each such estimate shall be submitted to the Audit Committee at least five months before the beginning of the financial year to which it relates.

(6) The Audit committee shall examine each such estimate submitted to it and, after having done so, shall lay the estimate before the Assembly with any such modifications as the Committee thinks fit.

(7) Where the Audit Committee proposes to lay such an estimate before the Assembly with modifications, the Committee shall first consult the Secretary of State and have regard to any advice which he may give.

Audit of Auditor General's accounts

94. - (1) The Assembly shall appoint an auditor of the accounts of the Auditor General for Wales.

(4) The Assembly may delegate to the Audit Committee the function of approving bodies of accountants, or of withdrawing approval from such bodies, but may not otherwise delegate those functions.

Auditor General for Wales: miscellaneous

96. - (3) The Auditor General for Wales may -

(a) examine, certify or report on a person's accounts, or

(b) carry out examinations into the economy, efficiency and effectiveness with which a person has used his resources in discharging his functions,

if provision is made for the Auditor General for Wales to do so by an agreement entered into by the person with either the Assembly or a Minister of the Crown.

(4) In determining how to exercise his functions under paragraph (b) of subsection (3), the Auditor General for Wales shall take into account the views of the Audit

Committee (or, before the first ordinary election, the views of the Secretary of State) as to the examinations which he should carry out under that paragraph.

Examinations into Assembly's use of resources

100. - (1) The Auditor General for Wales may carry out examinations into the economy, efficiency and effectiveness with which the Assembly has used its resources in discharging its functions.

(2) Subsection (1) shall not be construed as entitling the Auditor General for Wales to question the merits of the policy objectives of the Assembly.

(3) In determining how to exercise his functions under this section, the Auditor General for Wales shall take into account the views of the Audit committee as to the examinations which he should carry out under this section.

(4) The Auditor General for Wales may lay before the Assembly a report of the results of any examination carried out by him under this section.

Audit Committee reports

102. - (1) The Audit Committee may consider, and lay before the Assembly a report on, any accounts, statement of accounts or report laid before the Assembly by -

(a) the Auditor General for Wales, or

(b) the auditor appointed under section 94.

(2) If requested to do so by the House of Commons Committee of Public Accounts, the Audit Committee may -

(a) on behalf of the Committee of Public Accounts take evidence from the Assembly's principal accounting officer or any additional accounting officer designated under section 98, and

(b) report to the Committee of Public Accounts and transmit to that Committee any evidence so taken.

Publication of accounts and audit reports etc.

103. - (1) A document to which this subsection applies shall be published by the Assembly as soon after being laid before it as is reasonably practicable.

(2) The documents to which subsection (1) applies are -

(a) any accounts, statement of accounts or report laid before the Assembly by the Auditor General for Wales,

(b) any accounts or report laid before the Assembly by the auditor appointed under section 94, and

(c) any estimate or report laid before the Assembly under 93(6) or 102(1) by the Audit Committee.

Schedule 5 - Bodies and Offices covered by Section 74

The bodies specified in Schedule 4:

1. The Advisory Committee on Pesticides
2. The Committee on Agricultural Valuation

3. The Agricultural Wages Board for England and Wales
4. The Apple and Pear Research Council
5. The Committee on Aquaculture Research and Development
6. The Audit Commission for Local Authorities and the National Health Service in England and Wales
7. The British Tourist Authority
8. The British Waterways Board
9. The British Wool Marketing Board
10. The Central Council for Education and Training in Social Work
11. The Clinical Standards Advisory Group
12. A Community Health Council for a district wholly in Wales
13. The Standing Dental Advisory Committee
14. The Dental Practice Board
15. The Committee on Dental and Surgical Materials
16. The Environment Agency
17. The Family Health Services Appeal Authority
18. Food from Britain
19. A Health Authority for an area in, or consisting of, Wales
20. The advisory committee for England, Wales and Northern Ireland constituted under section 32 of the Hill Farming Act 1946 to advise about the exercise of powers under that Act
21. The Home Grown Cereals Authority
22. The Horticultural Development Council
23. The Joint Nature Conservation Committee
24. The Local Government Boundary Commission for Wales
25. The Meat and Livestock Commission
26. The Standing Medical Advisory Committee
27. The Mental Health Act Commission
28. The Milk Development Council
29. The Museums and Galleries Commission
30. The National Biological Standards Board
31. A National Health Service trust all or some of whose hospitals, establishments or other facilities are situated in Wales
32. The Trustees of the National Heritage Memorial Fund
33. The National Lottery Charities Board
34. The National Radiological Protection Board
35. The Standing Nursing and Midwifery Advisory Committee
36. The Standing Pharmaceutical Advisory Committee
37. The Potato Industry Development Council (known as the British Potato Council)
38. The Public Health Laboratory Service Board
39. The Residuary Milk Marketing Board
40. The Sea Fish Industry Authority
41. A Special Health Authority performing functions only or mainly in respect of Wales
42. The Sugar Beet Research and Education Committee
43. The United Kingdom Sports Council
44. The United Kingdom Transplant Support Service Authority

Note summarising outstanding Audit Committee work to be taken forward by the incoming Committee

Reports which are due to be discussed and agreed on 27 March 2003:

- Continuing the regeneration of Cardiff Bay
- National Council for Education and Training Wales: Accounts for the period ending 31 March 2002
- The National Assembly's new building: update report

Reports that are being prepared and that the incoming Committee will need to discuss and agree:

- Sale of the former Mid-Wales Hospital, Talgarth
- Management of the further education estate in Wales
- Procurement of Primary Care Medicines

Cabinet responses to the following reports will need to be considered:

- The six reports above
- General Report on the Financial Audit Work of the Auditor General for Wales: 2000-2001
- Osiris: The PFI contract for information technology in the National Assembly for Wales

6. The incoming Committee may need to do follow-up work on the reports listed above and on reports previously published, which are listed in the following table:

Report number	Title	Issue date
00-01	Protecting and conserving the built heritage in Wales	10 March 2000
00-02	Irregular payment made to a former Assistant Director of the National Museums and Galleries of Wales	12 May 2000
00-03	Further Education in Wales	09 June 2000
00-04	NHS Summarised accounts 1998-1999	13 July 2000
00-05	General report of the Auditor General for Wales: Financial Audit of 1998 –1999 accounts	23 August 2000
00-06	Welsh Development Agency: The creation of the Enlarged Agency and the Agency's support for indigenous businesses in Wales	24 November 2000
00-07	Coleg Gwent	1 December 2000
01-01	Cardiff Bay Barrage	15 February 2001
02-01	Accommodation arrangements for the National	03 May 2001

Report number	Title	Issue date
	Assembly for Wales	
03-01	Access to records and information by the Auditor General for Wales	30 May 2001
04-01	Clinical negligence in the NHS in Wales	16 August 2001
05-01	The National Assembly for Wales resource account for 1999-2000 and the General Report of the Auditor General for Wales: Financial Audit of 1999-2000	06 September 2001
06-01	Report on the Maximising Income from Prescription Charges	29 November 2001
01-02	NHS Wales Summarised Accounts 1999-2000	16 January 2002
02-02	Educating and Training the Future Health Professional Workforce for Wales	24 January 2002
03-02	Securing the Future of Cardiff Bay	16 April 2002
04-02	Procurement in the Further Education Sector in Wales	25 April 2002
05-02	The Arts Council for Wales: Centre for Visual Arts	19 June 2002
06-02	Finances of NHS Wales	25 July 2002
07-02	Managing the estate of the National Health Service in Wales	1 August 2002
08-02	European Union Structural Funds: Maximising the Benefits for Wales	5 December 2002
09-02	The renewal and disposal of Property held by the National Health Service in Wales	12 December 2002
01-03	General Report on the Financial Audit Work of the Auditor General for Wales: 2000-2001	3 February 2003
02-03	Osiris: The PFI contract for information technology in the National Assembly for Wales	25 February 2003