

Explanatory Memorandum to the Public Audit (Wales) Act 2013 (Approved European Body of Accountants) Order 2014.

This Explanatory Memorandum has been prepared by the Local Government Finance and Performance Division and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Public Audit (Wales) Act 2013 (Approved European Body of Accountants) Order 2014.

Jane Hutt AM
Minister for Finance

1 April 2014

1. Description

1.1 The Public Audit (Wales) Act 2013 (Approved European Body of Accountants) Order 2014 (“the Order”) provides that the Chartered Institute of Public Finance and Accountancy (“CIPFA”) and the Chartered Institute of Management Accountants (“CIMA”) are approved European bodies of accountants, and are therefore within the definition of ‘accountancy body’ for the purposes of section 19 (9) the Public Audit (Wales) Act 2013 (“the 2013 Act”)

1.2 The 2013 Act makes provision reforming public audit arrangements in Wales including the continuation of the office of the Auditor General for Wales (“the AGW”) and the creation of a new corporate body, the Wales Audit Office (“the WAO”) with a range of functions. Section 19(4) of the 2013 Act enables the WAO and an ‘accountancy body’ to make arrangements to co-operate with and give assistance to each other and the AGW in carrying out their respective functions. The Order therefore allows the WAO and the CIPFA and CIMA (as approved European accountancy bodies) to make such arrangements.

1.3 The Order does not introduce any new policy.

2. Matters of special interest to the Constitutional and Legislative Affairs Committee

2.1 None.

3. Legislative background

3.1 Section 19 (9) (b) of the 2013 Act provides for an “approved European body of accountants” to mean a body of accountants which is established in the United Kingdom or another European Economic Area state and is for the time being approved by the Welsh Ministers by order.

3.2 Section 30 (1) of the 2013 Act enables the Welsh Ministers to make an Order by statutory instrument.

3.3 Section 30 (3) of the 2013 Act provides that any Order, other than those made under sections 33 and 35 of the 2013 Act , is made “.... *subject to annulment by a resolution of the National Assembly*”. Accordingly, the Order is made subject to approval of the Assembly under its “negative” procedure.

4. Purpose and intended effect of the subordinate legislation

4.1 Article 1 of the Order sets out its introductory provisions including its title, commencement and application.

4.2 Article 2 of the Order (Approved European body of accountants) approves the CIPFA and the CIMA as European bodies of accountants for the purposes of section 19 (9) of the 2013 Act.

4.3 As such, under section 19 (4) of the 2013 Act, the WAO and each of the approved accountancy bodies may make arrangements to co-operate with and assist each other and the AGW. Such activities would include for example, receiving (or providing) administrative, professional or technical services that the WAO or the approved accountancy bodies or the AGW may need to carry out their respective functions.

5. Regulatory Impact Assessment (RIA)

5.1 An RIA has not been conducted as the Order does not create an additional regulatory burden nor does it introduce any new policy.

5.2 It is considered that the Order has no impact on the statutory duties (sections 77-79 of the Government of Wales Act 2006) or Statutory Partners (sections 72-75 of the Government of Wales Act 2006).

5.3 The cost and benefit impacts of the 2013 Act were stated in the explanatory memorandum which accompanied it.

6. Consultation

6.1 No public consultation was required for the Order as it does not introduce any new policy. A public consultation on the main policy objectives for the 2013 Act was conducted in 2012 prior to introduction of the Public Audit (Wales) Bill in July 2012.

7. Competition Assessment

7.1 There are no market implications associated with the making of this Order. It has no impact on business, charities or the voluntary sector.