

Huw Vaughan Thomas
Auditor General for Wales

24 May 2017

Dear Huw,

As part of our scrutiny of the Assembly Commission's draft budget, the Finance Committee has been seeking to understand how the element for the Remuneration Board's decisions is set and how any underspends are then allocated. We would welcome your views on the Commission's current approach.

As we understand the budgeting process, the Commission currently separates out budgets into:

- the Assembly Commission operating budget; and
- to fund decisions dependent on the Remuneration Board determination which sets out pay, pensions and allowances of Assembly Members and their staff.

We appreciate that this allows the Finance Committee to scrutinise separately the allocations that are directly under the control of the Commission itself.

During previous scrutiny sessions, the Commission has provided explanations of how it presents in its draft budget the figures in relation to the Remuneration Board's Determinations. The Commission noted that, under legislation, it is required to make available *sufficient* funds to cover the Determinations. Noting that this is a demand-led budget that must be funded, the Commission advised that it sets the related budget at the maximum funds required by the Determinations.¹

¹ [Finance Committee transcript – 5 Oct 2016](#)



Funds allocated for the Remuneration Board Determinations are resources available to the Commission for other purposes, and there is a “foreseeable underspend”². In allocating the underspend responsibility rests with the Commission’s Investment and Resourcing Board to make decisions about the priorities for investment and therefore, the use of any underspend. As part of its in-year budget and accounts scrutiny, the Finance Committee has been reviewing the reallocation of such annual underspends. The Committee is mindful that the Commission needs to balance meeting the Determination, along with resourcing the Commissions budget.

We would welcome your views on the approach taken by the Commission in setting its budget to reflect the maximum amount to fund the decisions of the Remuneration Board as opposed to a financial forecast or estimate of the amount required. Does this reflect good practice and is a similar approach taken in other public sector organisations? We would welcome your views as to whether the approach is reasonable or whether there is a possible alternative methodology.

We are scheduled to have a scrutiny session with the Commission on 29 June, as such it would be helpful to receive a response from you by 20 June if possible.

Yours sincerely



Simon Thomas AM

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

² Finance Committee transcript – 5 Oct 2016

