



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Llyr Gruffydd AM
Chair Finance Committee
The National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

27 June 2019

Dear Llyr,

PUBLIC AUDIT (WALES) ACT 2013

Thank you for your invitation to give evidence at the Finance Committee on 11 July 2019.

I previously commented on the Committee's Terms of Reference and indicated that I broadly agreed with the proposed amendments to be considered by the Committee. I also raised a concern from the Welsh Government over the potential limited availability of technical assistance to support any changes to the Act.

Issues such as the impact of the 'no more than full cost rule' - majority quorum requirement, and the preparation of an interim report are matters that solely impact the Wales Audit Office (WAO). However, I am pleased to note that the Committee will now also be considering the future of the fee paying arrangements for work undertaken by the WAO. I, therefore, attach at appendix 1 a summary of the reasons why I consider the existing arrangements to be suitable for purpose.

You have also asked for my view on the statutory duty placed on the Auditor General for Wales to lay a copy of certified accounts no later than four months after they are submitted. I would expect all public bodies in Wales to submit accounts that were sufficiently robust to enable the Auditor General and his team to lay a copy with the Assembly within four months. My concern should this not happen is that the information within the accounts becomes less relevant the longer the period between year end and publication.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Having said that, I accept there may be circumstances where delays occur. One example would be the emergence of significant post balance sheet events. I note that the report into the delay in laying of the Natural Resources Wales (NRW) accounts for 2015-16, indicates there are no consequences outlined in the Act should the 4 month deadline not be met. Nevertheless, as a minimum I would expect the relevant Accounting Officer to have to explain the reasons for any delays to the Public Accounts Committee (PAC). Therefore, overall I am content with the additional flexibility proposed.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style with a clear, legible font.

Rebecca Evans AC/AM
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

Appendix 1

WAO fee charging process

The WAO is currently funded directly from the Welsh Consolidated Fund (WCF) and through fees that are agreed and then recovered from clients. Although not specifically addressed in the proposed changes to the Public Audit (Wales) Act 2013, Committee members are aware that the WAO is also seeking an administrative change to the way in which the organization is funded through the introduction of notional fees. Should this change be agreed, I understand that the WAO will in future be solely funded through the WCF.

I would suggest to the Committee that the process of agreeing fees with a client is a useful part of the audit process as it:

- Supports development of the audit plan. The client is clear about both the activities and resources being deployed by the auditors.
- Helps the client organization demonstrate value for money.
- Supports the WAO to better plan the use of resources and where delays occur recover the necessary additional costs.
- Helps those bodies being audited to be more disciplined in their audits; direct hard charging provides an incentive to deal with audits effectively.

I accept that recovering fees from clients adds to the administrative burden for any organization. However, I can think of few other disadvantages in the current process. Therefore, for the reasons already outlined I believe that the discipline of agreeing and recovering fees out-weighs any disadvantage.