

Llyr Gruffydd AM
Chair of Finance Committee
National Assembly for Wales
Tŷ Hywel
Cardiff Bay
CF99 1NA

29 January 2020

Dear Llyr

Public Audit (Amendment) (Wales) Bill

I am writing in response to your letter dated 18 December 2019 advising the Commission that your Committee has published its report and is now consulting on a draft Public Audit (Amendment) (Wales) Bill.

Your letter notes that you would welcome the Commission's view on the draft Bill proposals.

We have previously compiled two responses to your Committee, dated **9 May 2019** and **27 June 2019**. Commission officials also provided evidence to your Committee on 17 July 2019 in a private session.

We have no further comment to provide on the matters already addressed within the two letters and during the evidence session.

Since July 2019, two additional matters have arisen, relating to the expenses paid to the Chair of the Wales Audit Office ("WAO") and the identification of expenses paid to the Auditor General Wales ("AGW") in his capacity as AGW and separately as Chief Executive of the WAO. Additional information is provided in Annex 1.

As ever, if there is any further information your Committee would like, please let me know.



Yours sincerely

Suzy Davies

Suzy Davies

cc Assembly Commissioners, Manon Antoniazzi, Nia Morgan



Annex 1

Note on expenses

Chair of the Wales Audit Office

1. Arrangements for remuneration for the Chair of the WAO ("the Chair") may be made by the Assembly, and those arrangements may make provision for "a salary, allowances, gratuities, and other benefits to cover expenses" (paragraph 7 of Schedule 1 to the 2013 Act). These amounts are to be charged to the Welsh Consolidated Fund (paragraph 7(3) of Schedule 1 to the 2013 Act).
2. During 2019-20, following a change by HMRC relating to the timing of the collection of tax on expenses, the Assembly Commission ("AC") and the Wales Audit Office ("WAO") took the opportunity to review the process of paying expenses to the Chair of the WAO. Options are currently being considered.
3. The Committee may wish to consider any changes and any requirements needed to ensure a continued level of transparency in the budgeting and reporting of these expenses.

Auditor General for Wales

4. Arrangements for remuneration for the AGW are to be made by the Assembly before a person is appointed as AGW. Those arrangements "may make provision for a salary, allowances, gratuities, arrangements for a pension and other benefits" (section 7 of the Public Audit (Wales) Act 2013 (2013 Act)). Those amounts are to be charged to the Welsh Consolidated Fund (section 7(6) of the 2013 Act).
5. Separately, the WAO "may make provision for additional payments to be made to the Auditor General by way of allowances and other benefits to cover expenses properly and necessarily incurred by the Auditor General in his or her capacity as a member and chief executive of the WAO" (paragraph 13 of Schedule 1 to the 2013 Act).
6. The distinction between remuneration payable whilst acting in the capacity as AGW and separately as chief executive and member of the WAO necessitates the AGW allocating particular items to the separate allowances so that only allowances arising from acting in the capacity as AGW are charged to the Welsh Consolidated Fund.



7. In previous financial year and during 2019-20, all expenses paid to the AGW have been made by the WAO. No expenses have been charged on the WCF via the Assembly Commission. All expenses are treated by the AGW and the WAO as being incurred by the AGW in his capacity as a member and chief executive of the WAO.
8. The Committee may wish to consider the current treatment of expenses and consider the requirement, within the Act, to differentiate between expenses incurred by the AGW in his capacity as AGW and separately as chief executive of the WAO.

