

National Assembly for Wales
Public Accounts Committee

The supplementary estimate of income
and expenditure of the Wales Audit Office
for the year ending 31 March 2012

October 2011



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1. Background

1. Standing Order 20.35 states:

20.35 If a supplementary budget proposes a variation to the budget for the Auditor General:

(i) the Auditor General must provide an explanatory memorandum to the Public Accounts Committee stating why the variation to the budget is required;

(ii) the Public Accounts Committee may report on the proposed variation within three weeks of the supplementary budget motion being tabled. The report may propose any modifications to the proposed variation which the Public Accounts Committee, having consulted and taken into account any representations made by the Auditor General, considers appropriate.

2. The Auditor General published an explanatory note on the supplementary budget request for 2011-12 on 20 September 2011. The Committee took evidence from the Auditor General, Kevin Thomas, Assistant Auditor General, and Terry Jones, Technical Manager on 27 September 2011.
3. The supplementary budget request will form part of a Welsh Government supplementary budget motion expected in early 2012.

Changes proposed in the supplementary budget

4. The Auditor General is requesting Assembly authorisation for additional resource and cash expenditure of £550,000 to part fund a new voluntary severance scheme estimated to cost £800,000. The remaining £250,000 will be funded within the Auditor General's existing budget for 2011-12.
5. The Auditor General has taken the opportunity to correct the fact that the original estimate did not separately identify capital expenditure. He estimates that the WAO will incur £50,000 capital expenditure for 2011-12 of which £20,000 will be funded from within the resources made available by the Assembly. This does not affect the total to be authorised by the Assembly as the estimated revenue expenditure has been reduced by an equivalent amount. This issue

was identified by Audit Scotland in connection with its audit of WAO's 2010-11 accounts.

6. The Committee notes that the Auditor General's intention is to use the proposed severance scheme to help achieve a skills mix that is better aligned to future work demands. He estimates that around 7 or 8 members of staff may leave under the scheme, based on expressions of interest from the previous scheme, and that the new scheme would result in recurrent savings of £200,000 per annum.

7. The Auditor General told the Committee that he does not see the need for any compulsory redundancies at this stage. He also gave an undertaking that the additional funds would only be used for the purpose of the scheme and that any unspent amounts would be returned. He did not expect any costs to be incurred in connection with the scheme in later financial years.

Observations

8. The Committee would like the Auditor General to provide an update in due course confirming the actual cost of the voluntary severance scheme, the number of staff leaving, and the actual recurring annual savings that will accrue together with his assessment of the improvements to the skills mix that has been secured and any future action that might be necessary.

9. The Auditor General's supplementary estimate notes the fact that the WAO's 2010-11 accounts reported an underspend of £569,000 against the authorised amount for that year and that that saving would cover the additional amount requested for 2011-12. The Committee wishes to stress that it supports the 2011-12 supplementary budget request because it considers the proposed voluntary severance scheme to be appropriate in the present climate and because it would help to secure better value for money overall.

There should be no general presumption by any public body or precedent set that the Assembly would be agreeable to savings made in one year being carried over and utilised in a future year.

Conclusions

The Public Accounts Committee notes the changes proposed in the supplementary budget request and the Auditor General's explanations of the reasons for them.

Having considered the estimate and the additional information provided by the Auditor General, the Committee endorses the supplementary budget request and is content for it to be included in the formal supplementary budget motion to be brought forward by the Welsh Government.

This endorsement is subject to the Auditor General providing a report in due course on the outcome of the voluntary severance scheme.

Darren Millar, AM
Chair, Public Accounts Committee
October 2011