



# Annual Report and Accounts of the Auditor General for Wales

for the  
period ended  
31 March 2000

Laid before the National Assembly for Wales under  
Section 94(8) of the Government of Wales Act 1998.

**John Bourn**

**Auditor General for Wales**

National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

**July 2000**

The Auditor General for Wales is totally independent of the National Assembly. He certifies the accounts of the Assembly and its associated sponsored public bodies; and he has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which the Assembly and its sponsored public bodies have used their resources in discharging their functions.

This report was prepared for the Auditor General for Wales by the National Audit Office Wales.

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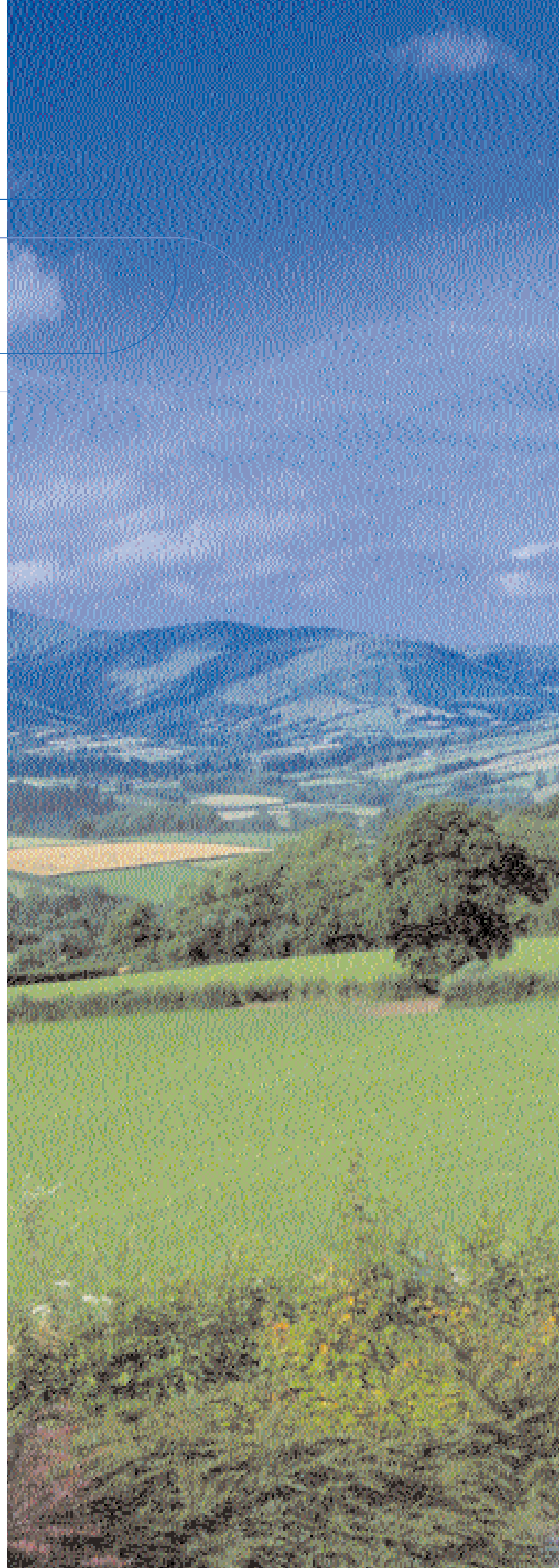
Web site address:

<http://www.agw.wales.gov.uk/index.htm>

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# Foreword by the Auditor General for Wales

It gives me great pleasure to introduce my first annual report and accounts to the National Assembly for Wales.

The first Assembly election in May 1999 and the subsequent transfer of functions from the Secretary of State for Wales also brought about a major change to the accountability arrangements for the Welsh public sector. The Government's expectation, outlined in the original devolution White Paper "A Voice for Wales", is that the Assembly should operate to the highest possible standards in the management of its financial affairs. My aim is to help the Assembly and associated public bodies in Wales to secure value for money from their operations and to help ensure that their financial affairs are managed in a regular and proper manner.

The Assembly's Audit Committee has a complementary role in taking evidence and reporting to the Assembly using my own reports as a starting point. This requires the development of a close and effective working relationship between the Committee members and myself. I am most grateful to the Committee for the support that it has given, from the outset, to my work.


I am supported by National Audit Office staff based in Wales. Their role is to audit the accounts of the Assembly and its sponsored public bodies on my behalf, and to carry out my programme of value for money studies. Their work, together with their long established knowledge and experience of the Welsh public sector has been invaluable in enabling me to carry out my statutory functions.

For the future, a number of planned structural changes, such as the establishment of the Welsh European Funding Office and the National Council for Education and Training for Wales will offer new opportunities and challenges. I look forward with enthusiasm to tackling these challenges and to providing the best possible audit service for the National Assembly and the people of Wales.

**JOHN BOURN**  
Auditor General for Wales

My aim is to secure value for money and to help ensure that their financial affairs are managed in a regular and proper manner





# Our achievements

## Introduction and overview

**T**he office of Auditor General for Wales was created by Section 90 of the Government of Wales Act 1998. Her Majesty the Queen appointed Sir John Bourn KCB as the first Auditor General with effect from 1 June 1999. Sir John also holds the office of Comptroller and Auditor General of the United Kingdom and heads the National Audit Office.

The Auditor General for Wales is the external auditor responsible for auditing the annual accounts prepared by the National Assembly for Wales and other bodies sponsored and funded by the Assembly. A full list of the accounts for the 1999-00 year of account is at annex A to this report. The audit opinions on these accounts and other published financial audit reports provide the Assembly and the people of Wales with an independent view on the truth and fairness of the accounts and the regularity and propriety of the underlying financial transactions.

The Auditor General is empowered to undertake value for money studies on the Assembly, the National Health Service in Wales and other bodies sponsored or funded by the Assembly. Such work involves examinations into the economy, efficiency and effectiveness with which the organisations concerned have used their resources in discharging their functions. The Auditor General reports on this work to the National Assembly.

Reports published by the Auditor General for Wales can be viewed on his website ([www.agw.wales.gov.uk](http://www.agw.wales.gov.uk)) and on the Assembly's web site ([www.wales.gov.uk](http://www.wales.gov.uk)). Before publication, all reports are agreed for factual accuracy with the organisations concerned but the conclusions and recommendations are those of the Auditor General.

The period covered by this report related to the first ten-months of the existence of the office of Auditor General for Wales. In particular, the work undertaken on value for money studies was entirely dependent on a small amount of initial money agreed with the former Welsh Office prior to the establishment of the Assembly. Also, the work on the first accounts to be audited by the Auditor General (for the 1999-00 year of account) will only be completed in the current financial year. For 2000-01 and future years, the Auditor General's work on accounts will cover a complete audit cycle. The value for money programme will also be much more comprehensive and will have regard to the Auditor General's discussions with and the budget agreed by the Assembly's Audit Committee.

“AGW provide the Assembly and the people of Wales with an independent view on the truth and fairness of the accounts”

## The National Audit Office

Under Section 92 of the 1998 Act, the Auditor General has arranged for the National Audit Office to provide administrative, professional and technical services to assist in the discharge of his functions. The Auditor General may employ his own staff or secure the provision of services from other sources but only after having regard to the arrangements made or capable of being made with the National Audit Office. For the period ending 31 March 2000, all services to the Auditor General were provided by the National Audit Office.

National Audit Office staff based in Wales have extensive experience in auditing the former Welsh Office and other Welsh public sector organisations and are well placed to provide a vital element of stability and continuity in what has been a period of considerable change. They also have access to central technical and other support and information technology, which is necessary for the effective and efficient performance of audit assignments.

The Audit Commission appoints the auditors of local authorities, health authorities and NHS trusts. Most of this work is undertaken by the Commission's arms-length District Audit, with a few audits being contracted to the private sector. The National Audit Office and the Audit Commission work closely together to ensure that, within and subject to their respective statutory remits, the overall audit of the Welsh public sector is undertaken as efficiently and effectively as possible. Examples of such co-operation include financial and value for money audit work on the National Health Service and on the audit of grants payable by the National Assembly to or through local authorities.

## The Assembly's Audit Committee

The Audit Committee is a statutory committee of the Assembly and has the power to take evidence from officials of the Assembly and other Welsh public bodies on the basis of reports provided by the

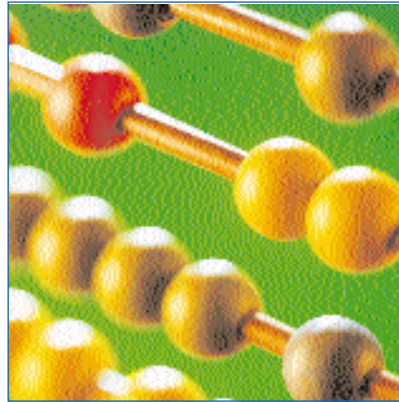
Auditor General for Wales. Its own reports are laid before the Assembly to which the Cabinet must respond within one month. The Committee operates on non-party political lines, not questioning the merits of policy objectives but concentrating on whether the organisations concerned implemented their policies and programmes with due regard to regularity, propriety and value for money. It thus provides a powerful and objective forum for the purpose of taking forward the work of the Auditor General. The Committee also approves the Auditor General's annual estimate and provides advice on his value for money programme.

A sound working relationship between the Audit Committee and the Auditor General is thus vital in order to maximise the effectiveness of the audit work on Welsh public bodies. The Auditor General, supported by the National Audit Office, provides briefing to the Committee Members in support of each evidence session. He also provides the Committee with advice on the content and structure of its own reports, and with advice on a range of matters raised by Members both formally and informally.

## Financial audit

The 1998-99 accounts of the former Welsh Office and sponsored public bodies were prepared in 1999-00. As they related to the pre-devolution period they were audited by the Comptroller and Auditor General and laid before Parliament. The House of Commons Committee of Public Accounts agreed that the Assembly's Audit Committee could take evidence on the substantive reports produced by the Comptroller and Auditor General on the NHS summarised accounts and the accounts of the National Museums and Galleries of Wales. This provided the Audit Committee with early opportunities to consider financial audit issues.

The Auditor General for Wales also produced a stand-alone financial audit report on the Millennium Threat, and a "general report" summarising the findings from the 1998-99 financial audit work. During 1999-00 the National Audit Office also



commenced preparatory work on the accounts for the year ended 31 March 2000. This work will be completed, and the accounts laid before the Assembly, during 2000-01. These will be the first series of annual accounts audited by the Auditor General for Wales and presented to the Assembly.

As part of their routine financial audit work, the National Audit Office issue reports to management on matters arising from such work that does not merit qualification of the audit opinion on the accounts or a separate published report by the Auditor General. Such reports are designed to provide helpful advice to management on a range of accounting and audit issues including the improvement of financial systems, procedures and controls. The subject matter in reports issued to management in 1999-00 included monitoring of grants payable, recording of fixed assets, quality of audit trails, and Assembly Members' allowances. Overall, the National Audit Office made 91 different recommendations in such reports that were accepted by the management of the bodies concerned.

## Value for money audit

For 1999-2000, the Welsh Office allocated interim funding of £245,000 plus VAT to allow the Auditor General for Wales to undertake some small value for money projects, with the aim of having material available for the Audit Committee to consider once it became operational later that year. The Assembly's Finance Group subsequently increased this funding by £50,000 to allow the Auditor General of Wales to make an early start on his value for money work to be delivered in the next financial year.

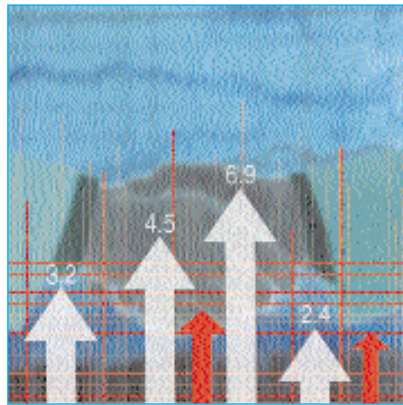
With this financial support the Auditor General for Wales was able to begin his programme of value for money examinations and report to the Audit Committee on a wide range of issues. In November 1999, the Committee considered the Auditor General's first value for money report. This dealt with Cadw's arrangements for protecting the built heritage in Wales through listing and scheduling property and its arrangements for making grants for preserving and conserving heritage properties. In May 2000, the Committee considered reports prepared by the Auditor General on the creation of the enlarged Welsh Development Agency and the support which the Agency provides for indigenous businesses in Wales. At the end of March 2000, the Auditor General was also finalising a report on the Cardiff Bay Barrage which the Committee planned to consider in July 2000.

By 31 March 2000, the Auditor General for Wales had also started work on examining a number of other topics with the aim of producing a series of reports for the Committee from the end of 2000 onwards. The subjects which the Auditor General is examining include the Assembly's accommodation arrangements, the management of the NHS estate in Wales, prescribing by General Practitioners and the handling of the wind-up of the Cardiff Bay Development Corporation.

In addition, the House of Commons Committee of Public Accounts agreed that the Assembly could take evidence on the value for money report produced by the Comptroller and Auditor General on Further Education in Wales. The Audit Committee considered this report at their meetings in December 1999 and January 2000. This provided the Audit

Committee with an opportunity to examine those responsible for delivering further education in Wales. The Auditor General for Wales is not currently the external auditor for these institutions but does have access to their books and records.

AGW reports are designed to provide helpful advice to management on a range of accounting and audit issues



## Audit Impacts

The Auditor General for Wales seeks to ensure that his value for money programme of work adds value by assisting audited bodies to improve their performance in achieving value for money. His reports point to improvements that can be made, including the scope for financial savings. However, whilst the Auditor General for Wales can identify and make recommendations to audited bodies for such improvements, which may be endorsed by the Audit Committee, these can only be secured through the efforts of the audited bodies concerned.

Following the Audit Committee's meeting to consider the Auditor General's report on Cadw, the organisation's Chief Executive confirmed that in the medium term the implementation of the conclusions and recommendations which the report contained would involve minimal costs and achieve a significant net increase in value for money. He indicated for example that the better monitoring of grants could save £5000 a year with the prospect of much larger savings from time to time, while improving public access to grant-aided properties, as recommended by the Auditor General, could realise benefits valued at up to £80,000 a year. In its response to the Committee's report, the Assembly Cabinet endorsed Cadw's view and confirmed that the recommendations made by the Auditor General would be implemented in the course of 2000-01.

In considering the work by the National Audit Office on behalf of the Comptroller and Auditor General on Further Education in Wales, the Audit Committee was very concerned at the serious failings identified in the way further education institutions undertake the procurement of goods and services. For instance, only one of the eight colleges visited by the National Audit Office had adopted a procurement strategy and employed a full-time procurement officer. Furthermore, nearly all colleges need to improve their level of control over suppliers, make greater use of purchasing consortia to obtain keener prices, increase market testing particularly in areas such as catering, and take a more strategic approach to energy and water management. The National Audit

Office's work pointed to the scope for significant financial savings that could be secured by the further education sector by improvements to their procurement practices. This view was supported by the Audit Committee and the sector accepted that even a modest saving of two per cent on the procurement bill would generate £1.5 million a year. The Auditor General for Wales will monitor and report back to the Audit Committee on the achievements by the further education sector in securing these savings.

## Other work

In addition to the financial and value for money audit work described above, the Auditor General, supported by the National Audit Office, undertakes a range of other work including:

- Supporting the work of the Audit Committee including briefing prior to evidence sessions and advice on the drafting of the Committee's own reports;
- Marking and monitoring work to facilitate the scoping and design of future value for money studies;
- Advising audit clients and their own audit committees on accounting and audit issues;
- Responding to correspondence from Assembly Members and the public. A number required significant investigatory work prior to a response being sent; and
- Preparation of the Auditor General's annual estimate and value for money programme, and his annual accounts.

# The future

**F**or 2000-01 the Audit Committee recognised the importance of value for money audit and the potential for it to achieve significant financial savings. Accordingly, they increased the Auditor General's budget for value for money work to £1 million. Also, the financial audit programme for 2000-01 will cover the completion of work on the 1999-00 accounts as well as preparatory work on the accounts for 2000-01 (in 1999-00, the programme only included preparatory work on accounts for that year as the 1998-99 accounts were audited by the Comptroller and Auditor General for Parliament).

Various other structural changes in-hand or under consideration will have a significant impact on the value of work to be undertaken by the Auditor General. These include the setting up of the National Council for Education and Training for Wales to take over the work currently undertaken by the Further Education Funding Council for Wales and the TECs (the TECs are companies not audited by the Auditor General). The Care Standards Bill, currently before Parliament, will enable the Assembly to set up an executive agency to take responsibility for the registration and regulation of children's homes and other similar organisations. It will also set up a Care Council for Wales and the office of Children's Commissioner for Wales. All of these new organisations will fall within the Auditor General's remit. New expenditure programmes - most notably the forthcoming Objective 1 European Funding will also necessitate a widening of the audit coverage.

The overall aim of the Auditor General is to work with management of audit clients, the Audit Committee and other interested parties to provide the best possible external audit service for the National Assembly and the people of Wales. Only by working in this way will taxpayers in Wales be able to gain an assurance that their money is being spent wisely.



# Accounts

period 1 June 1999 to 31 March 2000

## Foreword

**T**he office of Auditor General for Wales was set up under Section 90 of the Government of Wales Act 1998 and came into existence on 1 June 1999 with the appointment of Sir John Bourn as the first Auditor General.

The Auditor General for Wales is appointed by the Crown to carry out the external audit of the National Assembly for Wales and its sponsored public bodies. The office of Auditor General for Wales is financed by but independent of the Assembly.

Under Section 90(1) of the Act, the Auditor General has arranged for the National Audit Office to provide him with a full administrative, professional and technical service in order to support him in the discharge of his statutory functions. He may appoint his own staff or secure the provision of such services from other sources but must first have regard to any such arrangement made or capable of being made with the National Audit Office. In 1999-00, the Auditor General did not appoint any staff to his office.

These financial statements are prepared pursuant to Section 93(8) of the Government of Wales Act 1998 in a form directed by the Treasury and cover the period from 1 June 1999 to 31 March 2000.

## Aim and Objectives

The primary role of the Auditor General for Wales is to provide independent information, assurance and advice to the National Assembly on the way in which it and other public bodies in Wales account for and use taxpayers' money. The Auditor General, supported by the National Audit Office, also aim to help such bodies to provide better financial management and value for money.



In order to meet his aim of helping "Wales to spend wisely", the Auditor General has four objectives:

- certifying and reporting on accounts
- conducting value for money work
- examining and reporting on risks to financial systems, regularity and propriety
- other work for the public and the National Assembly

The cost and any associated revenues in meeting each of these objectives is reflected in the Statement of Resources by Objectives on page 20.

## Main activities

The principal activities of the Auditor General for Wales supported by the National Audit Office are:

- auditing and reporting to the Assembly on its annual accounts and the accounts of its sponsored public bodies;
- examining, and reporting to the Assembly about whether taxpayers' money is spent economically, efficiently and effectively;
- examining risks to regularity, propriety and financial control and reporting the results to individual public bodies and the Assembly.

Most of these activities flow from the statutory functions and obligations of the Auditor General and are funded by Assembly grant. However, a charge is made for the audit of accounts of public bodies (other than those prepared by the Assembly itself) and certain other services.

## Annual Report

A summary of the Auditor General's activities and work during the year can be found in his annual report published with these financial statements.

## Results for the period

The net operating cost for the period was £786,000. Net assets at 31 March 2000 amounted to £82,000.

## Auditor General for Wales

The office of Auditor General for Wales is a Crown appointment made on the advice of the Secretary of State for Wales. Sir John Bourn has been appointed to the Office for a period of two years expiring on 31 May 2001. Under Section 90(2) of the Government of Wales Act 1998, the Auditor General is a corporation sole.

## Management of the office of Auditor General for Wales

The Auditor General for Wales is advised and supported in the discharge of his statutory functions by senior National Audit Office staff. As at 31 March 2000, these staff were:

Assistant Auditor General	Lew Hughes
Director - Financial Audit and administration	Ian Summers
Directors - Value for money audit	Gillian Body
	Frank Grogan

The annual report and accounts of the National Audit Office are published separately and laid before Parliament.

## Remuneration

Section 91 of the Government of Wales Act requires the Assembly to pay to the Auditor General such salary and allowances and make such payments towards the provision of superannuation benefits as may be provided under the terms of his appointment. Details for the period to 31 March 2000 are shown in note 2 to the accounts.



## Auditors of the office of Auditor General for Wales

The National Assembly has appointed Owens Thomas as the auditors of the accounts of the office of Auditor General for Wales for the three years 1999-2000 to 2001-2002.

## Payment of suppliers

The Auditor General for Wales has adopted the Confederation of British Industry prompt payment code. The policy is that all bills should be paid in accordance with contractual conditions, or where no such conditions exist, within 30 days of the receipt of goods or services, or the presentation of a valid invoice, whichever is the later. For the period of account 76 percent of non-disputed invoices were paid within 30 days of receipt. This performance was affected by the non-availability of funds at crucial periods. However 92 percent of all non-public sector invoices were paid within 30 days of receipt.

## Post Balance Sheet Events

There have been no events since the Balance Sheet date that would impact upon the financial statements for the period to 31 March 2000.

**JOHN BOURN**  
**AUDITOR GENERAL FOR WALES**

6 July 2000



## Statement of the Auditor General for Wales' responsibilities

In accordance with the Treasury direction, these accounts have been prepared on an accruals basis to give a true and fair view of the state of affairs of the office of the Auditor General for Wales at the period end, and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

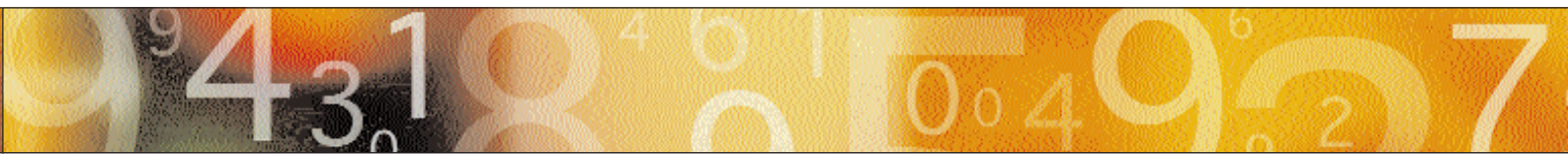
In preparing these accounts, the Auditor General for Wales is required to:

- observe the requirements of the Resource Accounting Manual including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose any material departures in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the office will continue in operation.

The Auditor General's relevant responsibilities for the propriety and regularity of his finances and for the keeping of proper records are analogous to those set out in the Accounting Officer's Memorandum as published in "Government Accounting" (The Stationery Office).

**JOHN BOURN**  
**AUDITOR GENERAL FOR WALES**

6 July 2000



## Statement on the system of internal financial control

I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the office of Auditor General for Wales.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures established by the National Audit Office including the segregation of duties, and a system of delegation and accountability. In particular, the system includes:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the National Assembly's Audit Committee;
- setting targets to measure financial and other performance;
- regular reviews by myself and senior staff in the National Audit Office of periodic and annual financial reports which indicate financial performance against the forecasts.

My financial records are maintained by the National Audit Office which has an internal audit service operating to standards defined in the Government Internal Audit Manual. At least annually, the Head of Internal Audit provides an independent opinion on the adequacy and effectiveness of the National Audit Office's system of internal financial control.

My review of the effectiveness of the system of internal financial control is informed by the work of the National Audit Office's internal auditors, the senior staff within the National Audit Office who have responsibility for the development and maintenance of the financial control framework for my office, and comments made by the external auditors in their management letter and other reports.

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and I am taking reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with guidance to be issued by them.

**JOHN BOURN**  
**AUDITOR GENERAL FOR WALES**

6 July 2000



## The certificate and report of Owens Thomas to the members of the National Assembly for Wales

We certify that we have audited the financial statements on pages 16 to 25 in accordance with Section 94(8) of the Government of Wales Act 1998. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 21 and 22.

### Respective responsibilities of the Auditor General for Wales and Owens Thomas

As described on page 12 the Auditor General for Wales is responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Auditor General for Wales is also responsible for the preparation of the other contents of the Annual Report. Our responsibilities, as independent auditors, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

We report our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government of Wales Act 1998 and with the directions made thereunder by the Treasury, and whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. We also report if, in our opinion, the Foreword is not consistent with the financial statements, if the Auditor General for Wales has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our certificate if we become aware of any apparent mis-statements or material inconsistencies with the financial statements.

We review whether the statement on page 13 reflects the Auditor General for Wales' compliance with Treasury's guidance 'Corporate governance: statement on the system of internal financial control'. We report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Auditor General for Wales in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Auditor General for Wales' circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for



Wales and the financial transactions conform to the authorities which govern them. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Auditor General for Wales at 31 March 2000 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the period then ended and have been properly prepared in accordance with the Government of Wales Act 1998 and directions made thereunder by the Treasury ; and
- in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

We have no observations to make on these financial statements.

Owens Thomas  
Accountants, Registered Auditors  
& Business Advisers  
7 July 2000

25 Cathedral Road  
CARDIFF  
CF11 9TZ

## Schedule 1

### Summary of Resource Outturn for the period 1 June 1999 to 31 March 2000

	Gross expenditure £000	Income £000	Net total £000
Administration costs	870	84	<b>786</b>

#### Reconciliation of resource outturn to net cash requirement

Net total resource outturn (Schedule 2)	£000
Accruals adjustments:	786
Non-cash items (Note 3)	(15)
Changes in working capital other than cash (Note 8)	77
Net cash requirement (Schedule 4)	<b>848</b>

Prior to the election of the Assembly the Secretary of State for Wales approved an estimate for the Auditor General for Wales of £768,000 in addition to his personal remuneration. A supplementary estimate of £50,000 was agreed with the Assembly's Finance Group in October 1999. These estimates were on a cash basis, as the Assembly is not yet budgeting on a resource basis. The total payments made by the Assembly to the Auditor General (including his salary) during 1999-00 amounted to £851,000 (see Schedule 4).



Schedule 2  
Operating Cost Statement  
for the period 1 June 1999 to 31 March 2000

	Note	£000
Amounts payable to the National Audit Office	2	808
Other administration costs	3	62
<b>Gross Administration Costs</b>		<b>870</b>
Operating income	4	(84)
<b>Net operating cost and resource outturn</b>		<b>786</b>

All activities commenced in the period and are continuing. There are no recognised gains and losses other than those reported in the Operating Cost statement.



## Schedule 3

### Balance Sheet as at 31 March 2000

	Note	£000
<b>Current Assets</b>		
Debtors due within one year	5	84
Cash at bank and in hand	6	3
		87
Creditors due within one year	7	(7)
<b>Net Assets</b>		<b>80</b>
<b>Taxpayers' Equity</b>		
General Fund	9	<b>80</b>

**JOHN BOURN**  
**AUDITOR GENERAL FOR WALES**

6 July 2000

## Schedule 4

### Cash Flow Statement

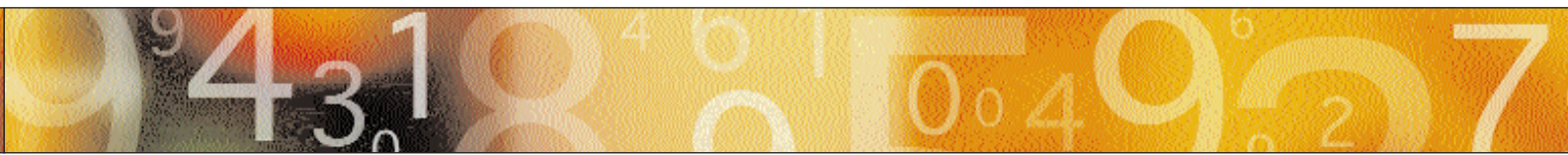
for the period 1 June 1999 to 31 March 2000

	Note	£000
Net cash outflow from operating activities		848
Financing from the Assembly		(851)
<b>(Increase) in cash in the period</b>		<b>(3)</b>
<b>Notes to the Cash Flow Statement</b>		
		£000
<b>Reconciliation of operating cost to operating cash flows</b>		
Net Operating Cost		786
Adjust for:		
Non-cash transactions	3	(15)
Movements in working capital other than cash	8	77
<b>Net cash outflow from operating activities</b>		<b>848</b>
<b>Analysis of financing</b>		
Financing from the Assembly		851
(Increase) in cash	6	(3)
<b>Net cash requirement</b>		<b>848</b>

The notes on pages 21 to 25 form part of these accounts

Schedule 5  
Statement of Resources by Objective  
for the period 1 June 1999 to 31 March 2000

	<b>Gross</b>	<b>Income</b>	<b>Net</b>
	£ 000	£ 000	£ 000
<b>Objective 1 Certifying and reporting on accounts</b>	218	84	134
<b>Objective 2 Value for money work</b>	407	-	407
<b>Objective 3 Examining and reporting on risks to financial systems, regularity and propriety</b>	109		109
<b>Objective 4 Other work for the public and the National Assembly</b>	136	-	136
<b>Total</b>	<b>870</b>	<b>84</b>	<b>786</b>



## Notes to the resource accounts

### 1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the Resource Accounting Manual issued by HM Treasury. The particular accounting policies adopted by the office of the Auditor General for Wales are described below. They have been applied consistently in dealing with items considered material in relation to the accounts. As the office only came into existence on 1 June 1999, there are no comparative figures.

#### Accounting Convention

1.1 These accounts have been prepared under the historic cost convention modified to account for the revaluation of fixed assets and stocks, where material, at their value to the business by reference to their current cost.

#### Tangible Fixed Assets

1.2 The Auditor General for Wales does not hold any fixed assets.

#### Stocks

1.3 Consumable stocks are charged to the account in the year of purchase.

#### Operating Income

1.4 Operating income arises, principally, from fees for the audit of accounts and charges for services provided by agreement to client organisations. Income represents the amounts receivable from the provision of work for clients during the year. It is calculated by reference to the value of work carried out to date.

#### Capital Charge

1.5 A non-cash capital charge, reflecting the cost of capital utilised by the Auditor General for Wales, is included in operating costs and is calculated as 6 per cent in real terms on all assets less liabilities except for cash balances with the Office of the Paymaster General.



## Value Added Tax

1.6 The Auditor General was not registered for VAT during the period. Unrecoverable VAT is charged to the most appropriate expense heading.

## 2. Amounts payable to the National Audit Office

The Auditor General for Wales has, under Section 90(1) of The Government of Wales Act 1998, arranged for the National Audit Office to provide a full administrative, professional and technical service to support his statutory functions. This service is provided on a full cost recovery basis.

## 3. Other Administration Costs

	£000
<b>Non cash items:</b>	
Cost of capital charge	5
Accommodation provided by the National Assembly	10
	<hr/> 15
<b>Other expenditure:</b>	
Auditor General's salary costs (see below)	33
Office supplies and equipment	3
Travel, subsistence and related expenses	1
Translation, printing and other services	5
External audit fee	5
	<hr/> 49
<b>Total</b>	<hr/> <b>62</b> <hr/>

## Remuneration of the Auditor General for Wales

Under Section 91 of the Government of Wales Act 1998 the salary costs of the Auditor General for Wales is paid directly by the Assembly. For the period ended 31 March 2000 the total amount comprised a basic salary of £30,000 plus employers' National Insurance Contributions.



## 4. Operating Income

	£000
Audit fees and charges	84

The Auditor General for Wales has a target of recovering the full cost of undertaking fee paying work. The above represents the value of work in progress at the period end. The fees will be collected on completion of the work --the first such collections being in the 2000-01 financial year.

In future years, information will be provided to meet the requirements of the Treasury's "Fees and Charges" guide.

## 5. Debtors

Amounts falling due within one year:	£000
Amounts recoverable on contracts	84

## 6. Cash at Bank and in Hand

	£000
Balance at 1 June 1999	-
Net cash inflow	3
<b>Balance at 31 March 2000</b>	<b>3</b>

At 31 March 2000, the above balance was held with the office of HM Paymaster General who provides a current account banking service.

## 7. Creditors: amounts falling due within one year

	£000
Trade creditors	2
Audit fee	5
	<u>7</u>



## 8. Movements in working capital other than cash

	£000
(Increase) in debtors	(84)
Increase in creditors	7
	<u>(77)</u>

## 9. Tax Payers' Equity

Reconciliation of Net Operating cost to changes in General Fund

	<b>1998-99</b>
	£000
<b>Net operating cost for the year</b>	(786)
Funding from the National Assembly	851
Non-cash charges:	
Cost of capital	5
Accommodation provided by the Assembly	10
	<u>80</u>
Net increase / (decrease) in General Fund	80
General Fund at 1 June 1999	-
<b>General Fund at 31 March 2000</b>	<b><u>80</u></b>

## 10. Capital commitments

As at 31 March 2000, there were no capital commitments.



## 11. Contingent Liabilities

As at 31 March 2000, there were no contingent liabilities.

## 12. Related party transactions

The National Audit Office is headed by the Comptroller and Auditor General and was established by the National Audit Act 1983. At present, the Auditor General for Wales also holds the post of Comptroller and Auditor General. The National Audit Office is therefore regarded as a related party. The National Assembly is also a related party.

The office of Auditor General for Wales has also had a small number of transactions with Assembly sponsored public bodies. Most of these transactions have been with various organisations that are fee-paying clients.

Neither the Auditor General for Wales nor the National Audit Office staff providing services to him have undertaken any material transactions with the office of the Auditor General for Wales during the year.

## 13. Notes to Statement of Resources by Objective

Costs are allocated to objectives on the basis of costs recorded in the National Audit Office time recording system. Non-direct to job costs are allocated to objectives by apportioning them on a pro-rata basis to direct to job costs.

## 14. Accountability Disclosures

There are no events or transactions which require disclosure as detailed under DAO (RAB) 2/98 Parliamentary Reporting Requirements and Resource Accounts.

