

Presented to the Audit Committee of the National Assembly for Wales under Section 93(4) of the Government of Wales Act 1998

24 September 1999

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Introduction

1. It gives me great pleasure to present this estimate of my income and expenses for the year ending 31 March 2001 to the Audit Committee of the National Assembly for Wales. This will be the first full year of the activities of my Office.
2. My intention is to provide the Assembly with a first class professional financial and value for money audit service. This will include:
 - Auditing 27 accounts prepared by the Assembly and its sponsored public bodies;

- Undertaking additional financial audit work covering the adequacy of financial systems and controls, regularity and propriety of expenditure, and corporate governance arrangements;
 - Reporting to the Assembly on the results of my financial audit work including specific reports on the first resource account of the Assembly and the summarised accounts of the Welsh National Health Service;
 - Undertaking value for money examinations and reporting my findings to the Assembly;
 - Responding to correspondence from Assembly Members, Members of Parliament and the public; and
 - Providing support to the Audit Committee in the conduct and discharge of its functions.
1. I will be supported in my task by National Audit Office staff based in Wales. They have considerable knowledge of the former Welsh Office and sponsored public bodies, and their input will provide much needed continuity and stability over what will be a critical initial period for the Assembly.

John Bourn *Pierhead Building*

Auditor General for Wales *Capital Waterside*

CARDIFF CF10 5TH

Estimate of the income and expenses of the Office of Auditor General for Wales for the year ending 31 March 2001

	2000-01 Estimate
	£000
Audit of accounts (notes 3 and 4)	675
Value for money audit	1000
Other audit work (note 6)	205
Other administrative, professional and technical services (note 7)	295
Total expenses	2175
Fees receivable (note 5)	(250)
Net provision requested	1925

Explanatory notes

1. Under Section 92(1) of the Act, I have arranged for the National Audit Office to provide me with an all-embracing administrative, professional and technical service to support my functions. Their Cardiff-based staff have considerable experience of the public sector in Wales and are very familiar with the activities of the former Welsh Office and its sponsored bodies. They are able to buy-in resources from local accountancy firms and other agencies to support their core staff in peak periods, and have access to additional specialist expertise as and when required.
2. The provisions in the Act are in line with the White Paper "A Voice for Wales" in which the Government recognised the value and benefits of the National Audit Office continuing to have a major role in auditing the public sector in Wales post devolution. Other benefits of such an arrangement include central arrangements for information technology, accounting and audit support, professional training, career development and representation on key public sector and professional bodies such as the Auditing Practices Board. In line with accepted public sector practice, my arrangements with the National Audit Office are based on a non-contractual memorandum of understanding. The cost is based on the direct salary costs of staff working on behalf of the Auditor General for Wales together with a fair proportion of the Cardiff accommodation costs, other direct costs and a small central overhead for indirect cost such as finance and personnel services.
3. The cost of auditing accounts covers the work involved in obtaining sufficient, relevant and reliable evidence to support my audit opinions on the accounts listed in annex A. In undertaking this work, National Audit Office staff will follow the standards laid down by the Auditing Practices

Board. In the financial year 2000-01, I will complete my audit work on the 1999-00 accounts as well as commencing work on the 2000-01 accounts.

4. The National Audit Office would have incurred a substantial proportion of the cost of auditing accounts even if the Assembly not been established. This is because it would still have had to audit accounts of the Welsh Office and its sponsored bodies. The National Audit Office will supply indicative figures to the Assembly's Finance Group to facilitate negotiations with the Treasury on appropriate increases to the Welsh block budget.
5. I am permitted to charge a fee for auditing the accounts of public bodies other than the Assembly. However, I do not anticipate collecting any such receipts in 1999-00 as the audit of accounts for that year will not be completed until 2000-01.
6. Other audit work includes reviewing the Assembly's systems and corporate governance arrangements, business development and audit work arising from correspondence and queries.
7. Other services include support provided to the Audit Committee for evidence sessions and drafting of their subsequent reports, preparation of my annual estimate, accounting and bookkeeping services for my office, the cost of my external auditors appointed by the Assembly, and other administrative costs of running my office.
8. The estimate includes VAT payable on services provided by the National Audit Office. The National Audit Office will supply the details to the Assembly's Finance Group in order to facilitate discussions with the Treasury on consequential increases to the Welsh block budget.

Annex 1: Accounts audited by the Auditor General for Wales

Accounts prepared by the National Assembly

Resource account

Cadw: Welsh Historic Monuments

Summarised account of Welsh TECs

Summarised account of Welsh health authorities

Summarised account of Welsh NHS trusts

Summarised account of funds held on trust by Welsh NHS bodies

Welsh non-domestic rating account

Assembly Members' pension fund (8 accounts)

Accounts prepared by Assembly Sponsored Public Bodies

Arts Council of Wales*

Countryside Council for Wales

Higher Education Funding Council for Wales

Further Education Funding Council for Wales

Local Government Boundary Commission for Wales

National Library of Wales

National Library of Wales pension fund

National Museums and Galleries of Wales

Office of HM Chief Inspector of Schools in Wales

Qualifications, Curriculum and Assessment Authority for Wales

Sports Council for Wales*

Sports Council for Wales Trust

Wales Tourist Board

Welsh Administration Ombudsman

Welsh Development Agency

Welsh Forestry

Welsh Language Board

Welsh National Board for Nursing, Midwifery and Health Visiting

Welsh NHS Commissioner (19 accounts)

*The National Lottery distribution accounts for these bodies will be audited by the Comptroller and Auditor General and laid before both Parliament and the Assembly.