

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

9 May 2019

Dear Llyr

### **Public Audit (Wales) Act**

I am writing in response to your letter dated 26 March 2019 and your post-legislative scrutiny of the Public Audit (Wales) Act 2013.

You state that you would like the Commission to provide written evidence addressing the terms of reference and that you are particularly interested in the Commission's views and experiences, as an audited body in Wales, of the fee charging regime.

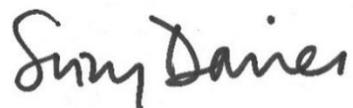
In addition, the Committee is keen to understand the impact the Act has had on the Assembly, and would like the Commission's views on the operation of the Act and the costs of administering the duties placed on the Assembly Commission, such as the appointment of the AGW and WAO Board non-executive members, the procurement of the Auditors of the WAO and whether the Assembly has experienced any notable changes in the audit regime since the introduction of the Act.

We have compiled a response to these requests as set out in the Annex accompanying this letter; I hope you find it helpful. If the Committee requires more detailed costing information we would be happy to provide this following further guidance from the Committee.



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

Yours sincerely

A handwritten signature in black ink that reads "Suzy Davies". The signature is written in a cursive, flowing style.

Suzy Davies

cc Assembly Commissioners, Manon Antoniazzi, Nia Morgan



## **Annex**

### **Fee Charging Regime**

The Auditor General for Wales (AGW) only undertakes financial audit work at the Assembly Commission. He certifies the financial statements, providing his audit opinion and gives an opinion on regularity. No *performance* audit work takes place in respect of the Assembly Commission. Therefore, some of the complexities outlined in paragraphs 3.4-3.6 of the Proposals document are not relevant to the Assembly Commission as the AGW does not undertake a full range of audit functions at the Assembly Commission.

The audit fee does generate significant discussion at the Assembly Commission's Audit and Risk Assurance Committee (ACARAC). Through concerted efforts from the Commission's finance team in tandem with the Wales Audit Office (WAO) engagement team, we have seen some efficiencies and a slightly reduced fee in recent years. The Assembly Commission has also received some very modest refunds in recent years reflecting the fact that the actual outturn of the audit fieldwork has come in slightly under the audit fee initially charged.

From the Assembly Commission's viewpoint, clarity and transparency would be the most important aspects of any future fee charging regime. There has been some frustration in recent years in respect of delays of audit fee estimates being made available to Assembly Commission officials and ACARAC members. One of the reasons the WAO cite for this is on-going internal discussions and moderation of fees. As a client of the AGW and WAO we would welcome a regime which ensured that fee estimates could be communicated in a timely manner to us and that an overview of the calculation and methodology used to arrive at the proposed fee is properly explained by the relevant WAO Engagement Lead.

### **Other Issues in the Terms of Reference**

The Assembly Commission notes the other areas being examined by the Committee as part of its post legislative scrutiny but does not have anything to add in relation to those areas.



## **Impact of the Act on the Assembly**

These are statutory requirements placed upon us by the Public Audit (Wales) Act 2013 and the Government of Wales Act, the provision for which is absorbed within the Commission budget.

For each activity the greatest cost associated with the administration of duties is related to recruitment. However, as appointment terms are set and relatively lengthy, these are planned in advance and this reduces the impact. Costs can vary and more detailed information could be provided if required.

For example, the Assembly Commission's Procurement Team has provided assurance over the process of the last two tenders in relation to the appointment of WAO auditors. This process has not proved to be too onerous or time consuming in terms of workload for the Procurement team.

The Assembly Commission has had sight and input into the specification, but has not been involved in the evaluation of the responses received, as on both occasions, only one bid was returned.

We have not experienced any notable changes in the audit regime since the introduction of the Act.

