

# National Assembly for Wales

## A memorandum setting out the terms for the appointment of the Auditor General for Scotland as auditor of the accounts of the Auditor General for Wales

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### 1. Introduction

- 1.1 It is to be proposed that the National Assembly for Wales ('the Assembly') should resolve to appoint the Auditor General for Scotland to act as auditor of the accounts of the Auditor General for Wales for the 2010-11 year of account in exercise of the Assembly's functions under Schedule 8 to the *Government of Wales Act 2006*. This memorandum sets out the terms and conditions of the appointment, should the Assembly so resolve, including the respective responsibilities of the Auditor General for Scotland and the Auditor General for Wales and of those acting on their behalf, the scope of the work to be performed and matters of remuneration.
- 1.2 In this memorandum, references to staff of the Auditor General for Scotland include staff of Audit Scotland providing support to the Auditor General for Scotland and references to the Wales Audit Office are references to the staff supporting the Auditor General for Wales.
- 1.3 This memorandum is not intended to alter statutory provisions. For ease of reference, however, certain statutory provisions are described in this memorandum. Should there be any variations between the requirements of statute and the descriptions in this memorandum, the requirements of statute shall prevail.

### 2. Duration of the appointment

- 2.1 The appointment is intended to be for such period as will:
  - a) enable the Auditor General for Scotland to audit the accounts of the Auditor General for Wales for the 2010-11 year of account, to certify and lay those accounts together with his report on them before the Assembly, and to enable the Public Accounts Committee of the Assembly to consider the accounts and his report;
  - b) enable the Public Accounts Committee to identify, and the Assembly to appoint (with effect from such date as may be convenient), auditors of the accounts of the Auditor General for Wales for the 2011-12 year of accounts (and subsequent years).

- 2.2 Nothing in paragraph 2.1 is intended to fetter the Assembly's power to make and terminate appointments under paragraph 14 of Schedule 8 to the *Government of Wales Act 2006*.
- 2.3 The Auditor General for Scotland may terminate the arrangement set out in this memorandum at any time and for any reason by giving the National Assembly for Wales 30 days' notice in writing.
- 2.4 The Assembly may terminate the arrangement set out in this memorandum at any time and for any reason by giving the Auditor General for Scotland 30 days' notice in writing.

### **3. Responsibilities of the Auditor General for Wales**

- 3.1 The Auditor General for Wales must prepare accounts in accordance with paragraph 13 of Schedule 8 to the *Government of Wales Act 2006*. The Auditor General for Wales must submit these accounts, after having signed them, to the Auditor General for Scotland no later than five months after the end of the 2010-11 financial year.
- 3.2 The Auditor General for Wales will give the Auditor General for Scotland and his staff a right of access, at all reasonable times, to every document which appears to the Auditor General for Scotland or his staff to be necessary for the purposes of the audit of the accounts.
- 3.3 The Auditor General for Wales will provide the Auditor General for Scotland or his staff, at times specified by the Auditor General for Scotland or his staff, with accounts of such transactions of the Auditor General for Wales as the Auditor General for Scotland may specify. The Auditor General for Wales shall password protect and encrypt (to at least 128 bit SSL standards) any transmission of electronic datasets of transactions and any transmission of datasets containing personal information.
- 3.4 The Auditor General for Wales must pay the Auditor General for Scotland such remuneration as is provided for under the terms of this memorandum.

### **4. Responsibilities of the Auditor General for Scotland**

- 4.1 The Auditor General for Scotland must carry out an audit of the accounts submitted to him by the Auditor General for Wales for the 2010-11 financial year.

- 4.2 On completing the audit the Auditor General for Scotland must certify the accounts and lay the accounts and his report on them before the National Assembly for Wales.
- 4.3 The Auditor General for Scotland may (but is not required to) carry out examinations into the economy, efficiency and effectiveness with which the Auditor General for Wales has used resources in discharging his functions.
- 4.4 The scope of any examination into the economy, efficiency and effectiveness with which the Auditor General for Wales has used resources in discharging his functions is to be set out in a separate memorandum drawn up by the Auditor General for Scotland in consultation with the Auditor General for Wales and approved by the Public Accounts Committee.
- 4.5 The Auditor General for Scotland will undertake his work in accordance with International Standards on Auditing (UK and Ireland) as applicable to the public sector and will have particular regard to the Auditing Practices Board Practice Note 10. The Wales Audit Office is considered a public body for the purposes of Practice Note 10.
- 4.6 The Auditor General for Scotland shall disclose to the Public Accounts Committee of the National Assembly for Wales the results of the assessment in respect of the Auditor General for Wales that he is required to undertake in compliance with the Auditing Practices Board's Ethical Standards, regarding threats to his integrity, objectivity and independence, and the identification and assessment of safeguards against those threats. The Auditor General for Scotland shall disclose such assessment within eight months of the date of his appointment.
- 4.7 The Auditor General for Scotland and his staff will co-operate with the Public Accounts Committee of the National Assembly for Wales and will provide any reasonable assistance that it, or its Chair, might require, including written and oral briefing and access to all documents and information that relate to the work set out in this memorandum.
- 4.8 Subject to any disclosures required by law or the arrangements set out in this memorandum, the Auditor General for Scotland shall keep confidential any information obtained pursuant to the auditor's functions under paragraph 15 of Schedule 8 to the Government of Wales Act 2006.

4.9 The Auditor General for Scotland shall keep and process information obtained pursuant to the auditor's functions under paragraph 15 of Schedule 8 to the Government of Wales Act 2006 securely in accordance with the Data Protection Act 1998 and professional standards. In particular, the Auditor General for Scotland shall password protect and encrypt (to at least 128 bit SSL standards) any transmission of electronic datasets of transactions and any transmission of datasets containing personal information.

## 5. Costs

5.1 Fees (calculated in accordance with the next paragraph) for work done by Audit Scotland, (acting on behalf of the Auditor General for Scotland) will be paid by the Auditor General for Wales in accordance with paragraph 14(7) of Schedule 8 to the *Government of Wales Act 2006*.

5.2 Fees payable to Audit Scotland under paragraph 5.1 will be determined according to the daily rates set out below. The rates are those used for all public sector audit work that Audit Scotland undertakes, and all rates exclude VAT.

| <b>Resource</b>             | <b>Daily rate</b> |
|-----------------------------|-------------------|
| Director/Assistant Director | £1,095            |
| Managers                    | £610              |
| Qualified staff             | £347              |
| Other staff                 | £247              |

5.3 In seeking reimbursement of fees, Audit Scotland will invoice the Auditor General for Wales and present evidence to support the amounts claimed.

5.4 Audit Scotland will also be entitled to reimbursement of all reasonable travel, subsistence and incidental expenditure incurred by Audit Scotland in undertaking the work set out in this memorandum. In seeking reimbursement, Audit Scotland will invoice the Auditor General for Wales and present evidence to support the amounts claimed.

5.5 As at the date of the Memorandum, which is before audit planning work has commenced, Audit Scotland estimate that the fee will be around £25,000 plus VAT plus expenses. Any change will be discussed with the Auditor General for Wales.

5.6 If the appointment is terminated in accordance with section 2 of this Memorandum then Audit Scotland will be remunerated for the work done up to the point of termination.

## **6. Conflicts of interest and independence**

6.1 In signing this agreement, the Auditor General for Scotland and the Auditor General for Wales confirm that neither they, nor their staff, have any conflicts of interest that would under the Auditing Practices Board Ethical Standard 1 preclude the Auditor General for Scotland from reporting as auditor, and are independent and able to perform the work set out in this memorandum.

## **7. Confirmation**

7.1 By signing below, all parties confirm their agreement that the proposed appointment be on the terms and conditions as set out in this memorandum.

Dated 9 March 2011

Claire Clancy  
Chief Executive and Clerk to the National  
Assembly for Wales

Robert Black  
Auditor General for Scotland

Huw Vaughan Thomas  
Auditor General for Wales