

CSO(2)-07-06 (p5) Annex

Standing Order 12 – Audit Committee

Membership

12.1 The Audit Committee shall consist of at least 7 and not more than 11 Members and be chaired by a member of a political group which is not represented in the Assembly Cabinet. A member of the Assembly Cabinet may not be a member of the Audit Committee.

Clause 30 of the Bill makes provision for SOs to specify the number of members of the Audit Committee; those persons who cannot be a member (see covering paper); and that the Committee must not be chaired by a Member who is a member of a political group with an executive role.

Q – Does the current provision, for at least 7 and not more than 11 Members, need amending? d'Hondt may have an impact on this and if members agree that this should remain it will need to be reviewed once the outcome of d'Hondt is known.

There may be no need for SOs to re-state the provision in the Bill relating to, persons who cannot be Members of the Audit Committee and the fact that the Chair cannot be a member of a political group with an executive role, so long as this part of the SO refers to the fact that the Committee is constituted under Section 30 of the 2006 Act.

Q – What are members' views on this?

Responsibilities

12.2 The Committee shall:

(i) exercise the functions set out in section 93(6)-(7) of the Act relating to estimates submitted by the Auditor General for Wales;

Some Audit Committee functions are set out in the Act and this section will need to be amended to reflect those. It is also worth noting that the White Paper Committee report agreed with evidence provided by the Auditor General that the current functions of the Audit Committee were the right ones for the future as well.

(i) Schedule 8 para 12 of the Bill provides for the Audit Committee to examine each estimate of the Auditor General Wales and lay the estimate before the Assembly. This will need to be reflected in SOs.

As the AGW's budget will then form part of the Annual Budget Motion put forward by the Government, there will also need to be a provision to consider any supplementary budget motions tabled by Ministers that amend the amounts previously authorised in respect of the Auditor General.

The Audit Committee will also be able to consider and report to the Assembly on excess use of resources recorded in the audited accounts of Welsh Ministers, the Assembly Commission, the Auditor General or the Ombudsman and comment on whether or not the Assembly should authorise the excesses retrospectively by supplementary budget motion. For clarity this will need to be included in this SO.

(ii) this will need to be retained, although the wording should probably be amended to align with the language used in the Bill and the Public Audit (Wales) Act 2004. i.e. " to undertake economy, efficiency and effectiveness examinations."

(iii) This function does not appear in the Bill and will be a matter for Welsh Ministers. This will not need to be in the new SO.

(iv) Requires no amendment

In addition

(ii) present views to the Auditor General for Wales from time to time on the Auditor General's exercise of his or her powers to undertake examinations into the economy, efficiency and effectiveness of the use of resources;

(iii) exercise any functions relating to the approval of bodies of accountants delegated to it by the Assembly under section 94 (4) of the act;
and

(iv) submit an annual report to the Assembly on the work of the Committee.

Schedule 8 para 14 (6) makes provision for the Assembly to determine the terms and conditions of the appointment of an auditor of the AGW. This function has been carried out by the Audit Committee to date and it would seem appropriate to include here a function for the Audit Committee to advise the Assembly as has been the practice.

Q – Do members agree that this should be a function of the Audit Committee?

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| <p>12.3 The Committee may:</p> <p>(i) report to the Assembly in accordance with section 102(1) of the Act on documents put before it by the Auditor General for Wales or that officer's auditor; and</p> <p>(ii) take evidence and report to the House of Commons Committee of Public Accounts if requested by that Committee to do so.</p> | <p>(i) this will need amendment to reflect that it is section 142(1) of the 2006 Act.</p> |
| <p>12.4 In the performance of its responsibilities under Standing Order 12.3(i) the Committee shall not question the merits of the policy objectives of the Assembly, or those of any other body or person which is the subject of the Committee's report.</p> | <p>Q – Should this refer to the policy objectives of Welsh Ministers rather than the Assembly?</p> |
| <p>12.5 Whenever the Committee submits a report to the Assembly under Standing Order 12.3(i) it shall send a copy to the First Minister. If the report relates to any matter coming within the responsibilities of the House Committee, it shall at the same time also send a copy to the chair of that Committee. Within 30 working days of the First Minister receiving the report a Minister shall, if the report relates to a matter for which a Minister is accountable or responsible to the Assembly, lay before the Assembly a response to the Audit</p> | <p>This will need amendment to replace references to the House Committee with the Assembly Commission. References to the chair will need amending to Presiding Officer.</p> |

Committee's report on behalf of the Assembly Cabinet and, if that response is of an interim character, the Minister shall lay a final response before the Assembly within a further two months. In so far as the Audit Committee's report relates to matters coming within the responsibilities of the House Committee, then within 30 working days of the chair receiving a copy of that report, a member of the House Committee shall, on behalf of that Committee, lay before the Assembly a response to the Audit Committee's report; and if that response is of an interim character a member of the House Committee shall lay a final response before the Assembly within a further two months.

Meetings

12.6 The Committee shall determine its programme of work, in consultation with the Auditor General for Wales. The Auditor General may attend private meetings of the Committee, with the permission of or at the request of the chair.

Appears to require no amendment.

12.7 No member of the Committee shall participate in its consideration of any matter if he or she was at the relevant time a member of the Assembly Cabinet (or if the matter is within the responsibility of the House Committee, if he or she was at the relevant time a member of the House Committee as reconstituted after 18.12.02).

This will need amendment to include Welsh Ministers and the Assembly Commission. References to the Assembly Cabinet and House Committee will need to remain for some time into the future.

12.8 The Presiding Officer may issue guidelines for members on avoiding conflicts of interest when participating in the activities of the Audit Committee.

So far the Presiding Officer has not issued any specific guidelines on this and this could be interpreted as providing advice as and when required. But it is probably ok left as it is.

Q - Do Members agree with this approach?

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| <p>12.9 If the chair is disqualified from participating in the Committee's consideration of any matter under the Standing Orders or voluntarily withdraws from such participation, the Committee shall elect another member to chair it whenever that matter is being considered. The Committee may not elect as its temporary chair a member of the largest political group which is represented in the Assembly Cabinet.</p> | <p>See para 5.1 of the attached covering paper regarding 12.9 & 12.10</p> |
| <p>12.10 A Committee member who has given advance notice to the Chair may be represented at a meeting, or a part of a meeting, of the Committee by another Member from the same political group who has been identified in advance. In giving such notice, the Member shall indicate the reason for the need for substitution. The nominated representative shall not be a member of the Assembly Cabinet. The nominated representative may participate in the meeting of the Committee in all respects as if he or she were a member of it. No Member may represent more than one Committee member at a meeting.</p> | |
| <p>Summoning of Witnesses and Production of Documents</p> | |
| <p>12.11 In the course of preparing any reports, the Committee shall take evidence as necessary from the Assembly's Principal Accounting Officer or from other Accounting Officers with responsibilities relevant to the matters under consideration.</p> | <p>See para 6.1 of the attached covering paper regarding 12.11 – 12.15</p> |
| <p>12.12 In accordance with section 74 of the Act, the Committee may resolve to require witnesses to attend or to require the production of documents. Any such motion shall identify the persons who are required to attend or the documents which are required to be produced.</p> | |

12.13 When the Committee has resolved to require witnesses to attend or to require the production of documents, the chair shall notify the Presiding Officer of the terms of the resolution, and request the Presiding Officer to give notice in writing to any relevant persons. Such a notice shall contain the information specified in section 74(6) of the Act, and comply with the requirements of section 74(7).

12.14 A person who has been required to attend the Audit Committee may be required to take an oath (or make an affirmation). In the absence of any of the officers specified in section 75(1)(a) of the Act, or if the chair is disqualified from participating in the Committee's consideration of the matter under Standing Order 12.7, the temporary chair of the Committee may administer the oath (or affirmation).

12.15 Where an oath is to be sworn or an affirmation made under Standing Order 12.14, it shall be in the form set out in Standing Order 9.18.