

# **PUBLIC AUDIT (WALES) ACT 2004**

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## **EXPLANATORY NOTES**

### **TERRITORIAL EXTENT AND DEVOLUTION**

#### **Part 1: Auditor General for Wales**

#### **New Functions of the Auditor General for Wales**

##### ***Section 1: Transfer of functions of Assembly***

7. This section adds a new section 146A to the GOWA. Section 146A enables the Assembly, with the consent of the Auditor General, by order to transfer any of its supervisory functions in respect of a public body or a registered social landlord in Wales to the Auditor General or to provide that such a function is to be exercised on the Assembly's behalf by the Auditor General. "Supervisory functions" are defined as examining, inspecting, reviewing or studying the financial or other management of the body or the way in which it discharges any of its functions. With the abolition of Tai Cymru the Assembly assumed managerial audit and inspection functions in respect of registered social landlords in Wales. Part of the audit and inspection process is to gauge the extent to which registered social landlords achieve value for money in the exercise of their functions. This is an example of a function that could be transferred to the Auditor General under section 146A of the GOWA. The Assembly may direct the Auditor General to prepare a report on his exercise of functions that are transferred to him (section 146A(3) of the GOWA). The Auditor General is required to lay such a report before the Assembly.

##### ***Section 2: Additional functions of Auditor General***

8. This section adds new sections 96A, 96B and 96C to the GOWA.
9. Section 96A of the GOWA enables the Auditor General, where he thinks that it is in the public interest to do so, to prepare a report on a matter coming to his attention in the course of examining accounts for which he has audit responsibility (except where he undertakes the audit under section 96(3)(a) of the GOWA). The Auditor General also has the power to prepare such a report in relation to matters coming to his attention when he is undertaking an economy, efficiency and effectiveness examination or study (other than one undertaken at the request of the body to which the examination or study relates). The Auditor General must lay such a report before the Assembly. Section 96A of the GOWA is similar to the power of an auditor appointed by the Audit Commission under section 8 of the ACA to make a public interest report in respect of health and local government bodies in England. The power in section 8 of the ACA is replicated in section 22 of this Act as a power for auditors appointed by the Auditor General in respect of local government bodies in Wales.
10. Section 96B of the GOWA provides that the Auditor General must, where required by a body in respect of which he has audit responsibilities (including local government bodies in Wales), make arrangements for the certification of claims, returns or accounts in respect of grants, subsidies and certain other payments made to the body. The

*These notes refer to the Public Audit (Wales) Act 2004  
(c.23) which received Royal Assent on 16 September 2004*

section also makes provision for a local government body to require the Auditor General to make arrangements in respect of certifying, under local government finance legislation, the body's calculation of its contribution to the non-domestic rating pool for a financial year and section 66 and Schedule 2 to the Act make minor and consequential amendments to the Local Government Finance Act 1988 for this purpose.

11. Section 96C of the GOWA provides further ancillary powers for the Auditor General. Section 96C(1) of the GOWA enables the Auditor General (or a member of his staff), by arrangement, to exercise the functions of any relevant authority (i.e. any government department, any local or other public authority or the holder of any public office) and to provide them with administrative, professional or technical services. It also enables any relevant authority to provide the Auditor General with administrative, professional or technical services. Section 96C(2) of the GOWA provides that where the Auditor General exercises a function of a relevant authority (under section 96C(1) of the GOWA) the relevant authority continues to have responsibility for the way in which that function is exercised.
12. Section 96C(3) of the GOWA enables the Auditor General to make arrangements with a relevant authority, an accountancy body or a qualified auditor (and enables such authorities, bodies or persons to make arrangements with the Auditor General) to co-operate with and give assistance to each other if the Auditor General and the authority, body or person concerned consider that it would be conducive to or would facilitate the exercise of their respective functions.
13. Sections 96C(1) and (3) of the GOWA are intended to facilitate joint working and co-operation between the Auditor General, his staff and a wide variety of other (e.g. regulatory) bodies (including bodies that are not situated in the United Kingdom). For instance, under this section the Auditor General could participate in joint reviews with the Assembly Social Services Inspectorate. In addition, where the Auditor General is exercising his audit functions in relation to a particular person/body he may, at the request of a relevant authority, enter into an arrangement with that authority to exercise, at the same time, the functions (or some of the functions) of the relevant authority in relation to that person/body. Section 96C(4) of the GOWA enables the Auditor General to recover his costs for or to pay for the provision of services by or to him under section 96C(1) and (3) of the GOWA, as the case may be.