

PUBLIC AUDIT (WALES) ACT 2004

EXPLANATORY NOTES

TERRITORIAL EXTENT AND DEVOLUTION

Schedule 1: Best Value Audit and Inspections

142. Generally, the Schedule amends relevant provisions of the Local Government Act 1999 "the 1999 Act" to make the Auditor General, or an auditor appointed by him (as applicable), responsible for best value audits and inspections in Wales.
143. *Paragraph 2* amends the 1999 Act to define best value authorities in Wales.
144. *Paragraph 3* amends the 1999 Act to give the Assembly power to provide for certain other bodies to be best value authorities in Wales or to modify the application of the 1999 Act in relation to specified bodies in Wales.
145. *Paragraph 4* amends the 1999 Act to make the Auditor General the "relevant audit authority" in respect of best value authorities in Wales for the purpose of specifying performance indicators and performance standards in relation to best value. The "relevant audit authority" for best value authorities in England remains the Audit Commission.
146. *Paragraph 5* amends the 1999 Act so as to apply relevant provisions in Part 2 of the Act to the audit of Welsh best value authorities' performance plans - in particular, the appointed auditors' rights to documents and information etc. under section 18 of the Act.
147. *Paragraphs 6 and 7* amend the 1999 Act so as to make provision for the Auditor General to prepare and keep under review a code of practice prescribing the way in which auditors appointed by him are to carry out their best value audit functions in respect of Wales. Paragraph 7 also provides for him to prescribe a scale or scales of fees, subject to consultation, in respect of the audit of Welsh best value authority performance plans. The combined effect of paragraphs 6 and 7 is also to require an auditor to have regard to the requirements of the code when undertaking an audit of an improvement plan of a best value authority in Wales. Until the Auditor General issues a code under the new section 8A to be inserted into the 1999 Act by paragraph 7, auditors of such plans are to have regard to the Audit Commission's code issued under section 8 (see new section 8B(3) and (4) in paragraph 7).
148. *Paragraphs 8 and 9* amend the 1999 Act so as to make provision for the Auditor General to carry out an inspection of the compliance by a best value authority in Wales with the requirements of Part 1 of the 1999 Act. The Assembly has the power to direct such an inspection, under s. 10A (as inserted by this Act), read with s. 29, of the 1999 Act, by virtue of which the references in section 10A to "the Secretary of State" are to be read as references to the Assembly.
149. *Paragraph 10* amends the 1999 Act so as to provide that references to an "inspector" in respect of a best value compliance inspection relating to a best value authority in Wales means the Auditor General, a member of his staff or a person providing services to him

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

who is carrying out a best value compliance inspection under s. 10A of the 1999 Act (as inserted by this Act).

150. **Paragraphs 11 and 12** amends the 1999 Act so as to enable the Auditor General to prescribe, subject to consultation, a scale or scales of fees for best value compliance inspections in relation to best value authorities in Wales. The duty to consult includes a duty to consult the Assembly, since, by virtue of s. 29 of the 1999 Act, the references in new s. 12A to "the Secretary of State" are to be read as references to the Assembly.
151. **Paragraph 13** amends the 1999 Act so as to require the Auditor General to issue a report in respect of a best value compliance inspection and sets out related requirements. By virtue of s. 29 of the 1999 Act, the references in new s. 13A to "the Secretary of State" are to be read as references to the Assembly.
152. **Paragraph 14** amends the 1999 Act so as to require the Assembly to consult the Auditor General before making regulations in respect of the keeping of accounts by best value authorities. (The words "the Secretary of State" in s. 23 of the 1999 Act effectively mean the Assembly in this context, by virtue of s. 29 of the same Act).
153. **Paragraph 15** amends the 1999 Act so as to require the Auditor General to have regard to any guidance issued by the Assembly in respect of securing the co-ordination of different kinds of inspection by the regulatory bodies listed in section 25 of the 1999 Act. (The words "the Secretary of State" in s. 25 of the 1999 Act effectively mean the Assembly in this context, by virtue of s. 29 of the 1999 Act).
154. **Paragraph 16** amends the 1999 Act so as to require the Assembly to consult the Auditor General before issuing any guidance on the carrying out of best value compliance inspections in Wales. (The words "the Secretary of State" effectively mean the Assembly in this context, by virtue of s. 29 of the 1999 Act).
155. **Paragraph 17** amends the 1999 Act so as to empower the Assembly to make grants to the Auditor General in respect of expenditure incurred or to be incurred by the Auditor General under Part 1 of the 1999 Act. Current practice is for the cost of best value audits and inspection to be funded 50 per cent through fees charged to best value authorities and 50 per cent through National Assembly grant to the Audit Commission.