



Public Audit (Wales) Act 2004

2004 CHAPTER 23

PART 2

LOCAL GOVERNMENT BODIES IN WALES

CHAPTER 1

ACCOUNTS AND AUDIT

Audit of accounts

13 Audit of accounts of local government bodies in Wales

- (1) A local government body in Wales—
 - (a) must make up its accounts each year to 31 March or such other date as the Assembly may generally or in any special case direct;
 - (b) must ensure that its accounts are audited in accordance with this Chapter by one or more auditors appointed by the Auditor General for Wales.
- (2) The Auditor General for Wales must appoint auditors to audit the accounts of local government bodies in Wales.

14 Appointment of auditors

- (1) This section applies in relation to the appointment of persons as auditors under section 13.
- (2) The Auditor General for Wales may appoint a person only if the person is eligible for appointment under this section.
- (3) But the Auditor General for Wales may not appoint himself.
- (4) A person is eligible for appointment under this section only if the person—

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- (a) is eligible for appointment as a company auditor under section 25 of the Companies Act 1989 (c. 40), or
 - (b) is a member of a body of accountants, established in the United Kingdom or another EEA State, which is for the time being approved by the Assembly for the purposes of this subsection.
- (5) If two or more auditors are appointed to audit the accounts of a body they may be appointed—
- (a) to act jointly;
 - (b) to act separately in relation to different parts of the accounts;
 - (c) to discharge different functions in relation to the audit.
- (6) Before appointing an auditor to audit the accounts of a body the Auditor General for Wales must consult the body.
- (7) The Auditor General for Wales may require a body to make available for inspection by him or on his behalf any documents which he reasonably requires for the purpose of assisting him to decide on the appointment of auditors to audit the body's accounts.
- (8) The appointment of an auditor who is not a member of the staff of the Auditor General for Wales must be on the terms, and for the period, determined by the Auditor General for Wales.
- (9) In this section “EEA State” means any State which is a Contracting Party to the Agreement on the European Economic Area signed at Oporto on 2nd May 1992, as adjusted by the Protocol signed at Brussels on 17th March 1993.

15 Persons to assist auditors

- (1) The Auditor General for Wales may approve arrangements for one or more persons to assist an auditor appointed under section 13 by carrying out the functions of the auditor under this Part which are specified in the arrangements.
- (2) Arrangements may be approved under subsection (1) either generally or for a particular case or cases.
- (3) References in the following provisions of this Part to an auditor include, in relation to a function of an auditor, a person carrying out the function under arrangements approved under subsection (1).

16 Code of audit practice

- (1) The Auditor General for Wales may issue a code of audit practice prescribing the way in which auditors are to carry out their functions under this Chapter.
- (2) A code issued under this section must embody what appears to the Auditor General for Wales to be the best professional practice with respect to the standards, procedures and techniques to be adopted by auditors.
- (3) A code issued under this section may make different provision for different cases.
- (4) The Auditor General for Wales must not issue a code under this section unless a draft of the code has been laid before, and approved by a resolution of, the Assembly.

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- (5) In preparing a draft of a code under this section the Auditor General for Wales must consult any associations of local authorities in Wales which appear to him to be concerned.
- (6) The Auditor General for Wales must arrange for any code issued by him under this section to be published in such manner as he thinks appropriate.
- (7) A code issued under this section is subject to annulment in pursuance of a resolution of either House of Parliament in the same way as a statutory instrument; and section 5 of the Statutory Instruments Act 1946 (c. 36) applies accordingly.
- (8) The Auditor General for Wales may from time to time revise a code previously issued under this section; and subsections (2) to (7) apply to a revised code as they apply to a code as first prepared.
- (9) The Assembly may not delegate the function of approving a draft of a code under this section.

17 General duties of auditors

- (1) This section applies in relation to the audit of a body's accounts under this Chapter.
- (2) An auditor must, by examination of the accounts and otherwise, satisfy himself of these things—
 - (a) that the accounts are prepared in accordance with regulations under section 39;
 - (b) that they comply with the requirements of all other statutory provisions applicable to the accounts;
 - (c) that proper practices have been observed in the compilation of the accounts;
 - (d) that the body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources;
 - (e) that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.
- (3) An auditor must comply with any provisions of a code of audit practice issued under section 16 which—
 - (a) are applicable to the audit of the accounts being audited, and
 - (b) are in force.
- (4) At any time before there are provisions of a code of audit practice with which an auditor is required to comply under subsection (3), the auditor must comply with any provisions of a code of audit practice issued under section 4 of the Audit Commission Act 1998 (c. 18) which—
 - (a) are applicable to the audit under that Act of the accounts of bodies of a corresponding description to the body, and
 - (b) are in force.

18 Auditors' rights to documents and information

- (1) An auditor has a right of access at all reasonable times to every document relating to a local government body in Wales which appears to him necessary for the purposes of his functions under this Chapter.

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- (2) The documents relating to a body to which the right conferred by subsection (1) applies may include in particular—
- (a) a document which is held or controlled by a person who has received financial assistance from the body by means of a grant, loan or guarantee or as a result of the taking of an interest in any property or body corporate;
 - (b) a document which is held or controlled by a person who has supplied goods or services to the body in pursuance of a contract to which the body was party or who has supplied goods or services in pursuance of a relevant sub-contract;
 - (c) a document of a description specified in an order made by the Assembly.
- (3) For the purposes of subsection (2)(b) a contract is a relevant sub-contract if its performance fulfils, or contributes to the fulfilment of, an obligation to supply goods or services to the body in another contract.
- (4) An auditor may require a person whom he thinks has information of the kind mentioned in subsection (5)—
- (a) to give him any assistance, information and explanation which the auditor thinks necessary for the purposes of his functions under this Chapter;
 - (b) to attend before him in person to—
 - (i) give the assistance, information or explanation, or
 - (ii) produce any document which is held or controlled by the person and to which the right conferred by subsection (1) applies.
- (5) The information is information which relates to—
- (a) a local government body in Wales in relation to which the auditor has functions under this Chapter;
 - (b) a document to which the right conferred by subsection (1) applies;
 - (c) a person who holds or controls such a document.
- (6) Every local government body in Wales must provide an auditor with every facility and all information which he may reasonably need for the purposes of his functions under this Chapter.
- (7) Before making an order under subsection (2)(c) the Assembly must consult—
- (a) the Auditor General for Wales, and
 - (b) any associations of local authorities in Wales which appear to it to be concerned.

19 Auditors' rights to documents and information: offences

- (1) A person commits an offence if without reasonable excuse he fails to comply with a requirement imposed by an auditor under section 18(4).
- (2) A person guilty of an offence under subsection (1) is liable on summary conviction—
- (a) to a fine not exceeding level 3 on the standard scale, and
 - (b) to an additional fine not exceeding £20 for each day on which the offence continues after he has been convicted of it.
- (3) Subsection (4) applies if—
- (a) a person is convicted of an offence under subsection (1), and
 - (b) expenses are incurred by an auditor in connection with proceedings for the offence.

- (4) The expenses may be recovered from the convicted person or an appropriate person, to the extent that they are not recovered from any other source.
- (5) An appropriate person is a person who controlled the document referred to in section 18(5) at the time the requirement was imposed.

20 Fees for audit

- (1) The Auditor General for Wales must prescribe a scale or scales of fees payable for one or more financial years in respect of the audit of accounts of local government bodies in Wales under this Chapter.
- (2) Before prescribing a scale of fees under subsection (1) the Auditor General for Wales must consult—
 - (a) any associations of local authorities in Wales which appear to the Auditor General for Wales to be concerned, and
 - (b) any bodies of accountants which appear to the Auditor General for Wales to be appropriate.
- (3) In prescribing a scale of fees under subsection (1) for a financial year the Auditor General for Wales may take account of the expenses he expects to incur in the financial year in undertaking or promoting studies under sections 41 and 42.
- (4) A local government body in Wales must, subject to subsection (5), pay to the Auditor General for Wales the fee payable in respect of the audit in accordance with the appropriate scale.
- (5) If it appears to the Auditor General for Wales that the work involved in a particular audit differed substantially from that envisaged by him when prescribing the appropriate scale, the Auditor General for Wales may charge a fee which differs from that referred to in subsection (4).
- (6) The fee payable in respect of an audit under this Chapter is the same whether or not the auditor is a member of the staff of the Auditor General for Wales.

21 Fees prescribed by Assembly

- (1) The Assembly may, if it considers it necessary or desirable to do so, prescribe by regulations a scale or scales of fees to have effect in place of a scale or scales prescribed by the Auditor General for Wales under section 20(1).
- (2) A scale of fees prescribed under subsection (1) has effect for the period specified in relation to it in the regulations.
- (3) Subsection (4) applies if—
 - (a) a scale of fees is prescribed under subsection (1) in place of a scale prescribed by the Auditor General for Wales, and
 - (b) the scale prescribed by the Auditor General for Wales would otherwise be the appropriate scale for the purposes of section 20(4) and (5).
- (4) The references to the appropriate scale in section 20(4) and (5) are to be read as references to the appropriate scale prescribed under subsection (1) of this section.
- (5) Before making regulations under subsection (1) the Assembly must consult—

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- (a) the Auditor General for Wales,
- (b) any associations of local authorities in Wales which appear to it to be concerned, and
- (c) any bodies of accountants which appear to it to be appropriate.