



# Business Committee

## Response to Review of Standing Orders

### Public Accounts Committee – Additional Evidence

#### Issues for the Public Accounts Committee to consider

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##### 1. Purpose

- 1.1 This short paper outlines some issues for the consideration of the Public Accounts Committee (PAC) in relation to Standing Order 13. If the PAC is content to do so, these issues will be fed back into the current review of Standing Orders being conducted by the Business Committee for consideration.
- 1.2 Standing Order 13, the main standing order that relates to the PAC, is provided at Annex A.

##### 2. Potential separation of functions

- 2.1 The Government of Wales Act 2006 ('the Act') requires a committee known as the Audit Committee or 'by such other name as the Assembly may determine'. This is the Public Accounts Committee at present.
- 2.2 The Act also requires that a number of functions are performed by this committee and that standing orders make certain provisions about its composition.
- 2.3 The PAC has two distinct functions. Broadly, these are its duties around the governance of the Auditor General for Wales ('the Auditor General') and its role in considering reports laid by the Auditor General.
- 2.4 A case can be made for these functions to be separated (as they are in other legislatures) and it is likely that consideration of this will form part of the PAC's work on governance as it prepares for bringing forward legislation early in the Fourth Assembly (it is likely that framework powers will be included in the Office of Budget Responsibility Bill that will provide Measure making powers before the end of the Third Assembly).
- 2.5 It may be possible to separate these functions in redrafted standing orders to minimise the amendments required later in the Fourth Assembly. It may be possible to draft them in a way

that would allow a de facto separation of functions in advance of legislating.

- 2.6 A redrafting of standing orders, separating functions, would maximise flexibility in terms of how these functions are discharged in the Fourth Assembly.

### **3. A broader but more succinct draft**

- 3.1 Standing order 13 could be broader and more succinct.
- 3.2 The PAC has developed significantly since the start of the Third Assembly. It operates with a greater degree of independence from the Auditor General than at any time since the inception of the National Assembly. This could be better reflected under standing orders.
- 3.3 This could be provided through an extension of the PAC's remit, in line with the Public Audit Committee's powers in Scotland (and the Common's PAC to an extent), so that it may consider and report on:
  - Any accounts laid before the Assembly
  - Any other document laid before the Assembly, or referred to it by the Assembly Commission or by the Auditor General for Wales, concerning financial control, accounting and auditing in relation to public expenditure.
- 3.4 Other functions that the PAC has taken on, which are likely to be provided for in future legislation, are its role in appointing an Auditor General, setting remuneration and possibly a more explicit role in terms of governance arrangements.
- 3.5 The PAC has recently made arrangements to start commissioning value for money studies of the Auditor General/WAO in liaison with the auditor to the accounts of the Auditor General.
- 3.6 Again, consideration could be given to the inclusion or otherwise of these functions in standing orders.

### **4. Specific points on Standing Order 13 as currently drafted**

#### **4.1 Functions**

**13.1 (vi)** – This should be removed. There is no legislative requirement for the PAC to produce an annual report, little desire to produce one,

and no significant benefit in doing so. No other committee has this requirement placed upon it.

## **4.2 Membership**

**13.4** - The number of members has to be specified, as required by the Act. However, it needs to be revised downwards. It has been impossible to meet the requirement for 10 members in the Third Assembly. It is important that there are sufficient members to give adequate consideration to AGW reports and subsequent scrutiny of Accounting Officers, but a membership closer in number to that of scrutiny committees would be more appropriate. A membership of nine (with the current party balance and committee arrangements) would be the maximum workable number. In Scotland, the Public Audit Committee has eight members.

**13.5 to 13.8** - The other membership requirements are important and are mostly required under the Act.

## **4.3 Auditor General**

**13.9** - This should be removed. This is within the Chair's authority anyway. It does not need to be specified.

**13.10** - This should be removed. There is no need for the inclusion of this, it places a restriction on the PAC that is not necessary and does not reflect the way in which the PAC has developed over the course of the Third Assembly.

### **Suggested Action**

Members are invited to consider:

- Agreeing to submit a copy of this paper to the Business Committee for consideration as part of its current review of standing orders.

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**Clerk to the Public Accounts Committee  
September 2010**

## **Annex A –Standing Order 13**

### **STANDING ORDER 13 - Audit Committee**

#### **Responsibilities**

13.1 There is to be an Audit Committee to:

- (i) exercise the functions set out in paragraph 12 of Schedule 8 to the Act relating to the main estimate of income and expenses submitted by the Auditor General for each financial year;
- (ii) consider any supplementary budget motions tabled under section 126 of the Act that seek to amend amounts previously authorised by a budget resolution or supplementary budget resolution in respect of the Auditor General;
- (iii) advise the Assembly in the exercise of its functions under paragraph 14 of Schedule 8 to the Act relating to the appointment of the auditor of the accounts of the Auditor General;
- (iv) present views to the Auditor General from time to time on the Auditor General's exercise of his or her powers to undertake economy, efficiency and effectiveness examinations;
- (v) consider and report to the Assembly on any use of resources in excess of that authorised or deemed to be authorised that is recorded in the audited accounts of Welsh Ministers, the Commission, the Auditor General or the Ombudsman, recommending whether the Assembly should authorise the excesses retrospectively by supplementary budget resolution; and
- (vi) submit an annual report to the Assembly on the work of the Committee.

13.2 The Committee may:

- (i) consider and report to the Assembly in accordance with section 143(1) of the Act on documents laid before the Assembly by the Auditor General or that officer's auditor; and
- (ii) take evidence and report to the House of Commons Public Accounts Committee if requested by that Committee to do so.

13.3 In the performance of its responsibilities under Standing Order 13.2(i) the Committee must not question the merits of the policy objectives of the government, or those of any other body or person which is the subject of the Committee's report.

## **Membership**

- 13.4 Standing Order 10.3 applies to the Committee, except that it must consist of 10 Members and no person specified in section 30(3) of the Act may be proposed as a member of the Committee.
- 13.5 Standing Order 10.18 applies to the Committee, except that it must not be chaired by a Member who is a member of a political group with an executive role.
- 13.6 Standing Order 10.42 applies to the Committee, except that no person specified in section 30(3) of the Act may be nominated as a representative.
- 13.7 No member of the Committee may participate in its consideration of any matter if he or she was at the relevant time a member of the government.
- 13.8 No member of the Committee may participate in its consideration of any matter which was within the responsibility of the House Committee (as constituted between 18 December 2002 and 2 May 2007), or is within the responsibility of the Commission, if he or she was at the relevant time a member of the House Committee or the Commission.

## **Auditor General**

- 13.9 The Auditor General may attend private meetings of the Committee, with the permission of or at the request of the chair.
- 13.10 The Committee is to determine its programme of work in consultation with the Auditor General.