

Agenda – Finance Committee

Meeting Venue: Hybrid – Committee room 4 Ty Hywel and video conference via Zoom	For further information contact: Owain Roberts Committee Clerk 0300 200 6388 SeneddFinance@senedd.wales
Meeting date: 9 November 2023	
Meeting time: 09.30	

Registration (09.00–09.15)

Private Pre-meeting (09.15–09.30)

- 1 Introductions, apologies, substitutions and declarations of interest**
(09.30)
- 2 Paper(s) to note**
(09.30) (Pages 1 – 6)
Minutes of the meetings held on 11 October and 18 October.
 - 2.1 PTN 1 – Letter from the Minister for Finance and Local Government: Independent Review of Landfill Disposals Tax – 18 October 2023**
(Pages 7 – 10)
 - 2.2 PTN 2 – Letter from Disability Wales: Specific financial support for disabled people in the 2024–25 budget – 19 October 2023**
(Pages 11 – 13)
 - 2.3 PTN 3 – Letter from the Independent Remuneration Board of the Senedd on the Senedd Cymru (Members and Elections) Bill: Members Pension Scheme – 23 October 2023**
(Pages 14 – 15)
 - 2.4 PTN 4 – Additional information from the Senedd Commission in relation to the Senedd Cymru (Members and Elections) Bill – 31 October 2023**
(Pages 16 – 18)



**2.5 PTN 5 – Letter from Audit Wales: Senedd Cymru (Members and Elections) Bill
– 3 November 2023**

(Pages 19 – 21)

**2.6 PTN 6 – Letter from the Chair of the Local Government and Housing
Committee: Elections and Elected Bodies (Wales) Bill – 3 November 2023**

(Pages 22 – 23)

**3 Audit Wales – Scrutiny of the Estimate 2024–25 and Interim
Report: Evidence session**

(09.30–10.30)

(Pages 24 – 123)

Adrian Crompton, Auditor General for Wales

Kathryn Chamberlain, Chair of the Wales Audit Office, Audit Wales

Kevin Thomas, Executive Director of Corporate Services

Ann-Marie Harkin, Executive Director of Audit Services

Supporting documents:

FIN(6)–18–23 P1 – Estimate of Income and Expenses for Audit Wales for the
year ended 31 March 2025

FIN(6)–18–23 P2 – Supporting information for the Estimate of Income and
Expenses for Audit Wales for the year ended 31 March 2025

FIN(6)–18–23 P3 – Interim Report – An assessment of progress made against
our 2023–24 Annual Plan during the period 1 April to 30 September 2023
Research Service Brief

**4 Motion under Standing Order 17.42 (ix) to resolve to exclude the
public from the remainder of this meeting**

(10.30)

**5 Audit Wales – Scrutiny of the Estimate 2024–25 and Interim
Report: Consideration of evidence**

(10.30–10.45)

6 Budget Process Protocol

(10.45–11.15)

(Pages 124 – 132)

Supporting documents:

FIN(6)-18-23 P4 - Update on changes to the Budget Process Protocol

7 Interparliamentary Finance Committee Forum: Update

(11.15-11.30)

(Pages 133 - 134)

Supporting documents:

FIN(6)-18-23 P5 - Interparliamentary Finance Committee Forum

Concise Minutes – Finance Committee

Meeting Venue: **Hybrid – Committee room 4 Ty Hywel and video conference via Zoom**

This meeting can be viewed on [Senedd TV](#) at:

<http://senedd.tv/en/13507>

Meeting date: Wednesday, 18 October 2023

Meeting time: 09.30 – 12.05

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Peter Fox MS Mike Hedges MS Rhianon Passmore MS
Witnesses:	Michelle Morris, Public Services Ombudsman for Wales Chris Vinestock, Public Services Ombudsman for Wales Katrin Shaw, Public Services Ombudsman for Wales Mick Antoniw MS, Counsel General and Minister for the Constitution Emma Alexander, Welsh Government Will Whiteley, Welsh Government
Committee Staff:	Owain Roberts (Clerk) Leanne Hatcher (Second Clerk) Mike Lewis (Deputy Clerk) Owen Holzinger (Researcher)



	Christian Tipples (Researcher) Martin Jennings (Researcher)
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Registration (09.00–09.15)

Private Pre-meeting (09.15–09.30)

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting of the Finance Committee.

1.2 Mike Hedges MS declared that he is the Chair of the Senedd’s Cross-Party Group on the Public & Commercial Service Union (PCS).

2 Paper(s) to note

2.1 The papers were noted.

2.1 **PTN 1 – Letter from the Senedd Commission: Further information following the Senedd Commission budget session on 5 October – 10 October 2023**

2.2 **PTN 2 – Letter from the PCS Union: Senedd Commission Draft Budget 2024–25 – 11 October 2023**

2.3 **PTN 3 – Letter from the Chief Secretary to the Treasury: UK Government Autumn Statement – 11 October 2023**

3 Public Services Ombudsman for Wales (PSOW) – Scrutiny of Annual Report and Accounts 2022–23, and Estimate 2024–25: Evidence session

3.1 The Committee took evidence on the Public Services Ombudsman for Wales’s Annual Report and Accounts 2022–23, and Estimate 2024–25 from Michelle Morris, Public Services Ombudsman for Wales; Chris Vinestock, Chief Operating Officer and

Director of Improvement; and Katrin Shaw, Chief Legal Adviser and Director of Investigations.

Break (10.30–10.45)

Public

4 Senedd Cymru (Members and Elections) Bill: Evidence session with the Counsel General and Minister for the Constitution

4.1 The Committee took evidence on the Senedd Cymru (Members and Elections) Bill from Mick Antoniw MS, Counsel General and Minister for the Constitution; Will Whiteley, Deputy Director, Senedd Reform; and Emma Alexander, Head of Senedd Reform Delivery.

5 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting

5.1 The motion was agreed.

6 Senedd Cymru (Members and Elections) Bill: Consideration of evidence

6.1 The Committee considered the evidence received.

7 Public Services Ombudsman for Wales (PSOW) – Scrutiny of Annual Report and Accounts 2022–23, and Estimate 2024–25: Consideration of evidence

7.1 The Committee considered the evidence received.

8 Scrutiny of the Senedd Commission Draft Budget 2024–25: Consideration of draft report

8.1 The Committee considered and agreed the draft report on the Scrutiny of the Senedd Commission Draft Budget 2024–25.

Concise Minutes – Finance Committee

Meeting Venue: **Hybrid – Committee room 3, Senedd and video conference via Zoom**

This meeting can be viewed on [Senedd TV](#) at:

<http://senedd.tv/en/13799>

Meeting date: Wednesday, 11 October 2023

Meeting time: 09.30 – 11.33

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Peter Fox MS Mike Hedges MS Alun Davies MS (In place of Rhianon Passmore MS)
Witnesses:	Ken Skates MS, Commissioner Manon Antoniazzi, Chief Executive and Clerk Kate Innes, Chief Finance Officer Alun Davidson, Clerk, Constitutional Change / Parliamentary Business Strategy Team Dr Elizabeth Haywood, Chair, Independent Remuneration Board of the Senedd Daniel Hurford, Clerk, Independent Remuneration Board of the Senedd
Committee Staff:	Leanne Hatcher (Second Clerk) Mike Lewis (Deputy Clerk)



	Christian Tipples (Researcher) Professor Ailsa Henderson (Expert Adviser)
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Registration (09.00–09.15)

Private Pre-meeting (09.15–09.30)

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting of the Finance Committee.

1.2 Apologies were received from Rhianon Passmore MS.

1.3 Alun Davies MS attended as a substitute for Rhianon Passmore MS.

1.4 Mike Hedges MS declared that he is a Trustee of the Senedd Members' Pension Board.

2 Paper(s) to note

2.1 The papers were noted.

2.1 **PTN 1 – Letter from Audit Wales: Further information following the Audit Wales session on 20 September – 2 October 2023**

2.2 **PTN 2 – Letter from the Minister for Health and Social Services: The Health Service Procurement (Wales) Bill – Stage 3 Government Amendments – 2 October 2023**

3 Senedd Cymru (Members and Elections) Bill: Evidence session with the Senedd Commission

3.1 The Committee took evidence on the Senedd Cymru (Members and Elections) Bill from Ken Skates MS, Commissioner for Budget and Governance; Manon Antoniazzi, Chief Executive and Clerk of the Senedd; and Kate Innes, Chief Finance Officer.

3.2 The Senedd Commission agreed to provide a note on:

- The estimated costs for Members' travel and accommodation expenses, in particular, why the Commission did not model the current costs in these areas to derive a range of estimates.

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from items 5 and 7

4.1 The motion was agreed.

5 Senedd Cymru (Members and Elections) Bill: Consideration of evidence

5.1 The Committee considered the evidence received.

6 Senedd Cymru (Members and Elections) Bill: Evidence session with the Independent Remuneration Board of the Senedd

6.1 The Committee took evidence on the Senedd Cymru (Members and Elections) Bill from Dr Elizabeth Haywood, Chair of the Independent Remuneration Board of the Senedd; and Daniel Hurford, Clerk, Independent Remuneration Board of the Senedd.

7 Senedd Cymru (Members and Elections) Bill: Consideration of evidence

7.1 The Committee considered the evidence received.

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Our ref: RE/353/2023

Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru
Cardiff Bay
CF99 1NA

18 October 2023

Dear Peredur,

Independent Review of Landfill Disposals Tax

Thank you for your letter, in which you asked for an update on a number of issues contained within the final report from the Independent Review of Landfill Disposals Tax (LDT), published on 6 July. Please find below a response to the issues highlighted in your letter.

The report noted that there was low engagement with stakeholders when undertaking the research. It warned that the interview and survey data presented within the report is not fully representative of stakeholder groups and caution should be taken when drawing conclusions from the presented data.

While the number of stakeholders engaged in the review was not as high as we had hoped, the review captured views from a broad range of organisations representing a range of stakeholder groups, including trade associations, environmental organisations, regulators, government and policy officials, commercial collectors, landfill site operators, and waste producers. I am satisfied the review team made every effort to engage as many stakeholders as possible in the review, and that the findings of the review, while not necessarily fully representative of opinions, provide a sufficient base to support our understanding of the impact of LDT rates on behaviours to date and to inform the future consideration of policy in this area.

The report further highlighted challenges in isolating the impact of LDT so there was difficulty in attributing direct impact of the tax.

While the review noted the challenges in isolating the impact of LDT as an individual policy lever, it found LDT to be well-aligned with other Welsh Government environmental policies and priorities. Furthermore, the review found LDT to be a vital part of a package of policy measures that is, collectively, driving waste away from landfill and up the waste hierarchy (i.e. towards prevention, re-use, recycling and recovery). My priority now is to consider how

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

best LDT policy can continue to complement new and existing policy initiatives to ensure it continues to contribute towards achieving our environmental objectives.

Several research questions couldn't be answered due to a lack of data.

We recognise that data gaps exist for certain areas such as waste crime and unauthorised disposals. Due to their nature, such areas are difficult to quantify. However, my officials are working with partners in Natural Resources Wales (NRW) and the Welsh Revenue Authority (WRA) to ensure that we make the best possible use of the data we have. The WRA has recently started publishing additional data in its Statistical Bulletins to aid analysis and understanding of the waste sector. My officials are also working with policy colleagues across the Welsh Government to support the implementation of a digital waste tracking service which will help to fill some of the data gaps which currently exist.

The gap between the lower and standard LDT rates has contributed to the intentional misclassification of waste.

The review findings reinforced our previously held assumptions that the widening gap between the lower and standard rates is providing a clear financial incentive for waste to be misdescribed. Understanding how misdescription occurs is key to determining how best to address it. My officials are working with partners in the WRA and NRW to undertake a project to gain a better understanding of what misdescription is, where it occurs in the process, and the key drivers and motivations for people to misdescribe waste. The project will then consider what action is needed to address it.

The discovery phase of the project is now complete and has found multiple points in the waste chain where there are opportunities to misdescribe waste. The next phase will consider how these opportunities can be mitigated and what other measures might be advisable to address misdescription more effectively.

The lower LDT rate has also disincentivised the use of more expensive (relative to landfill) alternative and sustainable waste treatment options.

We recognise that, in some instances, it may be the case that the landfilling of some materials is cheaper than other treatment options. Other factors, aside from cost, may also affect how waste is disposed, including proximity and access to alternative treatment facilities. Some materials which qualify for the lower rate of LDT can also be repurposed, following disposal, to be used in site restoration at landfill sites.

We will continue to work with stakeholders to understand in more detail the factors which may limit more sustainable management of waste and consider what action we may need to take to address these.

The unauthorised disposals rate (150 per cent of the standard rate) was viewed as sensible, but issues were raised with its potential effectiveness at deterring waste crime, due to lack of visibility and enforcement.

Charging tax on unauthorised disposal of waste is a relatively new and unprecedented area of taxation. The WRA has established an unauthorised disposals team, which is currently in a 'test and learn phase'. This may account for the perceived lack of visibility recorded in the review. The WRA has charged tax on several cases of unauthorised disposals, with one case currently under appeal to the Tax Tribunal. The WRA is also working closely with NRW to improve waste quantification methods and future case referrals. As work continues, and

the numbers of cases on which tax is charged increases, the WRA expects more information to be released into the public domain which will support greater visibility going forward.

Suggested improvements included introducing multiple tax rates; changing rates based on the desired treatment of materials; reducing administrative burdens on landfill operators; and assigning more resources (e.g. tax revenue) to improve the regulation of LDT.

Tax rates

There is, currently, a lack of robust data examining the risks and benefits of introducing new tax rates and more work would be needed to understand these in more detail. While the review found that LDT rates do not influence the cross-border flows of waste, this finding can only be considered in the current context, where LDT rates are aligned with those of the UK Landfill Tax (LFT). The relatively small sample size of participating stakeholders from which these conclusions were drawn also makes it difficult to determine the potential appetite for such changes across the wider waste sector. While I do not wish to rule out making any changes to future tax rates, further analysis is needed to determine the risks and benefits of any such change, as well as identifying the levels which could be tolerated by businesses. We will continue to work with colleagues across the other UK nations to understand how we might gather the required information and determine what, if any, action might be taken over the longer term.

Rates based on the desired treatment of materials

The review contained some interesting findings about the types of materials which are being landfilled and noted there were several waste streams where LDT rates were not acting as a deterrent to landfill. There is, therefore, scope to consider whether some materials should be moved up the waste hierarchy to encourage their recovery and reuse, and whether rates for other materials, for example, some hazardous materials, should be re-considered, to encourage their safe disposal.

The findings of the review in this regard provide us with an opportunity to undertake more targeted action to understand the views of the waste sector in more detail and consider what appropriate action should be taken. I am aware HM Treasury is also undertaking similar considerations with regard to LFT and my officials will look to work with HM Treasury officials to consider how our work might align with this, going forward.

Reducing administrative burdens on landfill operators

A small number of landfill site operators (LSOs) participating in the review commented that the administrative burden of LDT in Wales is higher than that of LFT in England. This may be because the WRA has introduced a more detailed, digital LDT return and conducts more rigorous and regular reviews of some LDT approvals, particularly water discounts.

The WRA's new digital tax return aims to make it easier for taxpayers to get things right first time, by asking for more detail from the start. The WRA involved LSOs in the design of the return.

Both HMRC and WRA have identified water discounts as an area of particular risk for waste crime. The WRA has instituted more rigorous checking measures and annual reviews of each discount from the outset, to ensure the regime was not being abused, and consider this approach to have reduced tax risk. WRA has since shared this process with HMRC and Revenue Scotland, both of whom are moving to adopt similar approaches in England, Northern Ireland and Scotland.

The WRA also has two dedicated Customer Relationship Managers who support LSOs on applications for reliefs, tax opinions, general queries, and filing of tax returns. This bespoke, personal approach helps LSOs manage their LDT responsibilities and fosters positive relationships between the WRA and LSOs.

Assigning more resources (e.g. tax revenue) to improve the regulation of LDT

Our approach to the administration of LDT will continue to be to ensure we make the most efficient and effective use of the resources available to support the delivery of LDT, and our other fully devolved tax. Our approach is underpinned by our tax principles, in particular designing taxes to be clear and stable, and that our approach is simple and fair, in line with the Welsh way of doing tax.

We will continue to improve our understanding of key issues in relation to waste management and disposal by strengthening relationships across the Welsh and UK Governments and with our key partners in the WRA and NRW. This will support the ongoing development of LDT to ensure it continues to contribute towards achieving our objective of a zero waste Wales.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Dear Finance Committee,

We are writing to you to express the importance of including specific financial support for disabled people in the upcoming 2024-2025 budget.

We have all felt the effects of the cost-of-living crisis, but we have not all experienced it equally. We have found that there are disabled people across Wales, forced to live in awful circumstances due to the twin problems of poverty and the cost-of-living crisis. A fifth of the population of Wales is disabled¹ and households containing at least one disabled person is more likely to be living in poverty,² disabled people are more likely to be economically inactive or if in work, that work is more likely to be insecure and low wage.³ Poverty has long been a problem for disabled people living in Wales, but the rising cost-of-living is forcing people into worse and worse circumstances.

The 2023-2024 budget did not provide specific support for disabled people during the crisis and our findings from our report “Barely Surviving the impact of the cost-of-living crisis on disabled people” displays some of the consequences. We found that the financial support available was short-sighted, the cost-of-living payments supporting people to pay one month of bills, but nothing beyond. Disabled people often have more essential costs than non-disabled people, this extra cost of disability has not been accounted for, beyond the support already available.

The consequences are severe. Disabled people reported only being able to eat one meal a day, having to let go of support workers or stop going to vital therapies because of cost, being unable to run access equipment due to costs, in some cases losing their lives.

These have been difficult years to be a disabled person in Wales. We have been living through a mass-disabling coronavirus pandemic, in

¹ Office of National Statistics, Census 2021, “Disability, England and Wales: Census 2021”, 19th January 2023, <<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/bulletins/disabilityenglandandwales/census2021#how-disability-varied-across-england-and-wales>>

² Joseph Roundtree Foundation, “UK Poverty 2023 – The essential guide to understanding poverty in the UK”, 20th January (2023), p65, <https://www.jrf.org.uk/sites/default/files/jrf/uk_poverty_2023_-_the_essential_guide_to_understanding_poverty_in_the_uk_0_0.pdf>

³ Department for Work and Pensions, “Employment of disabled people 2022”, UK Government, 26th January (2023), <https://www.gov.uk/government/statistics/the-employment-of-disabled-people-2022/employment-of-disabled-people2022#labour-market-status>

which disabled people have been disproportionately harmed. Disabled people have disproportionately been impacted by over a decade of austerity policies and with severe changes to their benefit entitlement from the UK Government, this period of financial uncertainty and continued poverty does not look likely to change.

We are calling for the Budget to include a series of recommendations and for certain questions to be asked of what we need and what is missing.

- The Welsh Government, health services and local authorities in Wales should provide specific support for the running and maintenance of disability related equipment, to ensure that all disabled people are not financially impacted by their need to use certain equipment.
- Welsh Government to urgently review its policy on social care charges, including whether the disregards for disability related expenditure are adequately protecting disabled people on low incomes with high costs.
- Urgent action to recognise and tackle mental health issues amongst disabled people, including pathways to accessing appropriate mental health support whether from social care, other areas of the health service and/or through peer support, such as from disabled people's organisations.
- Food subsidies should be considered to reduce the cost of food in shops. To supplement this, the Welsh Government and Local Authorities should provide support to and nurture the creation of community food schemes. These schemes should include accommodation for dietary requirements and include options for access requirements.
- Public transport, such as buses and trains, should be taken under public ownership to be delivered as a public service, including measures such as reduced ticket prices with the eventual goal to make public transport in Wales free.
- Provision of resources and capacity building measures to ensure the establishment and sustainability of at least one Disabled People's Organisation in every local authority, to support

coproduction of policies and services with public bodies, including peer support schemes for disabled people

- Commitment from the Welsh Government to prioritise tackling the extra cost of disability

For more information, please contact

[REDACTED]. You can find our full report here:

<https://www.disabilitywales.org/wp-content/uploads/2023/07/Barely-Surviving-cost-of-living-report.pdf>

Kind regards,

Megan Thomas

Policy and Research Officer

Disability Wales

**Independent Remuneration Board
of the Senedd**

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Peredur Owen Griffiths MS, Chair
Finance Committee
Senedd Cymru

23 October 2023

Senedd Cymru (Members and Elections) Bill

Dear Peredur,

Thank you for the opportunity to contribute recently to the Finance Committee's scrutiny of the estimated costs of the Senedd Cymru (Members and Elections) Bill.

During the scrutiny session I was asked about the potential effect on the Members Pension Scheme of 36 new Members of the Senedd, with reference to the likely impact of such on the age profile of Scheme members. I noted that the Scheme's Actuary had recently undertaken a valuation of the Scheme and that the Remuneration Board would be meeting with the Actuary on the day following my evidence session with the Committee. I promised to raise this matter with the Scheme's Actuary.

This letter is to inform the Finance Committee that the matter was raised with the Scheme's Actuary. For information the Actuary noted his view that, all other things being equal, a younger membership could mean that Commission contributions to the Scheme would reduce as their benefits are payable at a later date than those of older members and are therefore funded for over a longer period. At the same time the Actuary's valuation makes it clear that the Scheme's funding level and ongoing costs are sensitive to both investment markets and inflation. The likely impact of a younger membership will be taken into account in future Scheme valuations alongside such other considerations, if the Senedd's membership is increased via legislation. The next triennial valuation will be at 1 April 2026 with any potential changes in Commission contributions impacting budgets for 2027-28.

Yours sincerely,



**Dr Elizabeth Haywood,
Chair, Independent Remuneration Board of the Senedd**

Croesewir gohebiaeth yn Gymraeg neu Saesneg. | We welcome correspondence in Welsh or English.

Agenda Item 2.4

Senedd Cymru
Cymru Senedd

Welsh Parliament
Senedd Commission

Peredur Owen Griffiths MS
Chair of Finance Committee
Senedd Cymru
Tŷ Hywel
Cardiff Bay
CF99 1SN

31 October 2023

Dear Peredur

Thank you for the opportunity to contribute recently to the Finance Committee's scrutiny of the estimated costs of the Senedd Cymru (Members and Elections) Bill.

Following our appearance at your Committee on 11 October, I am writing to provide you with further information to add to the responses we provided during the meeting. The information is set out in the attached annex.

The Commission's approach is always to try to operate with openness, transparency and clarity. So if there is anything else that we can provide you with to assist the Committee, please do not hesitate to let me know.

Yours sincerely





Ken Skates MS

cc Senedd Commissioners, Manon Antoniazzi



Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English



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Supplementary Note to Finance Committee - Senedd Reform on Budgetary process

Why did the Commission not model the current costs in these areas to derive a range of estimates for Members' travel and accommodation expenses.

Costings were prepared on all budgetary lines based on the two different scenarios of 'minimal' or 'greater' change, as set out in Annex 5 of the Explanatory Memorandum to the Bill.

The main difference between the two scenarios are set out in related to:

- the number of Office Holders and party groups that were assumed in the costings;
- the increase in the number of Committees that were assumed;
- differing assumptions on business activity – additional plenary sessions and sitting weeks.

The cost estimates relating to Member costs were based on the provisions of the 2022-23 Determination.

Members are able to claim reimbursement of costs relating to travel on Senedd business (travel, subsistence and accommodation), in accordance with the Determination on Members' Pay and Allowances. These meet the costs of travelling within Wales, the UK and international travel.

Travel costs vary according to the Members' personal preferences for discharging their functions. Without the detailed understanding of how Seventh Senedd Members' may organise their constituency work in a multi-member constituency, and without pre-empting decisions which have as yet to be made, detailed analysis of costs estimating number of nights away, numbers of visits, lengths of visits, method of travel, from where to where etc. could not be made. A reasonable assumption was therefore made that it would be a similar pattern as currently exists.

In any given year, the current budget is established based on historical claims data. Best budgetary practice is to extrapolate based on known information (current budget) by the variant (number of new Members) and to calculate the cost estimates based on an average cost per person. Through averaging, officials removed the highest and lowest cost impact and reach a reasonable cost estimate per Member.

Any range of estimated options (a greater or minimal change scenarios) would not have provided any more accurate a cost estimate for this purpose as they would have introduced further assumptions and uncertainty into the calculation itself.



In relation to accommodation costs, the underpinning assumption to these cost estimates are that the Inner, Outer and Intermediate areas remain as they are in the 2022-23 Determination.

The Determination provides that some Members are able to be reimbursed for costs relating to residential accommodation or overnight stays in the Cardiff area in connection with the performance of their duties as a Senedd Member. The amounts they can claim are dependent on where their main home is in Wales. Based on the 2022-23 Determination, those who are in the outer areas of Wales (Mid and West Wales and North Wales) may be reimbursed for the expense of renting furnished property up to £10,260 rental costs, and other associated domestic costs. Those in the "Intermediate area" (the constituencies of Gower, Neath, Swansea East and Swansea West) may seek reimbursement of £7,220. Those in the "Inner area" (all other constituencies, including South Wales East and South Wales Central, and parts of South Wales West) are not able to claim any Cardiff hotel costs, other than in exceptional circumstances.

At the time the estimates were being prepared, the future constituencies were not known. A reasonable assumption was made that there would be an increase of 15 Members residing in the Outer area, an increase of 5 in the smaller Intermediate area, and an increase of 16 Members residing in the Inner area.

The costings provided to Welsh Government were based on these assumptions. We note that the Explanatory Memorandum presents these costs as on a different model of an average of 36 x Intermediate area costs of £7,400.

The outcome is the same sum of c£266,000. Any range of greater or minimal change scenarios would not have provided any more accurate a cost estimate for this purpose. We therefore remain assured that these are reasonable best estimates of these particular costs. As with the calculation of the travel cost estimates, further options were not explored on the same basis that more assumptions introduced more uncertainty into the calculation of the costing without providing additional material benefit.



David Rees MS
Chair of Senedd Reform Bill Committee
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Reference: AC391/caf

Date issued: 3 November 2023

Dear David,

The Senedd Cymru (Members and Elections) Bill: Stage 1 scrutiny

For the reasons already covered in my previous correspondence on the subject of Senedd reform, which are referred to in the Explanatory Memorandum to the Bill (so I will not repeat them here), I am pleased to see progress in the work being done to increase the capacity of the Senedd.

I have, however, not previously commented on the proposed reversion to a four-year electoral cycle. I do not take issue with the stated benefits of that element of the Bill, but I do think that I should mention some cost implications that arise that are not covered in the Explanatory Memorandum, together with a potential solution.

Reversion to a four-year electoral cycle has consequential effects on my sustainable development examination duties set out in section 15 of the Well-being of Future Generations (Wales) Act 2015. I am required by that section to undertake at least one examination of the setting and pursuit of well-being objectives by each “public body” (as defined by the 2015 Act) in each electoral cycle. (The exact period is defined by reference to ordinary general elections under section 3 of the Government of Wales Act 2006, and there are currently 48 bodies designated as public bodies under the 2015 Act, though the Welsh Government has proposals to designate or create a further nine such bodies, which would increase the consequential effects.)

The key consequential effect of reverting to a four-year cycle in terms of my functions is therefore generally a 25% increase in the frequency of sustainable development

examination and reporting, which will almost certainly lead to some similar increase in the cost of such work. It is difficult to model the exact effect, as some work undertaken to exercise the section 15 duty also informs the exercise of other functions. However, with the present cost of such work at some £1.8 million to meet the minimum statutory requirements for 48 bodies in each election cycle (at current prices and in compliance with current quality standards), such an increase could amount to about £435,000 overall in each cycle. The increase would, of course, be greater if further bodies are designated. This is quite a small amount in the context of the overall estimated cost of the Bill, but as it will need to either be paid by individual bodies as part of their audit fees or be provided by supply from the Welsh Consolidated Fund, I think it would be remiss not to mention this effect.

Another consequential effect that I should mention, though in itself it does not affect the cost of the Bill, is that effectively increasing the frequency of mandatory reporting puts additional pressure on my overall work programme. That somewhat reduces my discretion in designing that wider programme, much of which supports the work of the Senedd itself. Given an essentially fixed amount of resources, an increase in mandatory reporting requirements reduces my scope to undertake discretionary examinations of matters that may present greater risks to value for money.

I should also note that as well as the effect on my section 15 sustainable development examination functions, there are similar electoral cycle-related effects on the Welsh Government and the Future Generations Commissioner. Section 8 of the 2015 Act requires the Welsh Government to set and publish “well-being objectives” six months after each general election. The setting of such objectives will, therefore, become more frequent, and, again, is likely to cause additional expenditure. In its Explanatory Memorandum on what was then the Well-being of Future Generations (Wales) Bill, the Welsh Government estimated the cost of setting such objectives at £186,600 (at 2016-17 prices). It is possible that repeat exercises may not be so resource intensive, but it would still be prudent for the Welsh Government and the Senedd to make some allowance for additional cost.

Section 11 of the 2015 Act also requires the Welsh Government to produce a “Future Trends Report” each electoral cycle, and section 23 requires the Future Generations Commissioner to produce a “Future Generations Report” in each cycle, though in the case of the latter, the timing may be amended by the Welsh Ministers by order. Again, it would seem that the increase in frequency of producing these documents may cause similar increases in cost. It may be helpful to consider whether such increases should be addressed in the Explanatory Memorandum.

Of course, the tail should not wag the dog, and the prospect of increases in costs in Well-being of Future Generations work arising consequentially from the current Bill to

my mind more than anything else underlines the need for post-legislative review of the 2015 Act. Noting the complexity of that Act, I have already recommended such review in my So, what's different? report in 2020 and reiterated that in response to the Welsh Government's November 2022 consultation on designating further bodies. I gather that the Welsh Government may have some post-legislative evaluation planned, but I do not know whether that will enable changes to the 2015 Act to address the effect of the Bill.

The 2015 Act has successfully embedded the concept and practice of regular external examination of adherence to the sustainable development principle in the setting and pursuit of well-being objectives, but it would now seem to be appropriate to refine the model so that such examination and reporting can be risk-based and so more proportionate and streamlined overall, thus avoiding or mitigating the additional costs I have described. Such refinement could also help to restore and protect the overall degree of discretion I have in the design of my work programme, which, among other things, is beneficial in terms of ensuring audit independence and good scrutiny of the stewardship of public money by my office and the Senedd.

In view of their interests in my functions and provision of resources, I am copying this letter to the Chairs of the Public Accounts & Public Administration Committee and the Finance Committee.

I hope that is helpful.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales

Local Government and Housing Committee

—
Welsh Parliament

Cardiff Bay, Cardiff, CF99 1SN
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Mick Antoniw MS,
Counsel General and Minister for the Constitution,
Welsh Government

3 November 2023

Dear Mick,

Elections and Elected Bodies (Wales) Bill

Thank you for attending our meeting on 26 October in relation to the Elections and Elected Bodies (Wales) Bill. The Committee agreed that I should write to you to seek further information on some of the issues we discussed.

Electoral registration without application

The Explanatory Memorandum states, that in order to add additional safeguards for young and vulnerable electors, the open electoral register will be removed for Welsh elections. However, provision to enable this does not appear to be included in the Bill and the EM does not explain how otherwise the register will be removed. We would be grateful for clarification as to why this provision has not been included in the Bill, and what the timescales are for its removal.

During the meeting, you indicated that the Welsh Government would bring forward a Statutory Instrument under the Representation of the People Act 1953 to remove the open register for Welsh elections, and agreed to confirm which procedure will be used to make the subordinate legislation.

We would also be grateful if you could provide details as to whether consideration has been given to the impact the removal of the open register in Wales may have on businesses, charities and other organisations.

Services to promote diversity in persons seeking elected office

Section 28 specifies that arrangements must be made for the provision of services to promote diversity in the protected characteristics and socio-economic circumstances of persons seeking to be

elected. We would be grateful if you could provide further details on the criteria which will be used to assess a person's socio-economic circumstances in order to qualify for such services.

We would be grateful for a response by 16 November in order to aid our consideration of the Bill.

I am copying this letter to the Legislation, Justice and Constitution Committee and the Finance Committee.

Yours sincerely

A handwritten signature in black ink that reads "John". The letters are cursive and connected.

John Griffiths MS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Agenda Item 3



Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2025

October 2023

Jointly prepared and laid before the Senedd under
Section 20(1) of the Public Audit (Wales) Act 2013

Dr Kathryn Chamberlain

Chair, Wales Audit Office

Adrian Crompton

Auditor General for Wales

Audit Wales
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For each financial year, Section 20 of the Public Audit (Wales) Act 2013 requires the Auditor General and the Wales Audit Office jointly to prepare an estimate of the income and expenses of the Wales Audit Office and to lay that estimate before the Senedd at least five months before the beginning of the financial year to which it relates.

In accordance with Section 20 of the Act, each estimate must cover (amongst other things) the resources required by the Auditor General for the exercise of his statutory functions.

The Finance Committee of the Senedd may make any modifications to the estimate which it considers appropriate, but no modification can be made unless:

- The Auditor General and the Wales Audit Office have been consulted; and
- any representations that either may make have been taken into account.

The Welsh Ministers must each year move a motion in the Senedd under Section 125 of the Government of Wales Act 2006 that includes authorisation of the resources to be used (including accruing resources) and payments to be made by the Wales Audit Office. This Estimate sets out the amounts to be included in respect of the Wales Audit Office.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Foreword

Audit Wales exists to give the Senedd and the people of Wales confidence in a high-performing and accountable public sector. It provides transparency and accountability for taxpayers and their elected representatives. It provides public bodies with accurate and reliable financial information with which to plan and manage their services and finances effectively.

Our value for money work is vital to robust parliamentary accountability through the Senedd Public Accounts & Public Administration, Finance and other Committees. We audit the accounts and governance of over 800 public bodies across Wales, providing the principal means of assurance about how public money in Wales is being managed from the Welsh Government itself to the smallest community council, through almost every area of public service delivery.

Public audit provides the Senedd, public bodies and the public with independent assessment of the use and management of public money and early warning of problems. When the quality or timeliness of audit reduces, the risks of waste, fraud, and mismanagement increase.

The Minister for Finance and Local Government set out the challenges for public sector spending in Wales in her letter of 12 July 2023 – noting that for 2024-25 Main Expenditure Group allocations are just 1.4% higher in cash terms than for 2023-24.

We recognise this pressure on the public finances. Indeed, it is that pressure that makes the work of Audit Wales all the more essential. The need for value for money from every pound of public spending, and for trusted, timely assessment of the state of financial management and governance in the Welsh public sector, has never been greater. It is the responsibility of the Auditor General and the Wales Audit Office Board to make clear to the Senedd what is needed to provide that through a strong, sustainable, independent public audit office. Without such an office, the risk of failing to make best use of those scarce resources is greatly increased. And the cost to the public purse of the weaknesses that quickly arise as a result, far outweigh the cost of maintaining a properly resourced, high quality public audit regime. The total cost of delivering the independent assurance and insight of Audit Wales represents a little over 1 penny for every £10 spent on devolved public services in Wales.

This Estimate reflects the need for investment in recruitment, training and development of the professionally qualified staff needed for the long-term sustainability of Audit Wales. It also seeks funding to address more immediate and acute pressures that threaten our ability to deliver the expectations of the Senedd. These include addressing the recruitment, retention and morale challenges resulting from pay uplifts over the last two years below those seen in the rest of the public sector; and the aggressive competition for staff that we face from the private sector, primarily in England.

We are acutely aware of our responsibility to other parts of the public sector to contain our own operating costs and the fees we charge, provided that does not risk audit quality and the assurance we can provide. To help offset increasing staff costs, we are taking difficult decisions to reduce our non-staff expenditure. We have moved to smaller, cheaper offices in both South and North Wales, significantly reduced our travel and associated costs, and removed financial allowances previously paid to staff. Through our Financial Sustainability Review, we have an established mechanism to challenge our operating model and for identifying any further opportunities for savings and efficiencies. For 2024-25 we have once again set challenging savings targets from both staff vacancy management and other areas of expenditure.

Taking all this into account, our Estimate allows for an increase in our baseline call on WCF for Audit Wales of 5.9%. An average increase in our fee rates of 6.4% is allowed for in the draft Fee Scheme appended to the Estimate.

Our [Annual Report and Accounts for 2022-23](#) sets out our record of achievement for the last financial year. In April this year we laid our [Annual Plan for 2023-24](#) at the Senedd. This Estimate secures funding for our forward priorities for 2024-25 and provides indicative funding requirements to 2028-29. Our Annual Plan for 2024-25 will be laid before the Senedd before March 2024.

We look forward to discussing our Estimate with the Finance Committee in due course.



Dr Kathryn Chamberlain
Chair, Audit Wales



Adrian Crompton
Auditor General for Wales

Budget Ambit 2024-25

Estimated budget requirements of the Wales Audit Office for the year ending 31 March 2025

- 1 Under Section 125 of the Government of Wales Act 2006, Ministers must move a Budget Motion in the Senedd to authorise the use of resources, retention of income and drawings of cash from the WCF for certain relevant persons, including the Wales Audit Office.
- 2 In respect of the services and purposes of the Wales Audit Office and the Auditor General in the year ending 31 March 2025, the Budget Motion will authorise:
 - the amount of resources which may be used in the financial year by the Wales Audit Office (in line with the budget for the year);
 - the amount of resources accruing to the Wales Audit Office in the financial year, which may be retained rather than being paid into the WCF; and
 - the amount which may be paid out of the WCF to the Wales Audit Office.
- 3 These requirements, which due to the variability of income streams can only be estimates, are summarised in **Exhibit 1**.
- 4 Details of how we propose to use this funding to deliver public audit in Wales in 2024-25 are set out in our supporting information.

Exhibit 1: summary of the estimated 2024-25 budget requirements

	£'000
Resources, other than accruing resources, for use by the Wales Audit Office on the discharge of the statutory functions of the Wales Audit Office and the Auditor General and on the administration of the Wales Audit Office:	
• Revenue	9,149
• Capital	310
Accruing resources from fees and charges for audit, grant certification and related services; other recoveries of costs associated with the functions of the Auditor General or Wales Audit Office; miscellaneous income such as from publications, conferences, provision of administrative, professional and technical services and recoveries of costs incurred for a third party – all for use by the Wales Audit Office on the discharge of the functions of the Auditor General and on related services and the administration of the Wales Audit Office.	17,476
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office.	9,127

- 5 **Exhibit 2** provides a reconciliation of the Wales Audit Office's total resource request with its net cash requirement for the year ended 31 March 2025.

Exhibit 2: reconciliation of resource requirement to cash drawing requirement from the WCF

	£'000
Net request for resources – revenue and capital	9,459
Non-cash adjustment – depreciation	(280)
Non-cash adjustment – IFRS16 Depreciation and interest	(356)
Lease rental payments	104
Non-cash adjustment – movements in working capital	200
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office	9,127



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We welcome correspondence and
telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.



Supporting information for the Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2025

October 2023

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Estimate summary

Overview of Estimate 2024-25

- 1 With this Estimate we are requesting to increase our baseline call on Welsh Consolidated Fund (WCF) funding in 2024-25 by 5.9% (resource) with no increase in cash as compared to our initial Estimate for 2023-24.
- 2 The three main drivers of the baseline increase in our Estimate for next year are pay, an expansion of our apprentice and graduate trainee schemes and the April 2024 increase in employer pension contributions announced in September 2023.
- 3 A rise in pay is necessary because increases at Audit Wales over the last two years have lagged behind those elsewhere in the public sector in Wales and the cost of living.
- 4 We are also seeing, for the first time, a significant number of staff departures to the private sector accountancy firms, primarily in England. The effect of these factors combined means much increased staff turnover, ongoing industrial action, and lower staff morale. We expect the tight worldwide labour market for auditors to remain for some time. For the longer term, therefore, we wish to invest further in our successful trainee schemes to strengthen and widen the pipeline of financially qualified talent to help meet the needs of Audit Wales and the wider public service.
- 5 Other changes reflect the bi-annual costs associated with the National Fraud Initiative (NFI) and the end of the agreed 2-year reduction in our call on WCF related to the removal of our Travel Allowance payment to staff.
- 6 The draft fee scheme attached to this Estimate proposes average increases to our fee rates of around 6.4% in 2024-25 to meet inflationary pressures on our pay budgets.

Exhibit 1: changes in our call on the WCF 2024-25

	Change			
	2024-25 £'000	2023-24 £'000	Resource £'000	Cash £'000
Audit work	4,535	4,221	314	314
Wider Public sector benefit				
• Pan Wales financial training	870	630	240	240
• GPX	611	575	36	36
• NFI (annual costs)	150	147	3	3
Our running costs	2,853	2,923	(70)	(70)
Capital	310	310	-	-
Non-cash movements			-	(522)
Baseline WCF	9,329	8,806	523	1
NFI cyclical funding	130	0	130	130
2-year reduction re Travel Allowance	0	(354)	354	354
Total WCF	9,459	8,452	1,007	485

Our response to the Statement of Principles

- 7 On 12 July 2023 the Minister for Finance and Local Government wrote to the Chair of Finance Committee setting out the factors to inform future budget planning and the Government's best assessment of the level of funding available in future years.
- 8 The letter made it clear that there is little growth in cash terms in the Welsh Government's indicative plans for 2024-25 and that there remains significant uncertainty over available funding in the coming years.
- 9 We recognise this pressure on the public finances. Indeed, it is that pressure that makes the work of Audit Wales all the more essential. The need to obtain value for money from every pound of public spending, and for trusted, timely assessment of the state of financial management and governance in the Welsh public sector, has never been greater.
- 10 It is the responsibility of the Auditor General and the Wales Audit Office Board to make clear to the Senedd what is needed to provide that through a strong, sustainable, independent public audit office. Without such an office, the risk of failing to make best use of those scarce resources is greatly increased. And the cost to the public purse of the weaknesses that quickly arise as a result, far outweigh the cost of maintaining a properly resourced, high quality public audit regime.
- 11 The total cost of delivering the independent assurance and insight of Audit Wales represents a little over 1 penny for every £10 spent on devolved public services in Wales.
- 12 As referenced in the Minister's letter, CPI inflation is currently running higher than the UK Government's March forecast of 4.1%–6.8% at July 2023. According to the Office for National Statistics, average annual growth in regular pay for May to July 2023 was 7.8% overall and 6.6% for the public sector – as compared to 4% for Audit Wales staff.

- 13 Almost 85% of our costs are in respect of our staff. Our Estimates for 2022-23 and 2023-24 made provision for pay increases of 2.5% and 4% respectively. Through savings on other budgets, we were able to increase staff pay by 3% in 2022-23 but have only been able to offer the 4% provided in the Estimate for 2023-24. This is in comparison to increases in UK average earnings in those years of 5% and 7.8% respectively – a shortfall over the two years of over 6%.
- 14 Other public audit bodies have awarded higher pay rises to their staff. The National Audit Office increased staff pay by 3% and 6.5% and Audit Scotland have offered their staff 5.4% and 6% respectively in the last 2 years. Pay increases this year for staff in the civil service, local government, NHS and other parts of the public sector all exceed that at Audit Wales.
- 15 Given the Bank of England's assessment that inflation will remain above 5% for the rest of 2023-24 it seems unlikely that pressure on wages will end anytime soon. To start to bring our pay scales in line with others, and to stem the departure of staff to better paid parts of the public sector and to the private sector, we have made provision for an increase to our salary budget to compensate for the shortfall over the last two years (3%) and a further 5% for an estimated for a pay uplift in 2024-25. This impacts both our proposed fee rates and our call on WCF.
- 16 Just over £90,000 of the year-on-year increase in our staff costs is attributable to the recently announced changes in employer pension contributions from April 2024. The Treasury have confirmed that these additional costs will be met centrally.
- 17 We are responding to these cost pressures by identifying savings where possible. We set out our achievements to date and future plans later in this document.

Value for money at Audit Wales

The value of public audit

- 18 Audit provides transparency and accountability to taxpayers and their elected representatives. It provides public bodies with accurate, reliable financial information with which to plan and manage their services and finances effectively.
- 19 Audit provides the Senedd, public bodies and the public with independent assessment of the state of financial and corporate management in the public sector and early warning of problems arising. When the quality or timeliness of audit reduces, the risks of waste, fraud and mismanagement increases.
- 20 In June of this year, the House of Commons Public Accounts Committee reported on the state of public audit in local government in England, describing the system of local government audit as ‘close to breaking point’.
- 21 The backlog of uncompleted audits in local government in England is significant – the NAO suggest as many as 1,000 across 300+ local authorities, some dating back to 2015. This backlog coincides with a number of English councils issuing statutory notices (‘section 114 notices’) that prevent them incurring any new expenditure commitments other than to fund statutory services. Hackney Council was the first local council to issue a s.114 notice in 2000 – the first council to do so for 18 years.

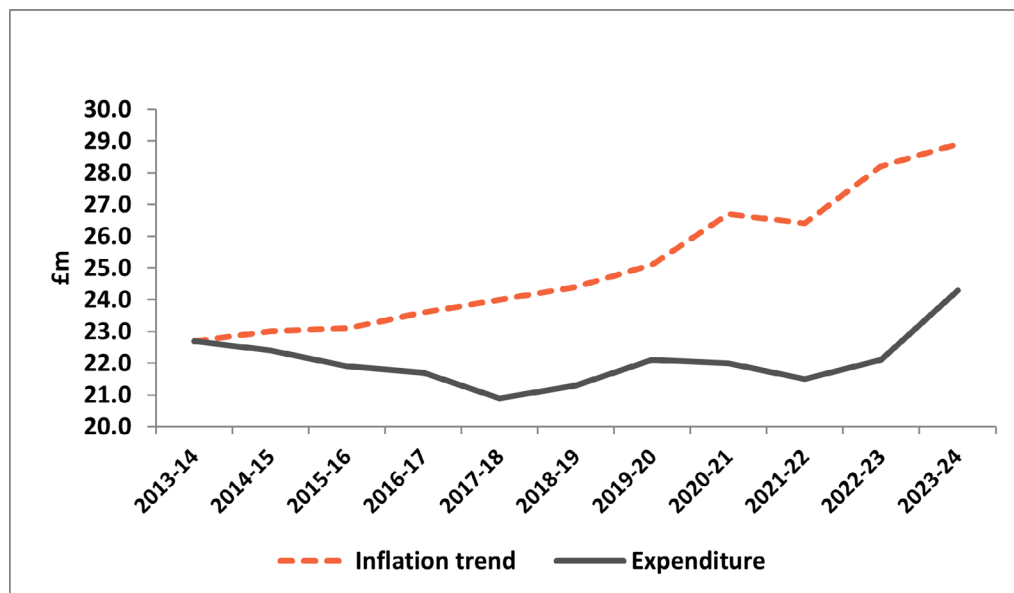
- 22 This combination of audit delay and severe financial strain is illustrated by some high-profile local government failures in England, including:
- in March 2023, the UK Department for Levelling Up, Housing & Communities pointed to Croydon's accounts for 2019-20, 2020-21 and 2021-22 remaining open and current financial pressures including £162 million of errors in historic accounts that require correction.
 - in June 2023, Woking council has declared that it can only provide the minimum legally required services after it identified debt of £2.6 billion (compared to an annual budget of £24 million). Its audited accounts for 2019-20 and later years are outstanding.
 - commissioners sent into Thurrock council have identified losses of £275m on risky investments made using borrowed money. Thurrock has not had any accounts signed off by auditors since 2019-20.
 - in 2023 the external auditor of Birmingham City Council identified concerns about the adequacy of provisions for equal pay claims in its 2020-21 and 2021-22 accounts and its ability to achieve savings or generate income to fund the claims. As a result, the Council has projected that it will have a projected deficit of £87m for the year 2023-24, which will grow for 2024-25.
- 23 In Wales we are in a much better position with a relatively low historical backlog on our principal audits. As at 30th September 2023 we have two 2021-22 unitary authority audits, one 2021-22 national park audit and one 2021-22 central government audit which are outstanding, all of which relate to audit issues at the particular bodies. For 2022-23 audits to date, all NHS audits were completed by the statutory deadline (with one missing the earlier 31 July Welsh Government administrative deadline).
- 24 But we cannot be complacent – we are behind where we should be. Our recruitment and retention challenge, and the backlog of work still from the Covid years, means we will not deliver all local government audits on time this year. That has a knock-on for next year, meaning it gets ever harder to catch up.
- 25 The Auditor General is determined to ensure that the Senedd understands the cost of providing high-quality public audit and the implications of not doing so. If we cannot deliver our work, the Senedd, elected local politicians and the public will not have reliable information on financial management and governance. That will very quickly lead to weaknesses and failures whose costs hugely outweigh the cost of maintaining a properly resourced, high quality public audit regime.

- 26 The importance of at least maintaining the strength of our existing arrangements and timely delivery in Wales can be seen from some recent illustrative examples:
- in Betsi Cadwaladr University Health Board, had Audit Wales not delivered its audit of accounts and governance reports, the mismanagement of many millions of pounds of public money would have gone undetected;
 - the further audit work subsequently commissioned from a private sector firm to examine the issues identified by Audit Wales in more detail, cost over 3/4 of a million pounds;
 - the Auditor General qualified his audit opinion on the 2022-23 accounts of all seven Health Boards in the Welsh NHS. This alerted the Senedd to the failure of most Boards to meet the statutory duty legislated for by the Senedd, to achieve financial break even over a three-year period;
 - our audit of the National Museum/Amgueddfa Cymru has highlighted issues resulting in significant cost to the public purse. By identifying and publicly reporting on such matters we can hope to avoid similar expense in the future.
- 27 We have highlighted in previous Estimate reports the increasing audit fees being charged by the private sector as a result of regulatory pressure and ongoing professional change.
- 28 One of the potential causes of the local government audit delays in England described above was the low level of audit fees for those audits, as reported by the [Redmond Review](#).
- 29 Public Sector Audit Appointments (PSAA), the body that appoints auditors to Local Government bodies in England is currently consulting on a proposal to increase audit fees by 151% for those bodies for 2023-24 audits.
- 30 The Local Government Association, amongst other bodies, accepts the proposals and has called on the Government to provide funding to cover the estimated cost increase of £50 million.
- 31 Whilst the increase is multi-faceted – reflecting both historically low fee levels and increased audit demand – it does highlight the cost pressures evident across the wider audit profession.

Our performance to date

- 32 We are acutely aware of the importance of demonstrating that we bear down on our own costs and provide value for money.
- 33 At Audit Wales, we continually strive to provide world class public audit for the Welsh public sector in the most cost-effective way.
- 34 In the last ten years we have reduced the cost of public audit in Wales by 16% in real terms¹ despite an increase in the scope of our work, increased requirements for audit quality and new auditing standards. This reduction is represented in **Exhibit 2**. The cumulative savings generated across those years amounts to almost £33 million.

Exhibit 2: the cost of public audit 2013-14 to 2023-24



1 Based on GDP deflators published by ONS, June 2023.

35 We have made these savings by:

- significantly changing the shape of our workforce. We have reduced the proportion of directors and managers in our workforce and have invested in a graduate and apprentice training programme – providing opportunities for school leavers and graduates in Wales and improving social mobility as well as providing future financial managers for the Welsh public sector.
- in-sourcing our audit work. Since 2021-22 we no longer use private sector firms to carry out our audit work. In this regard we are unique amongst the UK public audit bodies. Though adding to the delivery pressures on Audit Wales staff, this has protected the public purse from significant price increases for this work being experienced by other UK audit agencies.
- reducing the cost of travel from £1.2million in 2019-20 to £300,000 in this Estimate. We negotiated with our trade unions to remove a travel allowance previously paid to our audit staff and we have changed the way that we work to reduce our overall travel – providing environmental as well as cost efficiencies.
- we have moved to smaller, cheaper offices in both North and South Wales saving around £250,000 each year despite increased utility costs.
- we are using technology and data analytics to carry out our audit work as efficiently as possible and minimise our travel across Wales.

Our future plans

- 36 Our Financial Sustainability Review (FSR) continues to identify areas where further savings can be made. In 2023-24, the FSR has met the challenge to identify £500,000 of in year savings, of which £238,000 are recurring year on year. It did this by:
- moving to smaller/cheaper offices in North Wales.
 - challenging our non-pay budgets and reducing where possible.
 - taking advantage of staff vacancies and reviewing our support services to reduce posts.
- 37 For 2024-25, we once again have a challenging savings target of £400,000 (over and above those savings identified in 2023-24) which we will seek to meet by:
- reviewing our business processes to ensure that these are as efficient as possible and make use of existing and emerging technologies.
 - further challenging our non-pay budgets and reducing or removing those that do not provide good value for money.
 - obtaining best value from procurement.
 - continuing to challenge our operating model including the chargeability of our audit staff and how and where we deliver our audit work.

Our budget 2024-25

Budget 2024-25

- 38 Around two thirds of the running costs of Audit Wales are met from fees that we charge audited bodies for our work. The remaining third, along with all capital expenditure, is met directly from WCF – more detail on which is provided in the next chapter.
- 39 This Estimate describes our total budget for 2024-25 including that part which is funded by fees. A draft Fee Scheme for 2024-25 which explains how fees will be charged to audited bodies is appended to this document.
- 40 A detailed revenue budget in both cash and resource terms is attached as Appendix 1.

Staff costs, recruitment and retention

- 41 Almost 85% of our budget funds salaries and associated on-costs for around 300 employees who are employed to deliver our audit work across Wales – either directly or in support of this audit delivery.
- 42 Last year, our Estimate flagged the pressure in the employment market for qualified audit staff. That pressure has intensified.
- 43 There is a worldwide shortage of qualified audit and finance professionals. At the end of 2022, for example, the New Zealand government added ‘auditor’ to the immigration ‘Green List’, providing a straight to residence visa for suitably qualified people.
- 44 Closer to home, all audit organisations – in the public and private sectors - are struggling to recruit enough qualified staff. We are seeing a higher turnover rate than ever before – over 15% in 2022-23 – with accounts qualified staff leaving to other parts of the public sector where pay is higher eg the NHS and local government, and to the private sector, primarily in England. Higher remuneration in the private sector is now starting to outweigh the traditional attractions of the public sector, such as pension benefits, work-life balance, and public service motivation.

- 45 To at least slow this flow, we have to offer a meaningful increase in pay – to catch up with the increases seen in other parts of the public sector and to increase our competitiveness with the private sector. Given the below inflation pay increases awarded in 2022-23 and 2023-24 we feel we have no option than to allow for a more significant pay increase in 2024-25 to allow our staff to ‘catch up’ with the rest of the public sector.
- 46 Our staffing budget includes a provision for expected savings of 5% due to in-year natural staff turnover. Whilst we have met or exceeded this target in recent years, there is a risk both in terms of staff morale, as evidenced by staff survey results, and reduced fee income if we don’t have the staff available to deliver the income as planned.
- 47 Two years ago, we agreed, as part of a negotiated settlement, that a £3,350 annual Travel Allowance paid to staff be removed with effect from April 2024. In line with that settlement, all salary points will be uplifted by £900 from that date², separately from any agreed pay award.
- 48 While we can influence our ability to recruit and retain through our employment offer overall, we believe we are likely to see a challenging employment market for some time yet. Our experience over the last few years tells us that recruiting qualified staff externally is not the answer.
- 49 Qualified roles that have been advertised externally have attracted very few external applicants, despite targeted advertising on professional recruitment boards and extensive social media coverage. This is not particular to Audit Wales as other public sector, civil services bodies and private firms are also struggling, with firms recruiting aggressively.
- 50 We believe a better, possibly the only, way to ensure the long-term sustainability of Audit Wales is to develop and train more of our own staff.
- 51 We already have a very effective programme of apprentice and graduate trainee development. Currently, we have around 60 staff in the organisation (a fifth of our total staff) who are on either our apprentice or graduate trainee schemes. Each year between 10-15 of this group complete their final examinations and qualify as chartered accountants.

2 Other than trainees and apprentices whose salaries were adjusted in 2022-23 to reflect the impact that the loss of the allowance had on benchmarked salaries.

- 52 Given the state of the market, we believe the best way to ensure the long-term health of Audit Wales is to strengthen these programmes further – to increase the number of staff we take on, strengthen the field of candidates through our outreach work and marketing, broaden the training experience by exposing trainees to all aspects of Audit Wales work, and make some practical changes to the design of the programme to reduce the loss of newly qualified staff shortly after qualification.
- 53 Our Estimate requests an additional £220,000 into our baseline budget to enable us to do this. The benefit of this expansion will not be seen for some years (our apprentice scheme runs for two years, our graduate scheme for four). The staff from next year’s intake will not qualify, therefore, until after the current Auditor General completes his term of office. But expansion will give his successor, and the next Senedd, a stronger, more resilient and sustainable workforce model.
- 54 We are not the only organisation struggling to recruit and retain qualified finance professionals. We see the same challenge in finance departments in our audited bodies. Our trainee schemes deliver a wider public sector benefit, therefore, as we know that some of our successful trainees leave Audit Wales after qualification to pursue careers in other parts of the Welsh public sector.

Employer pension contributions

- 55 A valuation of the Civil Service Pension Scheme is undertaken every four years and provides the information required to set employer contribution rates. The 2020 valuation report has now been published and, at the end of September 2023, employers were notified of the new contribution rates that will be paid from April 2024.
- 56 Following the transition of all active members to alpha on 1st April 2022 it has been agreed that the previous salary-based structure is no longer appropriate. A flat rate employer contribution will therefore be introduced.
- 57 In preparation for the valuation, HM Treasury announced that the discount rate used for determining the cost of future pension payments (known as “SCAPE”) would be reduced from 2.4% to 1.7%. As a result, the cost of providing benefits has increased and the average employer contribution rate will increase to 28.97%.

- 58 On 30th March 2023 the Chief Secretary to the Treasury issued a Written Ministerial Statement to confirm the new SCAPE rate and a commitment to providing funding for increases in employer contribution rates for employers whose employment costs are centrally funded through departmental expenditure. Funding for devolved administrations will be provided via the Barnett Formula.
- 59 For the Wales Audit Office, we have estimated that this change will increase our pay bill by just over £90,000 – with £20,000 being met from WCF and the balance being met from increased fees to audited bodies.

Accommodation

- 60 Audit Wales leases three offices in Cardiff, Penllergaer and Llandudno Junction. As set out in our Second Supplementary Estimate for 2022-23 and our Supplementary Estimate for 2023-24 we made the decision to relocate both our Cardiff and North Wales offices to smaller premises delivering savings of around £250,000 (25%) per year – reducing our budget for accommodation in 2024-25 to just over £730,000.
- 61 We plan to further review our workplace requirements in West Wales during 2024-25. If a decision is made to either replace or renew current lease arrangements, we may need to seek a Supplementary Estimate during the year – for IFRS 16 implications only.
- 62 For 2024-25 we are also reducing our call on cash from the WCF by around £100,000 to reflect a rent-free period within our Cardiff office lease. In line with IFRS16 requirements, the unwinding of the total cost of the ten-year lease is reflected in our resource budget.

Travel and Subsistence

- 63 In 2019-20 Audit Wales spent £1.2m on travel and subsistence including £638,000 on a fixed annual Travel Allowance for our mobile staff.
- 64 Following a value for money review by our external auditors, we made the difficult decision to remove the fixed allowance from staff. Transitional arrangements, including the offer of an upfront payment or retaining entitlement to travel allowance until March 2024 were agreed in negotiation with our Trade Union partners.
- 65 The upfront payment was partly funded from a Supplementary Estimate in 2021-22 with the agreement that this be reflected in a reduced call on WCF of £354,000 per year over the following 2 years. These transitional arrangements come to an end on 31st March 2024 as reflected in this Estimate.

- 66 Since the Covid pandemic, we have seen a significant reduction in travel as our staff move to new hybrid working arrangements. Audit staff are largely working from our own offices or from home rather than at audited bodies, reducing both our costs and the environmental impact of travel.
- 67 As a result of these changes, we expect our total spend on travel and subsistence in 2024-25 to reduce to just over £300,000 – a reduction of almost 70% as compared to pre-Covid years.

Audit Fees

- 68 For 2024-25 we plan for around 66% of our expenditure to be met from the fees that we charge to audited bodies. We are required by legislation to charge 'no more than the full cost' of the audit work at each audited body. We calculate this full cost based both on our budget for the year and the contribution from WCF towards our running costs.
- 69 Our work on EU Agricultural funds will largely end in 2024-25 and we plan to use the additional capacity that this will release to start to address the backlog of audit work that has built up since the pandemic.
- 70 We are acutely aware of the financial pressures on all parts of the public sector and our responsibility to deliver our audit work as efficiently as possible. We strive consistently, therefore, to minimise the overall cost of audit to public bodies without sacrificing audit quality.
- 71 The income we receive from fees is governed by a Fee Scheme, which legislation requires us to publish at least on an annual basis.
- 72 Included within this Estimate document is our draft Fee Scheme for 2024-25 (Appendix 2). This has been included to demonstrate the interdependency between fee income and the approved Estimate. Following consideration of the Estimate and draft Fee Scheme, we will lay our Fee Scheme for 2024-25 before the Senedd and then confirm estimated fees for next year to our audited bodies.
- 73 In September and October 2023, we consulted all audited bodies and representative groups on our proposed fee scales for 2024-25 which made allowance for an estimated increase in our fee rates of 6.4%.

- 74 We received 18 responses which told us that:
- audited bodies continue to welcome the provision of the NFI at no cost;
 - whilst acknowledging the inflationary pressures faced by Audit Wales bodies pointed out that they are facing similar pressures with no associated increase in funding;
 - they also commented that this increase is in addition to the more significant increase they faced this year in response to the new auditing standard ISA315;
 - whilst some bodies felt that the increase was reasonable some did question how fees were set at a local level and whether there would be any reduction in fees following the implementation of the new standard; and
 - the Town and Community Councils that responded felt that the increase was reasonable in light of inflationary pressures and the costs of other professional services.
- 75 The Board has reflected on these responses and has responded by maintaining the proposed increase at an average of 6.4% despite a new requirement to fund increased costs of the Civil Service Pension Scheme.
- 76 We continue to work closely with audited bodies to mitigate the impact of the increases on their audit fee.

Capital investment

- 77 Our capital investment priorities for 2023-24 to 2027-28 are set out in **Exhibit 3**.
- 78 Capital investment is targeted at projects that will deliver future efficiencies and savings; ensuring that our ICT provision makes the best use of available technology and that we take advantage of available digital solutions in the delivery of our work.
- 79 Our previous Estimates assumed that our requirement for capital investment would start to increase from 2024-25 as we worked towards meeting our digital ambitions. Over the last few years the trend for ICT investment has moved away from up front expenditure to annualised licence or service arrangements and hence we no longer foresee such significant capital investment being required.

Exhibit 3: capital investment

	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000
Change Programme	200	200	200	200	200
ICT Strategy	110	110	110	110	110
Total	310	310	310	310	310

Our Change Programme

80 We have an established change programme within Audit Wales to provide effective management of upcoming change projects. Some of these will require capital investment as set out below.

Future workplaces

81 This has been our most significant change project to date. In 2022-23 we concluded the relocation of our Cardiff office to new, smaller premises. During 2023-24 have relocated our North Wales office from Abergele to the Welsh Government office at Llandudno Junction. To date we have delivered annual savings of over £200,000 from these moves.

82 During 2024-25 we will be reviewing our accommodation needs at our offices in Penllergaer and our change programme includes funding that will allow us to ensure that this accommodation continues to meet our emerging workplace requirements.

Our Digital Strategy

83 We continue to invest in digital tools to ensure that we can deliver our work as efficiently and effectively as possible. Planned investment for 2024-25 includes:

- completing the development of new audit platform software for both our Financial and Performance audit work;
- the on-going development of our external website to better meet our stakeholder requirements; and
- improvements to management information systems.

84 As set out above, we have reduced the funding previously anticipated for this work in light of the industry move towards revenue rather than capital funding. It is however likely that some up front investment will be required for the projects set out above.

Our ICT Strategy

85 We have established a rolling programme of PC/IT equipment renewal to ensure business continuity and that equipment remains fit for purpose and reliable.

Movements in working capital

- 86 An adjustment is made to our resource Estimate to allow for movements in working capital at year end. These movements cannot be accurately estimated but will include:
- increases or reductions in the value of year-end debtors;
 - increases or reductions in year-end creditors; and
 - increases or reductions in year-end provisions.
- 87 For most years, the Wales Audit Office allows a notional £200,000 additional cash draw down to allow for these movements with any unused cash being returned to WCF after the end of the financial year.
- 88 For 2023-24 this request was increased as we were aware that we would be releasing a significant provision during 2023-24 for the dilapidation settlement on our Cathedral Road offices.
- 89 For 2024-25 we have reduced this back to £200,000 to allow a normal contingency for year-end movements.



Our call on WCF 2024-25

How we use WCF

- 90 Around 34% of our total budget is funded from the Welsh Consolidated Fund (WCF) with the balance being funded from the fees that we charge to audited bodies (our accruing resources).
- 91 We use the funding provided directly from WCF for the following main purposes:
- funding for wider public sector benefit:
 - our Pan Wales financial training programme.
 - our Good Practice Exchange; and
 - free access to the National Fraud Initiative for all participating bodies.
 - funding audit work that is not funded by fee income – this includes our National value examinations and studies and our Local Government studies programme.
 - contributing to the running costs of Audit Wales.
- 92 In addition, all capital investment is funded directly from WCF.

Funding for wider public sector benefit

Pan-Wales financial skills development

- 93 Funding from WCF is used to provide ongoing support to our successful programme providing graduate and apprentice opportunities to students from across Wales.
- 94 We currently employ around 60 trainees and apprentices, providing them with world class training opportunities and ensuring a supply of future finance professionals for the Welsh public sector.
- 95 We use the WCF funding to:
- provide secondment opportunities for our graduate trainees in other Welsh public sector bodies;
 - target our recruitment to improve social diversity and inclusion within our workforce and the wider finance profession in Wales;
 - fund an annual conference for public sector trainees across Wales, which promotes the value and importance of a career in public finance; and
 - support the training costs for our graduate training programme, reducing costs which would otherwise be recovered from fees.
- 96 In 2023-24 we increased the amount of funding for this programme by £50,000 to reflect expected increased costs of training for our graduate trainees. In the event, the increase was less than expected and we are therefore reducing this element of our call on WCF by £30,000 in 2024-25 to reflect this saving. An additional £50,000 has been included to fund pay increases for staff supported by this scheme.
- 97 As set out previously, we are also requesting an additional £220,000 through this estimate to expand this scheme further. This additional funding will allow us to increase the number of graduates and apprentices that we recruit each year, providing a talent pipeline internally and for the wider public sector, as well as funding more outreach work to support increased social mobility.

Good Practice Exchange

- 98 We use funding provided by WCF to run our highly regarded Good Practice programme free of charge to public bodies and the third sector across Wales.
- 99 Following the pandemic, in October 2022 we reinstated our in-person events focusing on the theme of Poverty in Wales. During 2023, we have focused on;
- how local authorities are working to grow and expand social enterprises to help local government deliver more services and reduce demand.
 - how local authorities are creating the conditions needed to transform ways of working and empower communities to thrive as independently as possible.
 - inspiring the public and third sector to embrace the cultural diversity of modern Wales and the benefits of working beyond compliance and into excellence.
- 100 Later this year we will look at areas such as:
- how public services translate the strategic aims of digital strategies into practical action that makes a difference to everyday lives.
 - working in partnership to improve wellbeing.
 - sharing examples of innovative approaches to managing unscheduled care in Wales
 - how public services can promote a culture of integrity.
 - sharing examples of innovative approaches to active travel across Wales and beyond.
- 101 Full details of our upcoming events are detailed on our website.
- 102 For 2024-25 we are increasing the funding for this audit work in line with the proposed increase in fee rates.

National Fraud Initiative

- 103 Since 2015, the Finance Committee has supported the principle of participation in NFI for all public bodies in Wales at no cost to those bodies. Our last biennial report identified potential savings and over-payments of £6.5 million across Wales's public services, increasing cumulative savings to £49.4 million since 1996.
- 104 Without this funding, the costs of carrying out this work would instead need to be passed on directly to participating bodies as additional fees, potentially resulting in a significant reduction in the number of bodies who opt to take part.
- 105 Funding for our NFI work is subject to alternate year increases / reductions to meet bi-annual Cabinet Office costs for data checking. 2024-25 will see an increase of £130,000 as compared to 2023-24.
- 106 A full breakdown of the funding allocated for NFI is set out in **Exhibit 4**.

Exhibit 4 – National Fraud Initiative cost breakdown

	2024-25 £'000	2023-24 £'000	Change £'000
NFI Application Checker (App Check)	50	50	-
Additional data matching	45	45	-
Cost of audit work (based on fee rates and staff time)	55	52	3
Payments to Cabinet Office (alternate years)	130	-	130
Total	280	147	133

Audit work not funded through fees

National Value Examinations and Studies and Local Government Studies

- 107 The Auditor General's programme of national value for money examinations and studies provides support to the scrutiny work of the Senedd. These studies are reported to the Senedd's Public Accounts and Public Administration Committee (PAPAC) and described in our [Annual Plan for 2023-24](#).
- 108 This funding is also used to help discharge the Auditor General's duties under the Well-being of Future Generations (Wales) Act 2015 for the relevant central government bodies.
- 109 The PAPAC is one of the key mechanisms for the Senedd to hold to account publicly funded organisations. We therefore aim to ensure that the Committee is well supported by us in its work. Increasingly, we also support the work of other Senedd Committees.
- 110 We also use WCF funding to:
- undertake pieces of work to explore themes arising from our accounts work; and
 - support our response to issues brought to our attention by members of the public and their elected representatives.
- 111 For 2024-25 we propose increasing the funding for this audit work in line with the proposed increase in fee rates.
- 112 In addition, for 2024-25 we have identified a further £41,000 of costs associated with the proposed extension of the Well-being of Future Generations Act to additional bodies for which the Auditor General will have a duty to report³. We anticipate this baseline annual cost would then be recurring each year through the 2025-2030 reporting cycle, uplifted as appropriate in line with our wider Estimate.

3 In July 2022, Welsh Government announced a consultation on the proposed extension of the Act to eight additional bodies. These now include two bodies for which the AGW is not the external auditor (Transport for Wales and the Centre for Digital Public Services) and three (Qualifications Wales, Social Care Wales, and the Welsh Revenue Authority) where, because there is no provision in legislation for proper arrangements conclusion work, we do not have local performance audit arrangements within which to consider embedding work under the Act. The other three are NHS bodies, Health Education and Improvement Wales, Digital Health and Care Wales, and the Welsh Ambulance Services NHS Trust.

- 113 The costs identified for 2024-25 reflect our assumption that the new bodies would be subject to the well-being duty from 1 April 2024 and expected to set their well-being objectives within 12 months (by March 2025).
- 114 Remaining work to discharge examination duties at the additional bodies would be spread across the remainder of the reporting cycle and programmed alongside other work required under the Act.
- 115 The regulations to support the extension of the Act, and therefore the timing for commencement of its requirements, are still to be finalised by the Welsh Government.
- 116 Barring transition costs, the figures do not account for work we will have to deliver at the three additional NHS bodies that the Welsh Government is proposing to bring under the Act. Examination work at those bodies would be supported under their existing funding arrangements for local performance audit work. This will entail reshaping or replacing other work. Though the Auditor General is comfortable with this approach on this occasion, it cannot always be so. Each time new duties are absorbed by displacing other work, it constrains the independence and flexibility of the Auditor General's work programme and ability to follow-up on key risks.
- 117 In our response to the Welsh Government's 2022 consultation, we noted that we would welcome further discussion about the Auditor General's responsibilities under the Act as part of post-legislative evaluation. This might enable us to optimise the proportionality, economy, and impact of our approach, especially in the context of a larger number of bodies being subject to the well-being duty. And we note the possible creation of other new bodies to which the Act might apply in future, such as a proposed supervisory body for coal tip safety.

Local Performance Audit work

- 118 As set out in our Estimate for 2023-24 we had planned to switch around one third of the funding (£1.26m) for some of our performance audit work in Local Government and Health from fee to WCF funding.
- 119 In the event, the Welsh Government was unable to confirm, prior to submission of our Estimate for 2023-24, its support for making the adjustments in local authority and health body funding necessary to hold the WCF harmless. As a result, the Senedd Finance Committee asked that we defer this proposal until our 2024-25 Estimate.
- 120 We took on board the views of audited bodies, expressed in last year's consultation exercise, who value the insight from our local audit work whilst understanding the benefits of the proposals for more thematic studies. The proposed switch set out in our consultation exercise was therefore less than previously anticipated at around £850,000.
- 121 Unfortunately, Welsh Government was still unable to confirm its support for this proposal due to other pressures and we have therefore decided not to pursue the proposed switch.

Contribution to running costs

- 122 We use funding from WCF to fund costs of the Wales Audit Office which cannot reasonably be charged to audited bodies through fees. For 2024-25 we are reducing this contribution by £70,000 as set out in **Exhibit 1** on page 4.
- 123 An increase of £30,000 associated with the proposed pay increase has been more than offset by a reduction of £100,000 in the contribution for travel cost equalisation associated with the overall reduction in our travel costs.

Our Medium-Term Financial Plan

- 124 Our medium term financial plan assumes that over the next 3 years, our audit resource will be maintained at 2024-25 levels whilst we seek to address the audit backlog that has arisen since the pandemic.
- 125 If the backlog can be addressed – and this does depend on us being able to recruit the resource required to achieve this - then from 2027-28 we would expect to see reductions in both staff costs and fee income to reflect our 'steady state'.
- 126 Given current uncertainties, no provision has been included for future pay and price increases.

Exhibit 7: Medium Term Financial Plan 2024-25 to 2028-29

	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	2028-29 £'000
Staff costs	22,312	22,537	22,537	21,372	21,372
Accommodation	731	731	731	731	731
T&S	303	303	303	303	303
NFI cyclical costs	130	0	130	0	130
Other costs	3,149	3,149	3,149	3,149	3,149
Total expenditure	26,625	26,720	26,850	25,555	25,685
Audit Fee Income	17,476	17,701	17,701	16,536	16,536
Total call on WCF (Revenue)	9,149	9,019	9,149	9,019	9,149
Total call on WCF (Capital)	310	310	310	310	310

Appendices

- 1 Revenue budget 2024-25
- 2 Draft Fee Scheme 2024-25

1 Revenue budget 2024-25

	Resource Estimate 2024-25 £'000	Cash 2024-25 £'000	Resource Estimate 2023-24 £'000	Cash 2023-24 £'000	Year on Year Change (Resource) £'000	Year on Year Change (Cash) £'000
Staff costs	23,444	23,444	21,041	21,041	2,403	2,403
Vacancy management	(1,132)	(1,132)	(987)	(987)	(145)	(145)
Travel and subsistence	303	303	435	435	(132)	(132)
Accommodation	731	595	754	754	(23)	(159)
Irrecoverable VAT	500	500	500	500	-	-
ICT	664	664	699	699	(35)	(35)
Audit Wales governance	320	320	320	320	-	-
External training	326	326	341	341	(15)	(15)
NFI annual costs	95	95	95	95	-	-
Depreciation & interest	396	-	360	-	36	-
Other supplies and services	1,248	1,248	1,217	1,217	31	31
Savings target	(400)	(400)	(500)	(500)	100	100
Cyclical NFI costs	130	130	-	-	130	130
Expenses total	26,625	26,093	24,275	23,915	2,350	2,178

	Resource Estimate 2024-25 £'000	Cash 2024-25 £'000	Resource Estimate 2023-24 £'000	Cash 2023-24 £'000	Year on Year Change (Resource) £'000	Year on Year Change (Cash) £'000
Fee Income						
Audit Fees	(16,494)	(16,494)	(14,605)	(14,605)	(1,889)	(1,889)
EU Agricultural Funds	-	-	(600)	(600)	600	600
Grant certification fees	(982)	(982)	(928)	(928)	(54)	(54)
INCOME TOTAL	(17,476)	(17,476)	(16,133)	(16,133)	(1,343)	(1,343)
Capital	310	310	310	310	-	-
Movements in working capital ⁴		200	-	550	-	(350)
Total to be funded from WCF	9,459	9,127	8,452	8,642	1,007	485

4 For 2023-24 this included the expected dilapidation settlement for Cathedral Road

2 Draft Fee Scheme 2024-25

Fee Scheme 2024-25

This is a fee scheme prepared by the Wales Audit Office under section 24 of the Public Audit (Wales) Act 2013.

This fee scheme is laid before the Senedd under section 24(4)(c) of the Public Audit (Wales) Act 2013.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

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Introduction

Fee rates and fee scales

- 1 This Fee Scheme has been prepared under section 24 of the Public Audit (Wales) Act 2013 (the Act) (**Appendix 1**). The Fee Scheme, following approval by the Senedd, provides the basis on which we charge fees.

Fee rates 2024-25

- 2 As set out in our consultation on proposed fees in September 2023, we need to recognise cost of living pressures on our staff and have made provision for pay increases in line with the rest of the public sector. We have also had to make provision for recently announced increases in employer contributions for the Civil Service Pension Scheme.
- 3 Where possible we have mitigated inflationary pressures by identifying savings on non-pay budgets such as accommodation and travel with savings of over £2m over the next 5 years being identified.
- 4 We continue to make significant investment in audit quality to respond to recent UK-wide reviews⁵ of audit and new professional standards. These various reviews reflect increasing expectations of audit and of the quality of that audit.
- 5 Taking these factors together means that we need to increase our fee rates by an average of 6.4% in 2024-25.
- 6 Our proposed fee rates for 2024-25 are set out in **Exhibit 1**.

Exhibit 1: proposed fee rates 2023-24

Grade	Rate (£ per hour) 2024-25	Rate (£ per hour) 2023-24
Audit Director	179	168
Audit Manager	137	129
Audit Lead	112	106
Senior Auditor	91	85
Auditor	64	61
Graduate trainee	59	55
Apprentice	46	40

- 7 We plan to continue to provide access to the National Fraud Initiative on a free-of-charge basis.
- 8 This Fee Scheme sets out:
- the enactments under which we charge audit fees.
 - the arrangements for setting those fees, which comprise either:
 - fee scales that set out fee ranges for particular areas of audit work in local government; or
 - fee rates for work not covered by fee scales.
- 9 Broadly, 66% of our expenditure is funded through fees charged to audited bodies. The remaining 34% is provided from the Welsh Consolidated Fund through the budget motion passed by the Senedd.
- 10 Legislation requires that the fees we charge a body **may not exceed** the full cost of exercising at that body the function to which the fee relates. We set our audit fees based on our estimated cost base, the estimated skills mix for audit work and the estimated number of days required to complete the work. We do not and cannot make profits on our work. Our fee rates are set at a level to recover the estimated full cost but no more.

- 11 There is a tension between providing audited bodies with an up-front fee for the work to be undertaken on specific audits and having a sufficiently flexible regime that recognises the inevitability of variances. We set our audit fees based on our estimated expenditure, the estimated skills mix and the estimated number of days required to complete the work. Where the required work is significantly greater than that originally estimated, because of complexities experienced during the audit, we may charge a higher fee, as permitted by legislation.
- 12 We went beyond the statutory fee consultation requirements and, in September 2023, consulted all audited bodies and other stakeholders on our proposed fee rates and fee scales for 2024-25.
- 13 We received 18 responses which told us that:
 - Audited bodies continue to welcome the provision of the NFI at no cost
 - Whilst acknowledging the inflationary pressures faced by Audit Wales bodies pointed out that they are facing similar pressures with no associated increase in funding.
 - They also commented that this increase is in addition to the more significant increase they faced this year in response to the new auditing standard ISA315.
 - Whilst some bodies felt that the increase was reasonable some did question how fees were set at a local level and whether there would be any reduction in fees following the implementation of the new standard.
 - 5 Town and Community Councils felt that the increase was reasonable in light of inflationary pressures and the costs of other professional services.
- 14 The Board has reflected on these responses and has responded by maintaining the proposed increase at an average of 6.4% despite a new requirement to fund increased costs of the Civil Service Pension Scheme. We have done this by increasing our savings target from that assumed when the consultation was prepared.
- 15 We will work closely with audited bodies in an attempt to mitigate the impact of these increases on their audit fee.

Local Government Fee scales 2024-25

- 16 Fee scales are a means of regulating the cost of public audit, through setting limits and by reviewing fees against those limits. Fee scales also provide a framework for auditors to assess the amount of annual audit work necessary and the fee to be charged for that work at a particular audited body.
- 17 Fee scales for the audit of 2023-24 financial accounts, together with fee funded performance audit work to be undertaken in 2024-25, are provided in **Appendix C** in relation to unitary authorities, fire and rescue authorities, national park authorities, police and crime commissioners, chief constables, town and community councils, and local government pension funds.
- 18 A separate fee scale is provided in relation to the NFI.
- 19 Performance audit includes sustainable development examinations, improvement information audits, improvement assessments and special inspections. Not all these functions apply to all types of audited body.
- 20 Audited bodies not covered by the statutory requirement for a fee scale have their estimated audit fees calculated in the same way as for those which are covered – that is, through applying the fee rates published in this Fee Scheme to the estimated team mix and hours of input required for the audit.
- 21 Auditors undertake grant certification work on behalf of the Auditor General. The amount of grant certification work undertaken in any year is dependent on the number of schemes subject to audit and the number of audited bodies participating in those schemes. Charges for this work are calculated using the fee rates and reflecting the size, complexity or any particular issues in respect of the grant in question.
- 22 The fee rates apply to all audit work except to the extent that the fee scales, where applicable, regulate the amount to be charged (or in the case of work done under agreements made prior to 1 April 2014, rates are in terms as agreed). If it subsequently appears that the work involved in a particular audit differs substantially from that originally envisaged, we may charge a fee which differs from that originally notified.
- 23 In the case of the provision of other administrative, professional or technical services provided, fees will be charged in accordance with the relevant agreement, subject to such amounts being capped at the full cost of providing the service.

- 24 To meet statutory responsibilities, it is sometimes necessary for auditors to carry out work which goes beyond their general duties. Additional work can include reports in the public interest, extraordinary audit, special inspections and further work in relation to electors' questions and objections, and the prevention of unlawful expenditure. Charges for this type of work will reflect the nature of the work required and are calculated by applying the fee rates published in this Fee Scheme to the team mix and hours of input required for the work.
- 25 Where specialist support or legal or other professional advice is required, this will be charged to audited bodies in addition to the cost of our audit staff.

ISA315 implementation

- 26 As set out in our Fee Scheme for 2023-24 our audits for accounts ended 31 March 2023 and subsequent years will be carried out under a revised auditing standard (ISA 315 Identifying and Assessing the Risks of Material Misstatement). The revised standard has had significant and far-reaching impacts on how auditors undertake audit risk assessments and therefore on the overall audit.
- 27 We increased our audit fees by an average of 10%, over and above our fee rates increases to accommodate the richer skills mix associated with these new demands.
- 28 We are still evaluating the impact of this new approach on 2022-23 audit work. This evaluation will not be complete until spring 2024. We will take this into account when setting fees for individual bodies but for the purposes of our fee scales, no change has been allowed for in 2024-25.

Local performance audit work

- 29 Our consultation exercise discussed the potential to switch an element of funding for local performance work at 22 principal councils and seven health boards to facilitate the delivery of more thematic and cross sectoral reviews.
- 30 Our consultation exercise told us that audited bodies had no strong views on this proposal but that they did value on our local performance audit work.
- 31 The Welsh Government was however unable to support this proposal in time for our Estimate for 2024-25 and hence we have decided not to pursue the proposal further.
- 32 The fee scales for our local performance work at unitary authorities in this fee scheme now exclude this change.

Charging of fees

- 33 Each body's Engagement Director will explain the skills mix needed for the audit and the factors influencing the overall fee. Charging arrangements are agreed with audited bodies and may encompass one-off, periodic, regular or annual charging, as appropriate in the circumstances.
- 34 Audited bodies are expected to pay our invoices within their performance target for creditor payments, which is usually ten days. We may charge for the administrative costs incurred in pursuing late payments.
- 35 If required by audited bodies, a purchase order for the agreed audit fee should be raised in advance of invoices being sent.
- 36 On completion of audit assignments, we will assess the actual costs incurred in undertaking the assignment in comparison with the fee charged. We will refund any excess of fee over cost and, conversely, we may charge additional costs where the fee falls short. We will process refunds and additional charges in a manner which seeks to minimise administrative costs, such as through offsetting against future fees or fees for other aspects of audit activity.



Appendices

- A Public Audit (Wales) Act 2013 – full text of section 24**
- B List of enactments under which the Wales Audit Office may and must charge fees**
- C Fee Scales 2024-25**

A Public Audit (Wales) Act 2013 – full text of section 24

- (1) The Wales Audit Office must prepare a scheme relating to the charging of fees by the Wales Audit Office.
- (2) The scheme must include the following:
 - (a) a list of the enactments under which the Wales Audit Office may charge a fee;
 - (b) where those enactments make provision for the Wales Audit Office to prescribe a scale or scales of fees, that scale or those scales;
 - (c) where those enactments make provision for the Wales Audit Office to prescribe an amount to be charged, that amount;
 - (d) where no provision is made for a scale or scales of fees or for an amount to be prescribed, the means by which the Wales Audit Office is to calculate the fee.
- (3) The scheme may, amongst other things:
 - (a) include different provision for different cases or classes of case, and
 - (b) provide for times at which, and the manner in which, payments are to be made.
- (4) The Wales Audit Office:
 - (a) must review the scheme at least once in every calendar year;
 - (b) may revise or remake the scheme at any time, and
 - (c) must lay the scheme (and any revision to it) before the National Assembly^[6].

6 The extant legislation refers to the 'National Assembly' despite the change in name to 'Y Senedd/The Welsh Parliament'.

- (5) Where the Welsh Ministers prescribe a scale or scales of fees under:
 - (a) section 64F of the Public Audit (Wales) Act 2004 (fees for data matching); or
 - (b) section 27A of the Local Government (Wales) Measure 2009 (Welsh Ministers' power to prescribe a scale of fees) to have effect instead of a scale or scales prescribed by the Wales Audit Office, the Wales Audit Office must revise the scheme to include the scale or scales prescribed by the Welsh Ministers instead of those prescribed by the Wales Audit Office.
- (6) If a revision made in accordance with subsection (5) is the only revision to a scheme, it does not require the approval of the National Assembly.
- (7) The scheme takes effect when approved by the National Assembly or, in the case of a revision made in accordance with subsection (5), once it has been laid before the Assembly.
- (8) The Wales Audit Office must publish the scheme (and any revision to it) as soon as reasonably practicable after it takes effect.

B List of enactments under which Audit Wales may and must charge fees

Nature of work	Enactments
The Wales Audit Office may charge fees for the following activities	
Audit of accounts by the Auditor General (other than local government accounts).	Section 23(2) Public Audit (Wales) Act 2013
Value for money studies undertaken by agreement (except educational institutions and local government bodies—see below).	Section 23(3)(a), (b) and (c) Public Audit (Wales) Act 2013
An examination, certification or report under section 31 of the Tax Collection and Management (Wales) Act 2016 in respect of the Welsh Revenue Authority's Tax Statement.	Section 23 (3)(ba) Public Audit Wales Act 2013
An examination under section 15 of the Well-being of Future Generations (Wales) Act 2015 (anaw 2) (examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle).	Section 23(3)(ca) Public Audit (Wales) Act 2013
Any functions of a relevant authority exercised by the Wales Audit Office or the Auditor General and undertaken by agreement, and any administrative, professional or technical services to be provided by the Wales Audit Office or the Auditor General by arrangement under section 19 of the Public Audit (Wales) Act 2013.	Section 23(3)(d) Public Audit (Wales) Act 2013
An extraordinary audit of the accounts of a local government body.	Section 37(8) of the Public Audit (Wales) Act 2004
Advice and assistance provided by the Auditor General for registered social landlords.	Section 145D(2) of the Government of Wales Act 1998 Terms of payment may only be made in accordance with a scheme for charging fees under s24 of the Public Audit Wales Act 2013

Nature of work	Enactments
The Wales Audit Office must prescribe fee scales for the following activities	
Audit of accounts of local government bodies	Section 20(A1)(a) of the Public Audit (Wales) Act 2004
Assistance to HM Chief Inspector of Education and Training Wales	Section 41A(6) of the Education Act 1997
Studies relating to Registered Social Landlords (housing associations)	Section 145C(3) of the Government of Wales Act 1998
Studies at request of local government bodies	Section 20(A1)(b) of the Public Audit (Wales) Act 2004
Benefit administration studies for the Secretary of State	Section 45(7) of the Public Audit (Wales) Act 2004
Grant certification services	Section 23(4)(a) Public Audit (Wales) Act 2013
Studies at the request of educational bodies	Section 23(4)(b) Public Audit (Wales) Act 2013
Improvement information audits, improvement assessments and special inspections of Welsh Improvement Authorities	Section 27 of the Local Government (Wales) Measure 2009
Special inspections of principal councils	Section 101 of the Local Government & Elections (Wales) Act 2021

C Fee Scales 2024-25

Fee scales for work undertaken under the National Fraud Initiative (data matching)

- 37 The Auditor General conducts the NFI using his statutory data-matching powers under Part 3A of the Public Audit (Wales) Act 2004.
- 38 The NFI matches data across organisations and systems to help public bodies identify potentially fraudulent or erroneous claims and transactions. The NFI has been a highly effective tool in detecting and preventing fraud and overpayments.
- 39 Our last [biennial report](#) identified potential savings and over-payments of £6.5 million across Wales's public services, increasing cumulative savings to £49.4 million since 1996.
- 40 Since April 2015, the Senedd has met the costs of running the NFI through payment from the Welsh Consolidated Fund. This is intended to encourage participation of organisations on a voluntary basis and to simplify arrangements for mandated participants. As required by legislation, the fees for mandatory participants are shown in **Exhibit 2**.

Exhibit 2: NFI fees

	Fee 2024-25
Unitary authority; police and crime commissioners and chief constables; fire and rescue authorities; NHS trusts; local health boards	Nil
Voluntary participants	Nil
All participants may also be provided with access to the NFI Application Checker (App Check).	Nil

Fee scales for Local Government bodies

Unitary authorities

Exhibit 3: fee scale for the audit of 2023-24 accounts

Gross Expenditure £m	Fee range			Previous Year	
	Minimum £'000	Median £'000	Maximum £'000	Median £'000	
100	145	171	196	159	
200	175	205	236	191	
300	195	229	263	213	
400	210	247	284	230	
500	223	262	302	244	
600	234	275	317	257	
700	244	287	330	267	
800	253	297	342	277	
900	261	307	353	286	
1,000	268	315	363	294	
1,100	275	324	372	302	
1,200	281	331	381	309	

Exhibit 4: fee scale for 2024-25 performance audit work

All unitary authorities	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
	113	120	136	112

Local Government Pension Funds**Exhibit 5: fee scale for audit of 2023-24 accounts**

All pension funds	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
	45	56	60	48

Fire and Rescue Authorities**Exhibit 6: fee scale for audit of 2023-24 accounts**

Gross Expenditure £m	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
20	43	50	58	47
40	51	60	69	56
60	57	67	77	63
80	62	72	83	68
100	65	77	88	72

Exhibit 7: fee scale for 2024-25 performance audit work

All fire and rescue authorities	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
	18	18	18	17

National Park Authorities**Exhibit 8: fee scale for audit of 2023-24 accounts**

Gross Expenditure £m	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
2	26	31	36	29
4	32	37	43	35
6	35	42	48	39
8	38	45	52	42
10	41	48	55	44

Exhibit 9: fee scale for 2024-25 performance audit work

All national park authorities	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
	22	24	27	22

Police and Crime Commissioners

- 41 Auditors undertake audits of two statutory bodies in a police area – the Police and Crime Commissioners (PCCs) and the Chief Constables (CCs). The split of the total fee between the two bodies in a particular police area will be a matter for auditors to determine, based on accounting requirements and the operational arrangements put in place by each of the bodies.

Exhibit 10: fee scale for audit of 2023-24 accounts

Combined Gross Expenditure of PCC and CC £m	Combined fee range for PCCs and CCs			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
50	73	84	96	78
100	86	100	114	93
150	95	110	126	102
200	102	118	135	110
250	108	125	143	116
300	113	131	149	122
350	117	136	155	126

Town and community councils with annual income or expenditure under £2.5 million

- 42 Town and community councils in Wales are subject to a limited assurance audit regime.
- 43 In October 2020, the Auditor General published a paper setting out how these audits will be carried out on a three-year cycle as set out in **Exhibit 11**.

Exhibit 11: three-year audit cycle for town and community councils

	Group A	Group B	Group C
Year 1	Transaction testing	Limited procedures	Limited procedures
Year 2	Limited procedures	Transaction testing	Limited procedures
Year 3	Limited procedures	Limited procedures	Transaction testing

- 44 Charges for this work are based on time taken to complete the audit at fee rate charges as set out in **Exhibit 1** on **page 36**.
- 45 In circumstances where the auditor requires further evidence to properly discharge their responsibilities, including following publication of a related public interest report, additional testing will be undertaken to address the auditor's concerns.
- 46 It is emphasised that the actual charge made to any particular body will be dependent on the time actually worked on that particular audit. The range of fees provided in **Exhibit 12** is for indicative purposes only.

Exhibit 12: estimated time charges for the audit of 2023-24 accounts of town and community councils

	Band 1 (<£10k)	Band 2 (<£25k)	Band 3 (<£50k)	Band 4 (<£100k)	Band 5 (<£500k)	Band 6 (>£500k)
Transaction audit	£160 - £195	£181- £213	£245 - £300	£379 - £463	£676 - £809	£899 - £1,160
Limited procedures	£117 - £138	£145 - £172	£145 - £172	£223 - £266	£223 - £266	£223 - £266

Fee rates for other work in local government

- 47 Other than those types of bodies for which fee scales have been prescribed as shown above, there are a small number of other types of local government body where our prescription of the fee scale is a matter of converting the resource requirements into fees directly based on the costs of delivering the work or by applying the fee rates as set out in **Exhibit 1**. This will include audits of Corporate Joint Committees. It remains the case that for audits of these bodies we apply a zero-based approach to audit planning.
- 48 For all types of local government body, to meet his statutory responsibilities, it is sometimes necessary for the Auditor General to carry out work which goes beyond general duties (those set out in section 17 of the Public Audit (Wales) Act 2004 and in section 15 of the Well-being of Future Generations (Wales) Act 2015). Additional work can include reports in the public interest, extraordinary audit, special inspections and further work in relation to elector challenge and the prevention of unlawful expenditure. Charges for this type of work will reflect the nature of the work required.
- 49 Auditors may also undertake grant certification work at local government bodies on behalf of the Auditor General. The amount of grant certification work undertaken in any year is dependent on the number of schemes subject to audit and the number of audited bodies participating in those schemes. Charges for this work are made on a per-hour basis and reflect the size, complexity and/or any issues in respect of the grant in question as set out in **Exhibit 13**.

Exhibit 13: estimates of the relative proportions of audit staff grades to be used for different types of grants work.

Grade of staff	Complex grants staff mix	All other grants staff mix
	%	%
Engagement director	1 to 2	0 to 1
Audit Manager	4 to 6	1 to 2
Audit Lead	18 to 21	12 to 16
Auditor/graduate trainee/apprentice	71 to 77	81 to 87

Complex grants include:

- BEN01 Housing and council tax benefits scheme
- LA01 National non-domestic rates return
- PEN05 Teachers' pensions return



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Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.

Interim Report

An assessment of progress made against our
2023-24 Annual Plan during the period 1 April
to 30 September 2023.

October 2023

This Interim Report covers the period from 1 April to 30 September 2023. It has been jointly prepared, and is laid before the Senedd, by the Auditor General for Wales and the Chair of the Wales Audit office, in accordance with the requirements of the Public Audit (Wales) Act 2013.

The Interim Report includes an assessment of the extent to which:

- the exercise of the functions of both the Auditor General and the Wales Audit Office has been consistent with the Annual Plan prepared for 2023-24;
- progress has been made towards achieving the priorities set out in the Plan; and
- progress has been made towards achieving our key performance indicator targets.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions. Audit Wales is not a legal entity. Consequently, in this Report, we make specific reference to the Auditor General or Wales Audit Office in sections where legal precision is needed.

If you require this publication in an alternative format and/or language, or have any questions about its content, please contact us using the details below.

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.
Ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome correspondence and telephone calls in Welsh and English.
Corresponding in Welsh will not lead to delay

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

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Foreword

This Interim Report describes the progress we have made towards delivering our [Annual Plan 2023-24](#), which is the second plan to support the achievement of the key areas set out in our five-year strategy – [Assure, Explain, Inspire: Our Strategy 2022-27](#).

Delivery of our audit of accounts work has remained a priority over these first six months of the financial year; NHS and Central Government accounts have been delivered by the deadlines set, however resourcing pressures have meant that the delivery of local government sector accounts will be later than predicted and this will have a knock-on impact on the delivery timetable for 2023-24 accounts. Resourcing has remained a key strategic risk and the Executive Leadership Team and Board are supporting the audit teams to try to get back on track, with various actions taken to bridge the resourcing gap; including diverting staff from other planned work which has impacted on the ability to deliver those work streams to the planned timetable.

During quarter 1 of 2023 for the first time, we used an independent research company to obtain stakeholder feedback on our behalf. We were extremely pleased with the positive messages we received, especially the level of appreciation from our stakeholders with 87% stating our reports were clear and easy to understand, 87% rating our staff expertise and 87% agreeing or strongly agreeing that our staff were easy to work with. 89% of respondents agreed or strongly agreed that audit teams communicated effectively, and overall, 92% were satisfied with their main contact with us. This was great feedback and reflects on the amazing work of our teams and individuals working across the organisation.

We are acutely aware of our responsibility to other parts of the public sector to contain our own operating costs and the fees we charge, provided that does not risk audit quality and the assurance we can provide. Over the reporting period, to help offset increasing staff costs we have taken difficult decisions to reduce our non-staff expenditure. We have completed moves to smaller, cheaper offices in both South and North Wales and significantly reduced our travel and associated costs. We started a Financial Sustainability Review, setting a challenging financial target of making savings of £500,000 to balance our finances for 2023-24, which has been successfully identified. The review has now established a mechanism to challenge our operating model and identify further opportunities for savings and efficiencies in the coming years.

Despite resourcing challenges, we remain committed to providing high quality public audit to ensure the value for money from every pound of public spending, and for trusted, timely assessment of the state of financial management and governance in the Welsh public sector. Our staff are our greatest asset to achieving this and we continue to focus on the recruitment, training, and development of our professionally qualified staff to provide a strong, sustainable, independent public audit office.



Adrian Crompton

Auditor General for Wales



Dr Kathryn Chamberlain

Chair, Wales Audit Office

Audit delivery

Core work

 <p>Undertaking audit work at over 800 public bodies</p>	 <p>Delivering a programme of value for money examinations and studies</p>	 <p>Certifying grant schemes worth approaching £1.5 billion</p>	 <p>Approving around £1.8 billion of payments out of the Welsh Consolidated Fund every month</p>
 <p>Supporting effective scrutiny including the work of the Senedd Committees</p>	 <p>Sharing the good practice we see across Wales's public services</p>	 <p>Facilitating the detection of fraud and error through the National Fraud Initiative</p>	 <p>Participating with observer status on a range of key policy working groups</p>

1 Work is on-going to complete our audit of accounts work for 2022-23 accounts and despite efforts, such as introducing overtime for this work and diverting staff from other projects, which has had a knock impact on the delivery of other work, the deadline to complete audit of accounts remains challenging. We continue to monitor the delivery of audit of accounts work and work with the audited bodies to mitigate delays wherever possible. A comprehensive list of the public bodies that we audit, and the type of audit work carried out is provided in **Appendix 1**.

- 2 Our national value for money examinations and studies programme is regularly reviewed, taking account of audit priorities the context of our own resourcing and the capacity of our audited bodies to engage with us. An up-to-date list of work completed, in progress and to be started during the remainder of 2023-24 is provided in **Appendix 2**.
- 3 Our work has continued to play a key role in supporting the work of the Public Accounts and Public Administration Committee (PAPAC) in its consideration of the use of resources and the discharge of public functions in Wales. In **Appendix 3** we provide more detail on how we have supported effective scrutiny and accountability in the first half of 2023-24.

Running the business

Core work



Setting the overall budget of **£24.3 million** and charging fees for audit work



Employing around **290 staff** and managing a diverse range of physical and information assets



Providing **strong leadership** and embedding our values and behaviours



Monitoring the exercise of the Auditor General's functions and providing him with advice

- 4 At the end of March 2023, we completed the move of our Cardiff office to new premises in Capital Quarter. The move followed extensive engagement with staff to secure premises that meet our evolving business needs and supported staff wellbeing, feedback from staff has been universally positive. The approach and lessons learned from this successful office move were used in the subsequent planning and delivery of the relocation of our North Wales office from Abergele to space in the Welsh Government's office in Llandudno Junction in September 2023.

- 5 Another key focus for running the business has been a review of travel centres for staff and we launched a consultation in July 2023. We had originally looked at this as part of the travel allowance review in 2021. At that time, we agreed to pause and revisit once that review had been concluded, so we could reflect on how we work in a post lockdown world and ensure compliance with HMRC rules. The focus of the review is on fairness and consistency, feedback from the consultation, which closed in September, has been positive about the proposals; although staff have requested examples for clarity on the implementation of the new arrangements.
- 6 This year we set a challenging financial savings target to balance our finances for 2023-24 and put in place a task and finish group focused on identifying innovative and challenging options to achieve savings.
- 7 Further details on these key deliverables and the other priorities identified in our Annual Plan are laid out in the next section of this report.

Priority areas for action in 2023-24

- 8 In response to our operating environment and to help us deliver our strategic ambitions by 2027; we identified 16 priority areas to delivery during 2023-24.
- 9 Our priorities are organised around the three areas of focus identified in Our Strategy 2022-2027;
 - Strategic, dynamic, and high-quality audit programme;
 - Targeted and impactful approach to communications and influencing;
 - Culture and operating model that enables us to thrive both now and in the future.
- 10 The progress we have made towards delivering each of these during the first half of the year is summarised in the following tables.

Strategic, dynamic, and high-quality audit programme

Area of focus	What has been delivered so far in 2023-24
Audit Delivery	
<p>Embed a new ISA315 compliant approach to our audit of accounts work and INTOSAI standards in the delivery of our Performance Audit work.</p>	<p>Over the reporting period we have completed training for all audit staff on our new accounts audit approach and audit evidence platform in SharePoint; implement at the end of last year to ensure compliance with the revised ISA315 Auditing Standard. This approach is designed to identify and respond to risk more effectively so teams can focus on the most important areas in accounts. We have used it for the first time in the completion of the NHS audits. We have also used it for the completion of a number of central government audits with our work on-going at some central government bodies and local government.</p> <p>We have engaged the Quality Assurance Department (QAD) of the Institute of Chartered Accountants in England and Wales (ICEAW) to carry out a quality review of one of the Health Board audits; and have also undertaken an internal sector wide post project learning session to identify any opportunities for further developments and improvements to our new approach. Both these initiatives will help us embed the new approach into business as usual.</p> <p>Our updated Performance Audit Development Manual has also been embedded across teams to support compliance with INTOSAI professional standards, this was supported by an ongoing programme of learning and development and will continue to enhance the clarity and impact of our reports.</p>

Area of focus**What has been delivered so far in 2023-24**

Deliver a more dynamic programme of high-quality audit work that reflects the challenges facing the public sector locally and nationally.

During the reporting period we published our [2023-2026 work programme](#), which is shaped by stakeholder engagement activity and our [Picture of Public Services analysis](#).

While this medium-term programme has a particular focus on our national value for money examinations and studies, including thematic local reviews, it also touches on areas of focus for local performance audit work at individual bodies and sits alongside our annual audit of accounts at over 800 public bodies in Wales. Alongside work starting in 2023-24, it sets out indicative topics for national work to start in 2024-25 or 2025-26.

In April 2023, we ran a 'Quality Symposium' for staff setting out our approach to improving audit quality and celebrating the importance of our work in the public sector. With the operational pressures staff are under this event provided an opportunity to come together and step back to recognise and reflect on the impact of our work. The day was followed up with a series of 'Lunch and Learn' workshops.

Our work programme is under constant review; for example, resourcing challenges and a priority of getting the 2022-23 audit of accounts back on track has involved staff being released from other work to support delivery of accounts and has impacted on the published work programme. A revisit to consider and prioritise future topics has begun and will continue through the autumn and winter.

Area of focus**What has been delivered so far in 2023-24**

Work with key stakeholders to identify, agree and bring forward audit deadlines for our accounts work for 2023 and future years.

Resourcing of our 2022-23 accounts audit programme has remained a priority during the first half of 2023-24; balanced with managing the impact on our performance audit and wider work programme. Against a difficult recruitment market and staff turnover, the Executive Leadership Team (ELT) and Directors have explored ways to increase capacity to get our accounts work back on track. Over the reporting period this has included recruiting placement students and using people from across the organisation to support accounts audit work. We also undertook an overtime pilot which proved its worth and has now been adopted as an offer in place when business needs justify.

An important aspect of getting audit of accounts work back on track has been good communication and transparency with our audited bodies; over the reporting period we worked closely with them to manage expectations and in local government we attended the Society of Welsh Treasurers to agree priorities.

We have agreed a three-year delivery timetable with the NHS and local government sectors. Over the three years we aim to make progressive advancements in the sign-off timetable for accounts audits to return to pre-Covid timetable.

Area of focus
What has been delivered so far in 2023-24

Running the Business

Develop our approach to integrated performance management.

We continue to evolve and improve our approach to providing our ELT, Board and Committees with more integrated performance management reporting, to enable each to carry out its functions and inform better decision making. The report provides a governance overview and consolidates information under key themes of people, pounds, and plan delivery, highlighting actions taken to address areas of concern. It is supported by updated online financial and management information dashboards which pull together information from our finances, strategic risks, performance against key performance indicators (KPIs) and delivery of our strategic plan into easy-to-use reporting tools which can be interrogated to drill down into the details behind the headlines.

As part of our drive to increase transparency in decision making the integrated performance report which goes to Board is also made available for all staff to view on our internal Hub site.

Work has also been undertaken by our Data Analytics team to develop a tool to allow for overall monitoring of the audit work plan and this will be ready for deployment for monitoring of audit of accounts work later in the year. Alongside this the implementation of our new time recording and management (TRM) system has facilitated the ongoing development of management information reporting to start to establish a clearer understanding of demand and availability of staff for audit work at both individual and team level. (See later in this report for more details).

Area of focus**What has been delivered so far in 2023-24**

Scope our Financial Sustainability Review and begin to implement changes necessary to live within our means in 2023-24 and future years, demonstrating our own commitment to value for money.

During the reporting period, a financial sustainability group was established and has started exploring how we can deliver savings with a focus on delivery models, efficiencies, and income generation. We set ourselves a challenging target of making £500,000 savings in 2023-24 and the group has been successful in identifying these savings, focusing on efficiencies and right sizing budgets, and has identified further opportunities for generating savings and additional income by reviewing what we do, and how we do it.

Targeted and impactful approach to communications and influencing

Area of focus	What has been delivered so far in 2023-24
Audit Delivery	
<p>Implement new stakeholder engagement approach to gather independent feedback from our audited bodies.</p>	<p>Between February and May 2023, two significant pieces of independent stakeholder research were run to gauge the awareness and impact of our work.</p> <p>The first was the inclusion of questions in a regular Welsh omnibus survey which enabled us to gain an understanding about the general public's knowledge of Audit Wales and our role. Unprompted, participants referred to us as being professional, accountable, knowledgeable, and independent.</p> <p>The second involved another independent company undertaking online surveys and more in-depth qualitative interviews with our stakeholders. We were extremely pleased with the positive results from this work, scoring very highly on perceptions of independence, professionalism, and the strength of our relationships with audited bodies.</p> <p>We are using the outcomes from both pieces of research to inform how we continue to promote our work and support the messaging around the impact our vital work has across the public sector in Wales.</p> <p>The work provided strong positive messages which we shared across the whole organisation and will be feeding back to all our external stakeholders over the autumn.</p>

Area of focus**What has been delivered so far in 2023-24**

Refresh our website.

During the reporting period we started a project to review the content, layout, and design of the Audit Wales website. The project has followed a user-centred, agile methodology with a discovery phase completed that looked at the specific needs of Audit Wales stakeholders when using the website.

With the user needs mapped, work is underway to design and code the multiple website elements which will form a digital style guide for the organisation. This digital guide will enable new pages and content to be created at pace.

A key focus for the team has been to develop a more dynamic, content-rich homepage driven by our work programme with new structures that will enable tagging of related content and publications, opportunities for different types of content and to highlight topical work in progress. The digital style guide is due for completion in October 2023.

Area of focus**What has been delivered so far in 2023-24**

Deliver a refreshed, rolling programme of good practice sharing (GPX), which is aligned to our audit programme and planned in from the outset.

A full programme of GPX events has been finalised and published on our website. By putting in place a strategic forward-looking audit work programme, as mentioned earlier in this report, our good practice team has been able to forward plan and focus its work to ensure it is aligned to that programme.

So far in the reporting period we have held several good practice events - both webinars and face to face. An example in May 2023 being two events held in partnership with the Welsh Language Commissioner and Future Generations Commissioner - 'A Wales of vibrant culture and thriving Welsh language'. The aim was to inspire and empower public services to embrace the cultural diversity of modern Wales and work beyond compliance, ultimately improving public services for the citizens of Wales. Feedback received from participants was very positive.

Area of focus
What has been delivered so far in 2023-24

Running the Business

Improve our internal communication arrangements including frequent ELT engagement sessions, sharing stories focused on the quality, impact, and interactions we have through our work, and refreshing communication channels including our intranet.

Following feedback from our 2022 people survey and an Internal audit on internal communications, the ELT introduced a new approach to communicating its key messages. Feedback indicated that staff preferred a direct email rather than a blog on the Hub these emails on key matters are now sent every two to three weeks.

The internal audit also recommended that we provide guidance to staff on the various internal communications channels and how to get the best out of them. This was issued in July 2023 and will be continually reviewed as new products and functionality emerge.

This year the ELT and Board members also started holding roadshows with all areas of the business. The first round in the spring, and following feedback the second round in the autumn were more interactive with information circulated in advance for consideration and staff asked to suggest key topic areas they would like to discuss. These sessions will now become a regular feature every Spring and Autumn.

Culture and operating model that enables us to thrive both now and, in the future

Area of focus	What has been delivered so far in 2023-24
Audit Delivery	
<p>Embed our new time recording and management (TRM) system so as to provide better management information, ensuring more efficient and effective use of staff skills and supporting more accurate income profiling.</p>	<p>The new TRM system- HubPlanner, is now fully embedded to support weekly timesheet reporting and with further changes made during the interim reporting period to streamline the timesheet process for individual staff. We are continuing to develop our understanding of the system itself and it is supporting a range of reports for management teams in respect of both audit projects and individuals' time-charging, including a live report on timesheet completion that enables prompt intervention.</p> <p>Work has continued to populate the system with forward looking staff plan information that has previously sat outside it. That work has been affected by competing priorities and further consideration is being given to the level of forward-looking detail that we want within the system to ensure that it addresses key requirements while being able to be maintained in a proportionate and sustainable way.</p> <p>Our internal auditors are planning a review of system implementation during the remainder of 2023-24.</p>

Area of focus**What has been delivered so far in 2023-24**

Enhance the capacity and capability of our workforce through implementation of the People & Organisation Development Plan and the Strategic Equality Plan.

Revised outcomes and measures for our People and Organisation Development Strategy were approved by the Board in November 2022. Over the reporting period we have:

- reviewed our recruitment arrangements;
- achieved a 'Top 10 Employer' accreditation in the [Working Families list 2023](#), recognising our support for staff in their experiences of work and family life;
- completed cohort 2 of our People Manager Development Programme, with positive feedback received from those who attended; and
- begun talks on collaborating with Audit Scotland on a joint leadership programme

Our [Strategic Equality Plan 2022-26](#) was published in September 2022 and we will shortly be publishing Our Equality Report for 2022-23 outlining the progress made against our objectives in the first year of the plan.

Area of focus**What has been delivered so far in 2023-24**

Running the Business

Address falling performance on engagement and employee experience.

Over the reporting period a task and finish group was established to consider what is needed to develop a 'One Audit Wales' culture and gain a better understanding of key issues behind previous employee engagement and experience ratings and how they can be addressed.

A new approach to employee engagement has also been introduced, to replace the Civil Service People Survey (CSPS). This new approach enables greater flexibility and scope for engagement and provides us with an opportunity to understand employee experiences in a much more dynamic way. We will be taking some key questions from the CSPS into the new approach to ensure we can track against our previous results. However, it will provide us with greater opportunity to benchmark beyond the civil service and give us direct access to best practice support and advice. A cross organisation implementation group has been established to embed the system and design the first survey which will be taking place in the autumn.

Area of focus	What has been delivered so far in 2023-24
<p>Embed net zero ambitions through ways of working, travel plan and estates development.</p>	<p>The delivery of our estates strategy is on target with the Cardiff office move to Capital Quarter delivered. The move was delivered substantially under budget through a combination of smart procurement, and recycling furniture and equipment, and the running costs have been over £200,000 less than our former premises, with substantially improved environmental performance, making a significant contribution to our net zero plans. The approach and lessons learned were used in the subsequent planning and delivery of the relocation of our North Wales office from Abergele to Llandudno Junction in September 2023.</p> <p>Our travel plan was endorsed by the Board in July 2023 and will be launched in the autumn. It is designed to help reduce the environmental and financial impacts of both business travel and commuting, to encourage greater levels of physical activity and promote wellbeing.</p> <p>We have successfully maintained Green Dragon Level 5 (the highest level) for four years now with the most recent external audit completed in June 2023. Level 5 demonstrates our commitment to continual environmental improvement.</p>
<p>See a return to regular in-person working, as part of a hybrid working model, for all teams in Audit Wales to enhance productivity, quality, and organisational culture.</p>	<p>Over the reporting period we have seen a shift to a more balanced approach to hybrid working with increased use of offices for team working and collaboration. Feedback is that this is enhancing productivity and quality and is building a sense of teamwork.</p>

Area of focus	What has been delivered so far in 2023-24
<p>Deliver and realise benefits of the Wellbeing Strategy.</p>	<p>Our original Wellbeing Strategy and action plan was launched in September 2022, and over the reporting period we have continued to roll out a programme of Wellbeing actions and have in place Wellbeing champions to support teams.</p> <p>The Wellbeing champions have received additional training for their roles, with many choosing to also train as mental health first aiders. They were actively involved in the move to our new offices to ensure staff wellbeing was central to the designs and office layouts.</p> <p>A review of the Well-being strategy has recently started, involving the champions to reflect on the work undertaken to date and its impact.</p>
<p>Embed effective ways of working in the new Cardiff office that support productivity, quality, and collaborative organisational culture, and utilise learning across all Audit Wales offices.</p>	<p>When we moved into the new Cardiff office all staff were offered inductions and a follow up survey sought views, identified any ongoing areas of concerns, and evaluated how well teams and individuals were establishing new ways of working in the new premises.</p> <p>The learning from the Cardiff office relocation informed the North Wales office relocation, this has included high levels of engagement with staff affected and opportunities for staff to input into changes in their office environment. In West Wales we ran a design session for staff to suggest ways to improve their office, to ensure colleagues have access to similar experiences and facilities.</p>

Reporting on our performance

Key performance indicators

- 11 The position as of 30 September 2023 in terms of achieving the 18 key performance indicator (KPI) targets set out in our **Annual Plan 2023-24** is summarised below.

Audit delivery KPIs

Strategic, dynamic, and high-quality audit programme

No	Indicator	Description	Target for 2023-24	Performance to 30 September 2023
1	Statutory deadlines	Proportion of audit products delivered by the required statutory deadline.	100%	95.8% ¹
2	On time	Proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting.	90%	100% ²
3	Quality	Proportion of reviewed audits that are delivered in accordance with Financial Reporting Council (FRC) quality standards.	100% of sample assessed as in the highest two audit quality categories	Not yet available ³

1 The exception being BCUHB where audit teams identified a range of errors and deficiencies and were not being provided with complete and accurate information on a timely basis to complete the audit by the specified deadline.

2 The reported figure for end of Q2 reflects a relatively small number of products(nine). We expect to report a greater number of products for the second half of the year.

3 Reviews will be completed in the second half of 2023-24.

No	Indicator	Description	Target for 2023-24	Performance to 30 September 2023
4	Credibility	Proportion of stakeholders that consider us to be an independent and authoritative communicator on the governance and stewardship of public money and assets.	At least 90%	85% ⁴
5	Providing insight	Proportion of stakeholders who said that through our work, they gained useful insight that they would not have acquired otherwise.	At least 80%	71%
6	Driving improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services.	At least 80%	81%
7	Savings identified	Value of potential savings, income, productivity gains and other financial benefits identified through our work.	At least £30 million during 2023-2026	Not yet available ⁵

4 During quarter 1 of 2023 for the first time, we used an independent research company to obtain stakeholder feedback on our behalf. This included both quantitative and qualitative research resulting in a wider and deeper analysis of our impact than previous internal processes

5 Whilst we do not have a quantified figure to report at this stage, there are a number of pieces of work in progress, in addition to the rolling National Fraud Initiative, which we anticipate will identify potential savings or other financial benefits. This will be reported in our Annual Report & Accounts for 2023-24.

Targeted and impactful approach to communications and influencing

No	Indicator	Description	Target for 2023-24	Performance to 30 September 2023
8	Good practice events	Proportion of stakeholders who rated our good practice events useful or very useful.	At least 90%	92%
9	Website visits	Number of visits to our website where at least one action is performed, e.g., download a report, click on a video.	35,000	24,053
10	Social media	Number of social media engagements, i.e., interactions with our posts such as a like, a comment, or a retweet/share.	3,000	2,135
11	Sharing audit learning	Number of instances where we present audit learning to key policy working groups or at relevant externally hosted events.	50	21 ⁶

6 This number is checked at the end of the year to adjust, for example to ensure repeat attendance as observers at ongoing groups is counted as a single entry.

Running the business KPIs

Culture and operating model that allows us to thrive both now and in the future

No	Indicator	Description	Target for 2023-24	Performance to 30 September 2023
12	Employee engagement	Percent positive annual staff survey engagement index score, aligned with that for the Civil Service People Survey (CSPS).	At least the median benchmark score for the latest CSPS	60% ⁷
13	Employee experience	Percent positive annual staff survey thematic employee experience scores.	At least the median benchmark scores for the latest CSPS	2 out of 9 themes scored higher than the benchmark ⁸
14	Sickness absence	Average working days lost per member of staff per annum.	Less than six days	6.41 days
15	Financial balance	Level of variance in gross income and expenditure from that set out in our Estimate for the current year.	Less than 2% of gross expenditure budget	2.2%
16	Cost savings and efficiencies	Value of cost savings and efficiencies identified throughout the business.	£1.4 million	£1.9 million
17	Greenhouse gas emissions	Total CO ₂ equivalent emissions.	20% reduction on a recalculated 2019-20 baseline	93 tonnes

⁷ The CSPS 22 median engagement score is 65%

⁸ We score higher than the benchmark in two of the themes. Pay and benefits and Inclusion and Fair treatment. The remaining themes where we scored lower than the benchmark are My work, Organisational objectives, and purpose, My manager, My team, Learning and Development, Resource and workload and Leadership and managing change.

No	Indicator	Description	Target for 2023-24	Performance to 30 September 2023
18	Trainee success rate	Proportion of trainees achieving first-time passes in their Professional and Advanced level examinations with the Institute of Chartered Accountants in England and Wales.	At least 90%	80%



Appendices

- 1 Local audit work**
- 2 National value-for-money examinations and studies**
- 3 Supporting effective scrutiny and accountability**

1 Local audit work

The Auditor General carries out local work at most public bodies in Wales. The programme includes audit of accounts, local performance audit work and well-being of future generations work.

Public body	Audit of accounts	Local performance audit work ⁹	Well-being of future generations work
Senedd Commission	✓		
Welsh Government	✓		✓
11 Welsh Government sponsored bodies	✓		✓ ¹⁰
Welsh Revenue Authority including the tax statement	✓		
5 Welsh Government companies	✓		
6 Commissioners, Inspectorates and Regulators	✓		
7 Local Health Boards	✓	✓	✓
3 NHS Trusts and 2 Special Health Authorities	✓	✓	✓ ¹¹
22 Councils (Unitary Authorities)	✓	✓	✓
4 Police and Crime Commissioners and Chief Constables	✓	✓	
3 Fire and Rescue Authorities	✓	✓	✓
3 National Park Authorities	✓	✓	✓
9 Pension funds	✓		
Corporate Joint Committees	✓	✓	✓
City region growth deals	✓	✓	
Several smaller local government bodies including joint committees, and harbour authorities	✓		
Over 730 Town and Community Councils	✓ ¹²		

9 The Auditor General is not required to conduct a programme of local performance audit work at each central government body. Performance audit work conducted within this sector currently sits within his programme of national value for money examinations and studies.

10 Only for listed bodies under the Well-being of Future Generations (Wales) Act 2015.

11 Only for listed bodies under the Well-being of Future Generations (Wales) Act 2015.

12 On a limited assurance basis.

2 National value-for-money examinations and studies

This programme of work includes value for money examinations, local government studies, and the preparation of summary reports of the findings from local audit work across multiple NHS, central government and/or local government bodies.

It also includes examinations undertaken in response to issues of public concern identified through our audit work or raised with the Auditor General through correspondence. The outputs from much of this programme support the work of the Senedd Public Accounts and Public Administration Committee and other Senedd committees - see **Appendix 3**.

We keep our plans under regular review, taking account of our audit priorities, the context of our own resourcing and the capacity of our audited bodies to engage with us. For example, although not featured at the time of our Annual Plan, we are now planning to publish an update report on the A465 Section 2 road project following our [interim findings report](#) in February 2020. We have also confirmed recently that we intend to progress some work on the Velindre Cancer Centre.

In addition to the work in progress listed, other outputs may also emerge from work we are undertaking in response to issues that have been raised with us, from follow up work, or from our wider research and development activity.

Work completed as of 30 September 2023

[Maximising EU Funding – the Structural Funds Programme and Rural Development Programme](#)

[‘Cracks in the Foundations’ – Building safety in Wales](#)

[Cwm Taf Morgannwg University Health Board – Quality Governance Arrangements Joint Review Follow-up](#)

[NHS Wales finances data tool – up to March 2023](#)

[Springing Forward: Lessons from our work on workforce and assets \(in local government\)](#)

[Approaches to achieving net zero across the UK](#)

[Income diversification for National Park Authorities in Wales](#)

[NHS workforce – data briefing](#)

Work in progress or to be started during the remainder of 2023-24	
Covering teachers' absence – follow up	Corporate Joint Committees
Fire and rescue – false alarm reduction	NHS quality governance
Planning for sustainable development – brownfield regeneration	Governance of special purpose authorities - National Parks
Use of performance information in local government	A465 Section 2 - update
Ukrainian refugee services	Digital strategy in local government
Affordable housing	Governance of special purpose authorities - Fire and Rescue
Active travel	Unscheduled care
NHS workforce	Welsh Government capital and infrastructure investment
Cancer services	Velindre Cancer Centre
Addressing biodiversity decline	Further and higher education funding and oversight – Commission for Tertiary Education and Research
The senior public service	Challenges for the cultural sector
Homelessness	Rebalancing care and support
Access to education for children with Additional Learning Needs	Tackling NHS waiting lists
Financial sustainability in local government	Commissioning and contract management in local government

3 Supporting effective scrutiny and accountability

Supporting the work of the Public Accounts and Public Administration Committee and other Senedd Committees

Our work plays a key role in supporting the work of the Public Accounts and Public Administration Committee (PAPAC) in its consideration of the use of resources and the discharge of public functions in Wales.

During the reporting period, the outputs from our work supported eight PAPAC meetings, including evidence sessions on matters arising from our work on [Regenerating Town Centres](#), the [Welsh Government's purchase of Gilestone Farm](#), and on [Maximising EU Funding](#). Our February 2016 report on the [Establishment and oversight of the Wales Life Sciences Investment Fund](#) also informed an evidence session in September examining the latest position following a [Welsh Government statement about the closure of the Fund](#). The Committee also considered some of the work completed during the reporting period outlined in **Appendix 2**.

The eight PAPAC meetings included one joint meeting in May with the Health and Social Care Committee which considered the evaluation of the Social Services and Well-being (Wales) Act 2014, issues relating to Betsi Cadwaladr University Health Board, and the committees' inquiry work ahead of their [joint report on Digital Health and Care Wales](#) in July 2023.

We have continued to engage with clerking teams to other Senedd committees to discuss our work where this is of mutual interest and to respond to relevant consultations. This included, for example, discussing our [submission to the Local Government and Housing Committee](#) as part of its inquiry on local authority leisure and library services. [The Committee's report](#) drew on various parts of our written evidence.

Overall, we responded formally during the period to three consultations launched by the Senedd or its committees.

Supporting the work of the audit and scrutiny committees of public bodies

Through the interim reporting period, we have attended meetings of the audit and scrutiny committees of the principal bodies that we audit. We continue to provide briefings and reports on our audit work together with support to strengthen governance effectiveness.

Supporting the public and their local representatives

We regularly receive correspondence from the public, their local and national elected representatives and others that raises potential concerns about the stewardship of public money and assets.

During the reporting period, we received 57 items of correspondence and ensured that we responded to those concerns in a fair, proportionate, and professional manner. In addition, 8 individuals contacted us between 1 April and 30 September 2023 indicating that they wished to make a whistleblowing disclosure.



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We welcome correspondence and
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Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.

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Agenda Item 6

By virtue of paragraph(s) ix of Standing Order 17.42

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