

Finance Committee

Meeting Venue:
Committee Room 2 – Senedd

Meeting date:
Wednesday, 1 July 2015

Meeting time:
09.00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

Bethan Davies
Committee Clerk
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Agenda

1 Introductions, apologies and substitutions (09.00)

2 Papers to note (09.00 – 09.05)

Auditor General for Wales and Wales Audit Office Annual Report and Accounts 2014–15 (Pages 1 – 116)

3 Scrutiny of Welsh Government First Supplementary Budget 2015–2016 (09.05 – 10.00) (Pages 117 – 163)

Jane Hutt AM, Minister for Finance and Government Business
Jo Salway, Deputy Director, Strategic Budgeting, Welsh Government
Jeff Andrews, Specialist Policy Adviser, Welsh Government

Paper 1 – Welsh Government First Supplementary Budget Motion 2015–2016
Research briefing

4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: (10.00)

Items 5, 6, 7, 8 and 9

Break

5 Scrutiny of Welsh Government First Supplementary Budget 2015–2016: Consideration of evidence (10.15 – 10.30)

6 Public Audit (Wales) Act 2013: Correspondence from Chair of Wales Audit Office (10.30 – 10.45) (Pages 164 – 167)

Paper 2 – Letter to Chair of Finance Committee from Chair of Wales Audit Office

7 Legacy inquiry (10.45 – 11.00) (Pages 168 – 169)

Paper 3 – Legacy inquiry

8 Tax Collection and Management (Wales) Bill: Consideration of timetable (11.00 – 11.15)

Paper 4 – Letter to the Chair of Finance Committee from the Presiding Officer

9 Assembly Commission Corporate Performance – April 2014 – March 2015 (11.15 – 11.30) (Pages 170 – 192)

Paper 5 – Letter to Chair of Finance Committee from Chief Executive and Clerk to the Assembly

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Annual Report and Accounts 2014-15



The Annual Report for the year ended 31 March 2015 has been jointly prepared, and is laid before the National Assembly for Wales, by the Auditor General for Wales and the Chair of the Wales Audit Office, in accordance with Schedule 2 of the Public Audit (Wales) Act 2013 and containing matters as directed by the Treasury.

The Annual Report demonstrates that, during 2014-15:

- the exercise of the functions of both the Auditor General and the Wales Audit Office has been consistent with the Annual Plan prepared for the year under section 25 of the Public Audit (Wales) Act 2013, with no significant changes made to planned work; and
- the priorities set out in the Plan have been substantively achieved.

The Accounts for the year ended 31 March 2015 have been prepared by the Auditor General for Wales as the Accounting Officer for the Wales Audit Office in accordance with Schedule 1 of the Public Audit (Wales) Act 2013 and in a form directed by the Treasury.

If you require this publication in an alternative format and/or language please contact us using the details below.

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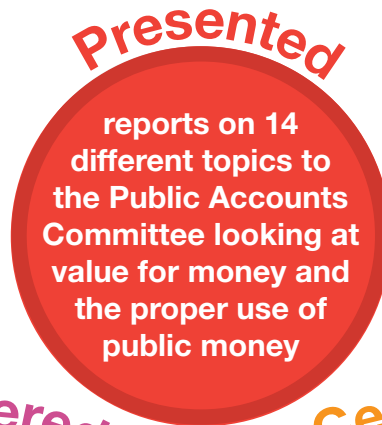
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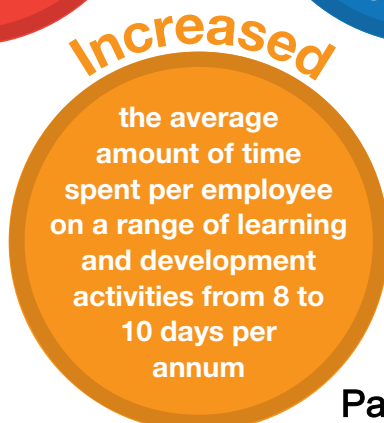
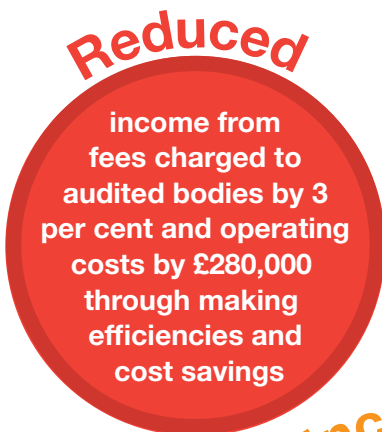
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Highlights

Providing assurance, offering insight and promoting improvement



Running the business



Foreword from the Auditor General for Wales and the Chair of the Wales Audit Office



In 2014-15, public bodies throughout Wales continued to face a number of difficult challenges, including real-terms reductions in annual budgets, rising public expectations and demands, the need to address some acknowledged service deficiencies, and preparation for further policy and structural reform.

As the national Audit Office for Wales we have played our part in helping the Welsh public sector overcome these challenges and succeed. We provided the public with access to a wealth of information and insight on issues such as regularity, propriety, value for money and on what constitutes good practice. And we have reported in a timely, impartial, accurate and clear manner.

In particular, as described in this Report, we:

- provided the first detailed analysis of the impact of welfare reform changes on social housing tenants in Wales;
- shared our understanding of the challenges facing district nursing services in Wales with Local Health Boards;
- supported the Public Accounts Committee in their scrutiny of how central government bodies are grappling with financial challenges;
- emphasised the importance of good governance in early departure schemes, and the need to align them with wider workforce planning;
- shared examples of innovative approaches to asset management, to help ensure that public sector land or assets are used to their maximum potential; and
- helped Welsh public bodies in detecting and preventing fraud and error totalling more than £4 million.

We were also delighted with the results of our stakeholder survey which highlighted the quality and positive impact of our work. We cannot, however, be complacent.

Through subjecting Welsh public bodies to sufficient, but not excessive, levels of scrutiny, and using our unique remit to ‘follow the public pound’ and examine public spending irrespective of who delivers the services, we must continue to strive to add maximum value and make greatest impact.

Over the next three years, as outlined in our Annual Plan for 2015-16, we will take further steps to prioritise and strengthen our programmes of work, as part of a longer term view of how the effectiveness of public sector audit in Wales can be enhanced.

Huw Vaughan Thomas
Auditor General for Wales



As outlined in this Annual Report and Accounts, 2014-15 has been both a challenging and rewarding year for the Wales Audit Office. It was our first full accounting year, following the transfer of staff, property, rights and liabilities from the Auditor General under the Public Audit (Wales) Act 2013.

Following a staff ballot at the beginning of the year, we are now in the unique position of having not only non-executive and executive members of the Wales Audit Office Board, but also employee elected members to provide an extra dimension of insight and experience. Our new governance arrangements provide us with a real opportunity to further develop and progress as a business.

During the year, we saw the benefits of our new senior management structure through increased engagement

with audited bodies, closer understanding of the challenges facing the public sector in Wales through the role of the Sector Leads and stronger corporate working.

We also initiated reviews of our:

- risk management arrangements, to determine the extent to which they are embedded and in accordance with best practice;
- workforce planning arrangements, to ensure we are able to meet the resourcing requirements of a rapidly changing audit environment;
- transport arrangements, to ensure they remain fit for purpose and aligned with our corporate responsibilities; and
- Board effectiveness, aimed at determining strengths and areas for development, and at recommending actions and activity to enhance performance.

In March 2015 we published our Annual Plan for 2015-16. Alongside including additional information on our three-year priorities, the Plan describes how we will more effectively measure and report on our performance through a new framework of key measures and targets.

When devising the Plan, we paid particular attention to considering what sort of audit office Wales needs now and in the future, how best we can work together with other external review bodies and our key stakeholders, how we can further embed the principles of sustainable development in the way we run our business and how we can continue to assess and report on whether we are getting it right.

Isobel Garner

Chair, on behalf of the Wales Audit Office

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Strategic Report

A review of the work of the Auditor General and Wales Audit Office in 2014-15, including an analysis of our development and performance, and our position at the end of the year

About us

Who we are

The Auditor General for Wales is the statutory external auditor of most of the Welsh public sector. The Public Audit (Wales) Acts 2004 and 2013, the Government of Wales Acts 1998 and 2006, alongside a range of other legislation, provide the statutory basis for the Auditor General's work.

The Auditor General is responsible for the audit of the majority of public money spent in Wales, including the funds that are voted annually by the National Assembly. Significant elements of this funding are passed by the Welsh Government to the NHS and local government in Wales.

The Wales Audit Office is a Board that employs professionally qualified staff and utilises other resources, including additional expertise from private sector accountancy firms, to enable the Auditor General to carry out his functions. The Wales Audit Office was established as a corporate body in July 2013 and employed 245 staff as of 31 March 2015.

The Wales Audit Office has a Management Committee which is responsible for directing the organisation on a day-to-day basis. Further details on the Board and Management Committee are included in the Directors' Report, Remuneration Report and Governance Statement.

The Auditor General uses the resources provided by the Wales Audit Office to independently examine whether public money in Wales is being managed wisely and is properly accounted for.

What we do

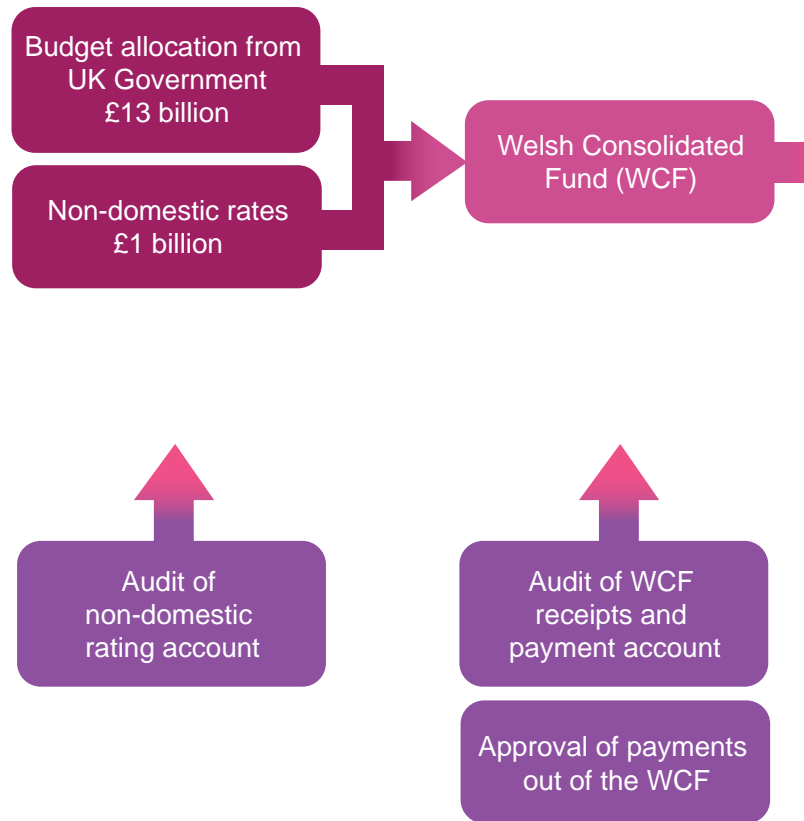
Public sector audit involves providing an opinion on the accounts and also covers issues such as regularity (whether public money is being used for approved purposes), propriety (whether public business is being conducted appropriately) and value for money.

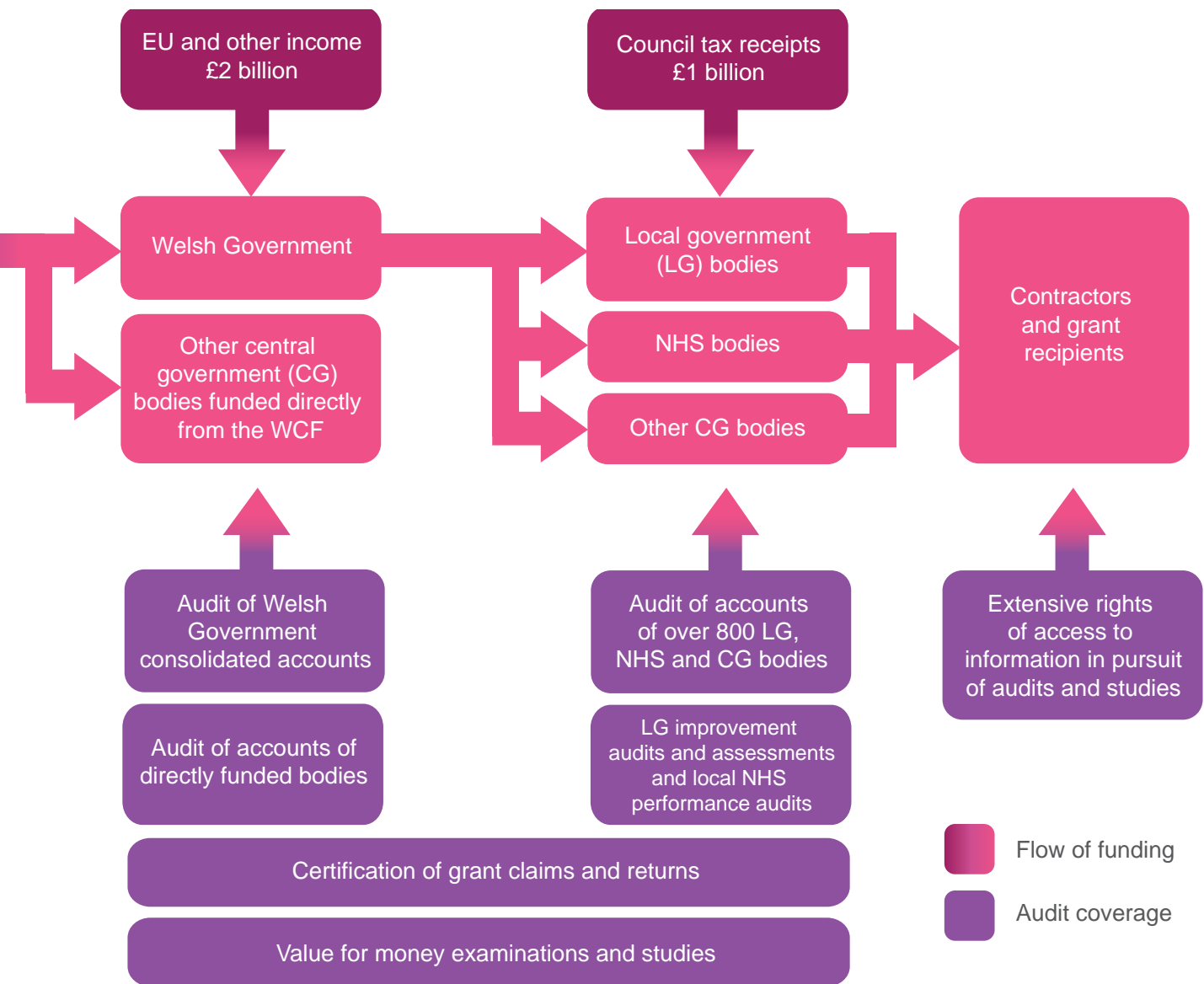
Each year the Auditor General, using resources provided by the Wales Audit Office, delivers an extensive but proportionate programme of external audit work, alongside certain other functions. The Auditor General also retains a degree of flexibility in his programme in order that he can respond swiftly and effectively to any issues we encounter through our audit work or that are brought to his attention.

The Auditor General's functions apply across different types of bodies, to examine public spending irrespective of who delivers the services.

We identify good practice from across the full breadth of the Auditor General's audit work and disseminate this through our Good Practice Exchange (a free web-based resource) and other media, including shared learning seminars and webinars.

How we follow the public pound in Wales

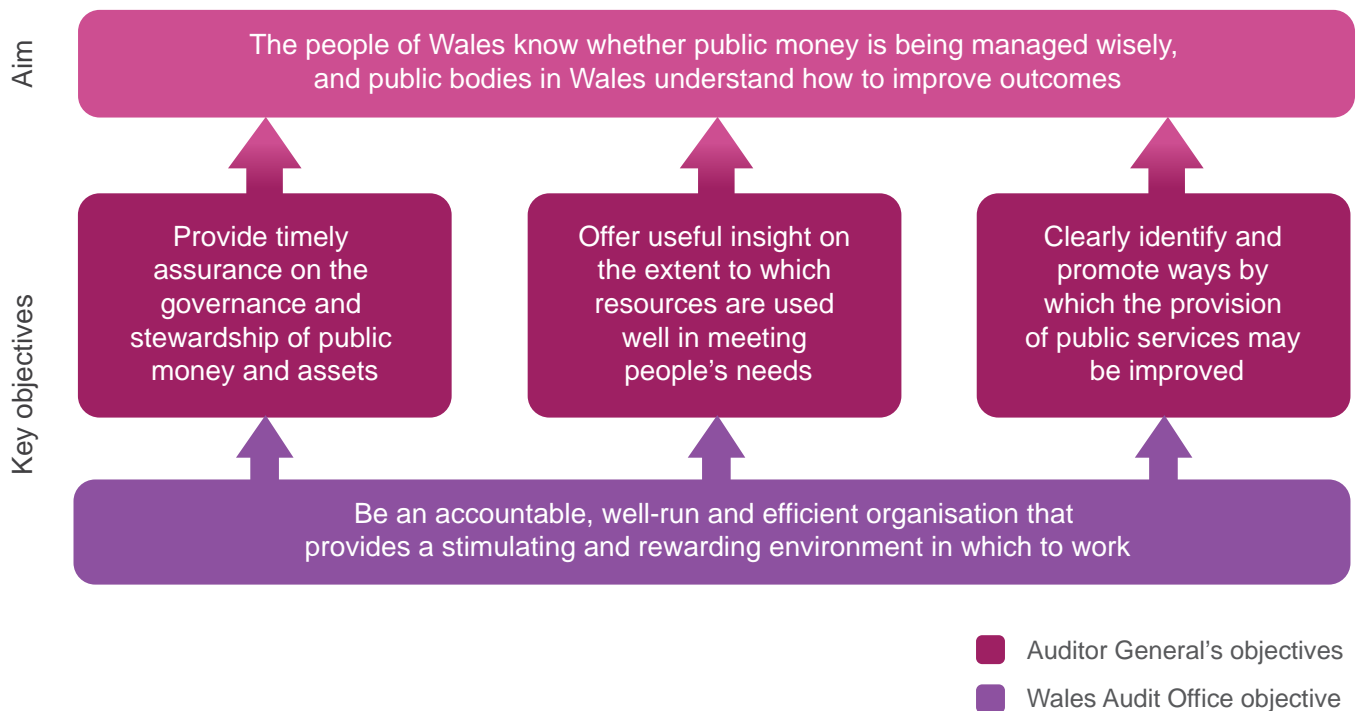




Our aim and objectives

Our aim is to inform the people of Wales and help public bodies in Wales succeed.

Our fourth key objective underpins the first three; in order for the Auditor General to deliver a high quality audit service, the Wales Audit Office must be a well-run organisation which delivers value for money.

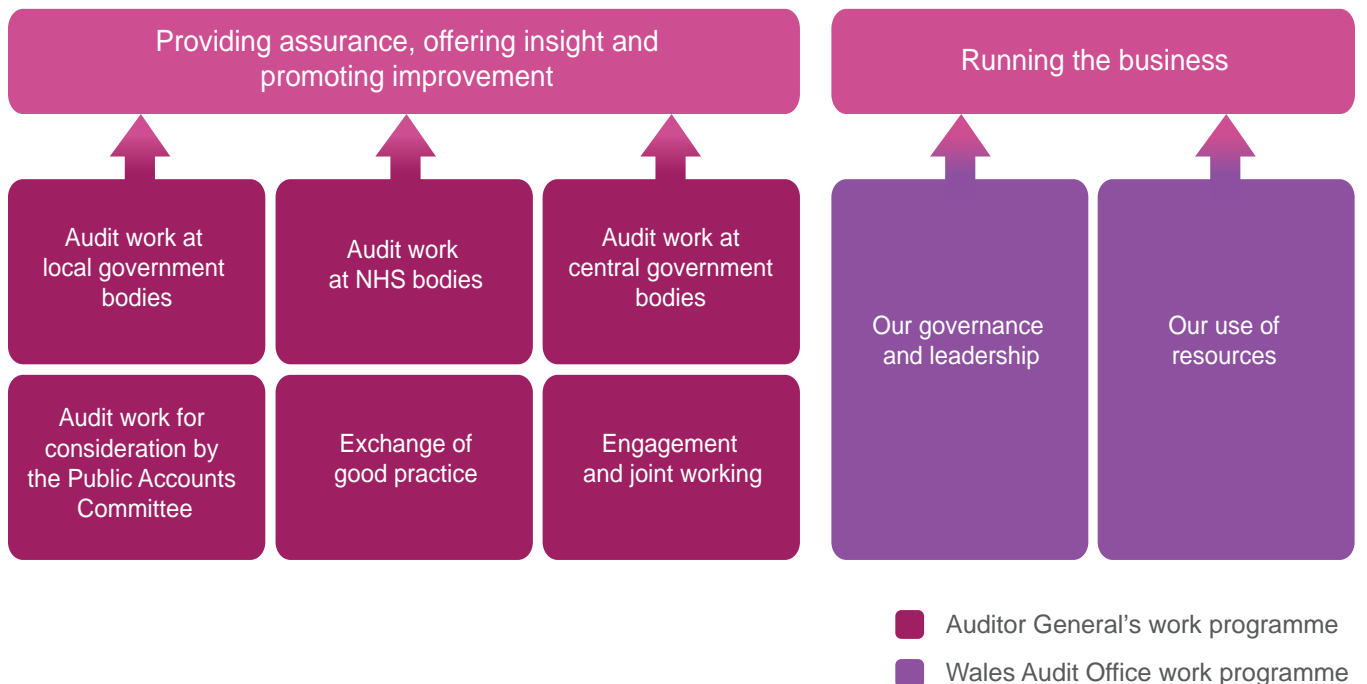


Our plan for delivery

The Auditor General and the Wales Audit Office jointly prepared and laid before the Assembly an Annual Plan for the year ended 31 March 2015. The Plan is available on our [website](#).

The Plan sets out, for 2014-15, the work programmes of the Auditor General and Wales Audit Office, the resources available to the Wales Audit Office, and how those resources were to be used in order to undertake the work programmes.

In this Report, commentary on progress made against our Plan is divided into eight sections which are aligned with our objectives. The first six sections relate to the Auditor General's work programme. The remaining two sections relate to the Wales Audit Office's work programme.

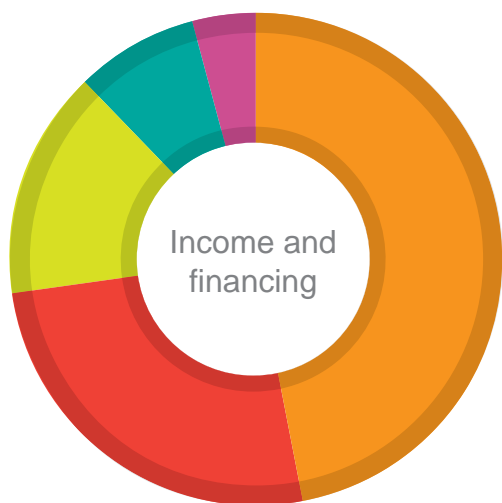


Financial, environmental and social summaries

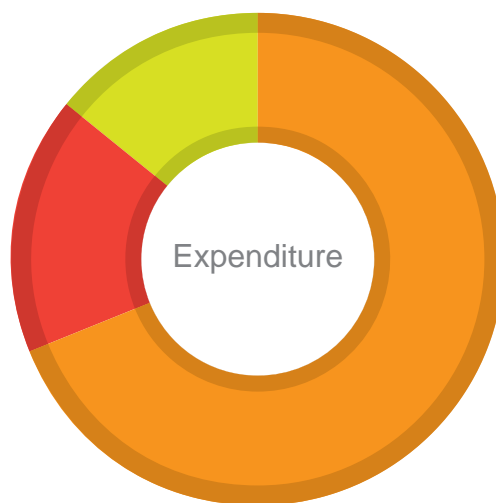
Financial summary

In 2014-15:

- We generated income of £17.1 million and received funding from the Welsh Consolidated Fund of £6.0 million
- Income from fees charged to audited bodies totalled £16.1 million – a three per cent reduction on the previous year – and received grant income of £0.9million
- After taking account of the redistribution of our reserves to local government bodies in 2013-14, our expenditure reduced by £280,000 as compared to the previous year
- Staff costs increased by £110,000 on the previous year, largely to compensate for a reduction in the amount of audit work contracted out to private sector accountancy firms; the cost of bought in services reduced by £150,000
- Our other operating costs reduced by £240,000, reflecting efficiency savings, a reduction in expenditure on legal and professional fees associated with changes to our governance arrangements and a one-off investment in our new website in 2013-14



- Local government audit fees
- Welsh Consolidated Fund finance
- NHS audit fees
- Central government audit fees
- Grant from Welsh Government and other income



- Staff costs
- Other operating costs
- Bought in services

Financial Outcome 2014-15

	2014-15	2013-14	2012-13
	£'000	£'000	£'000
Income and resources			
Audit and inspection fees	16,108	16,606	15,871
Local government ¹	10,781	11,385	11,044
NHS	3,380	3,302	3,239
Central government	1,947	1,919	1,588
Grant from Welsh Government	947	1,409	1,322
Other income ²	64	27	23
Total income	17,119	18,042	17,216
Expenditure			
Staff costs	(15,406)	(15,291)	(14,981)
Bought-in services ³	(3,156)	(3,308)	(3,451)
Repayable to local government bodies ⁴	0	(1,633)	0
(Increase)/decrease in provision for taxation	0	0	2,392
Other operating costs	(3,850)	(4,093)	(3,221)
Corporation tax	0	(3)	0
Total expenditure	(22,412)	(24,328)	(19,261)
Total comprehensive net expenditure	(5,293)	(6,286)	(2,045)
Financing from the Welsh Consolidated Fund	5,974	5,431	4,740
Repayable to the Welsh Consolidated Fund	(698)	(337)	(268)
Change in taxpayers' equity	(17)	(1,192)	2,427
Taxpayers' equity at 1 April	0	1,192	(1,235)
Taxpayers' equity at 31 March	(17)	0	1,192

1 Includes fees for audits of accounts, grants certification and improvement audit and assessment work

2 Other income is as per the Statement of Comprehensive Net Expenditure plus bank interest

3 Mainly audit work contracted out to private sector accountancy firms

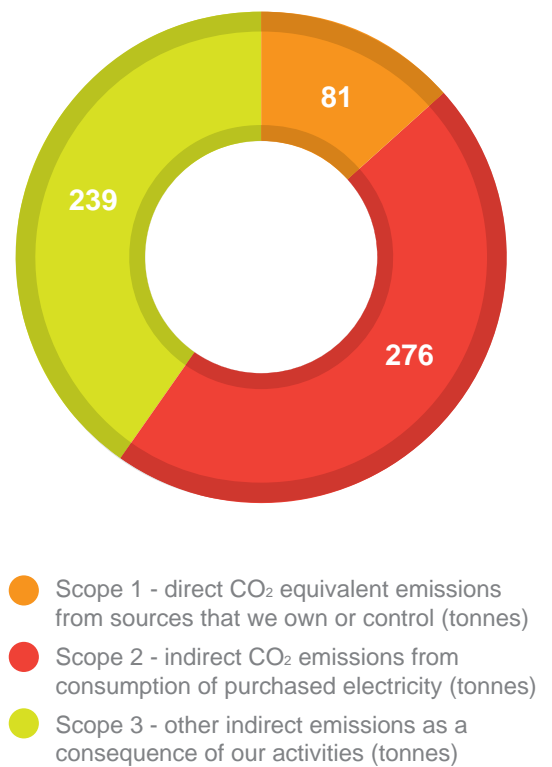
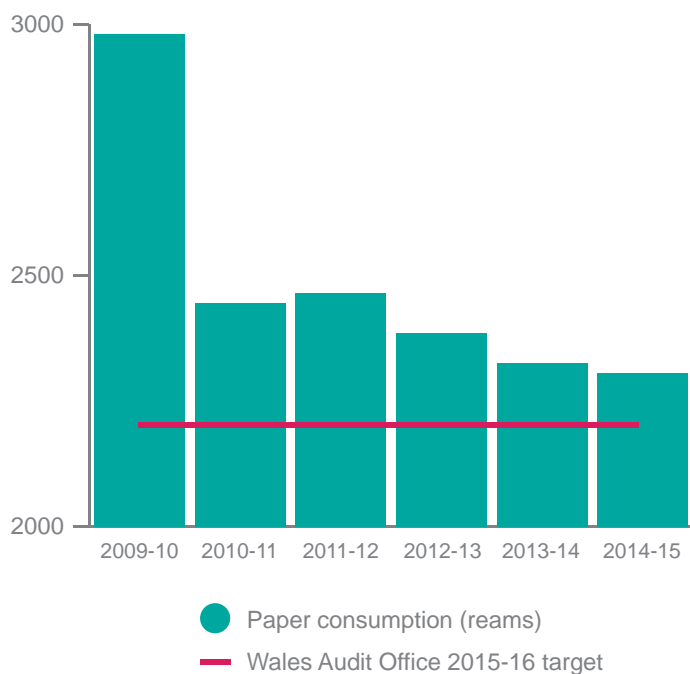
4 The taxpayers' equity that had been built up prior to 2013-14 along with that earned during 2013-14 was in relation to audit work undertaken at local government bodies. As outlined in the **Estimate of the Income and Expenses of the Wales Audit Office for the Year Ended 31 March 2015**, this amount has been redistributed to those bodies



Environmental summary

In 2014-15, we:

- Slightly increased our production of waste, but still achieved a 23 per cent reduction since 2012-13
- Continued to increase the proportion of our waste reused, recycled or composted, and continued to reduce paper consumption
- Reduced our consumption of water by over six per cent and by 0.5 m³ per whole-time equivalent
- Increased our CO₂ equivalent emissions by around five per cent, particularly due to an increase in emissions attributable to air travel
- Improved the overall efficiency of our use of office space





	2014-15	2013-14	2012-13
Environmental management			
Level of Green Dragon accreditation	4	4	4
Water consumption			
Water consumption m ³	2,206	2,351	2,322
Water consumption m ³ per WTE ¹	9.6	10.1	9.9
Water supply costs £	4,088	4,348	3,336
Paper consumption			
Paper consumption in reams	2,305	2,325	2,385
Paper supply costs £	6,349	6,426	6,112
Waste²			
Total waste kg	66,508	65,779	86,002
Reused, recycled, composted	27,368	26,193	26,844
Landfill	39,140	39,229	59,158
Hazardous	0	357	0
Reused, recycled, composted as % of total waste ³	41.1	40.0	31.2
Total disposal costs £	7,337	4,439	8,586
Greenhouse gas emissions⁴			
Total emissions kg CO ₂ equivalent	596,251	569,993	541,065
Attributable to business travel	282,573	257,035	255,915
By car	242,881	234,501	238,616
By rail and air	39,692	22,534	17,299
Attributable to energy consumption	281,150	279,683	285,150
Electricity	275,624	275,367	278,778
Gas	5,526	4,316	6,372
Attributable to other ⁵	32,528	33,275	
Total expenditure on business travel £	242,403	222,333	197,284
Total energy expenditure £	63,119	56,556	69,874
Efficiency of estate			
Cost per WTE £ ⁶	3,397	3,431	3,186
Cost efficiency ⁷ £ per m ²	278	285	265
Space efficiency ⁸ m ² per WTE	12.2	12.0	12.0

1 Typical and best practice for water usage within an office is 9.3 m³ and 6.4 m³ respectively per Whole-Time-Equivalent (WTE) per annum (Environment Agency guidelines)

2 Calculated using appropriate WRAP conversion factors and restated for previous years

3 69 per cent for the Welsh Government in 2013-14 (**State of the Estate Report 2013-14**)

4 Calculated using DEFRA/DECC 2014 guidelines for company reporting and restated for previous years in alignment with changes to company reporting guidelines

5 Attributable to energy transmission and distribution, waste disposal and water usage and treatment – first calculated in 2013-14

6 Compared to £3,285 for the Welsh Government as of 31 March 2014

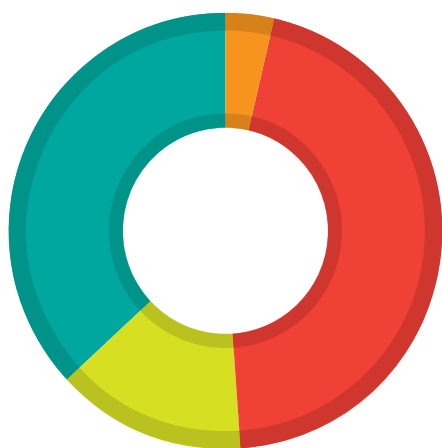
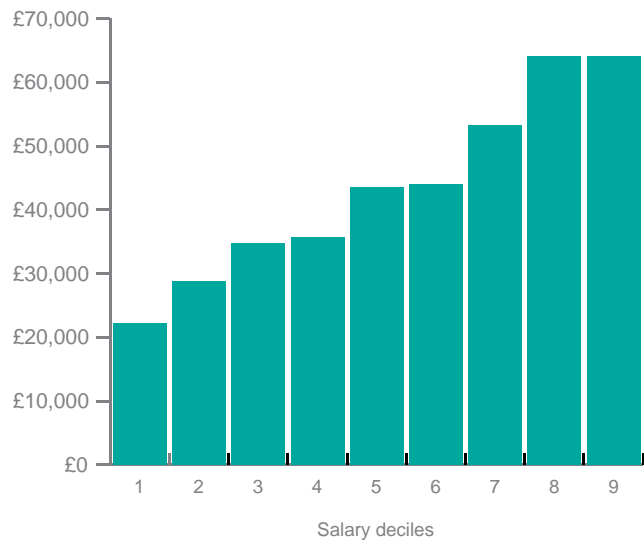
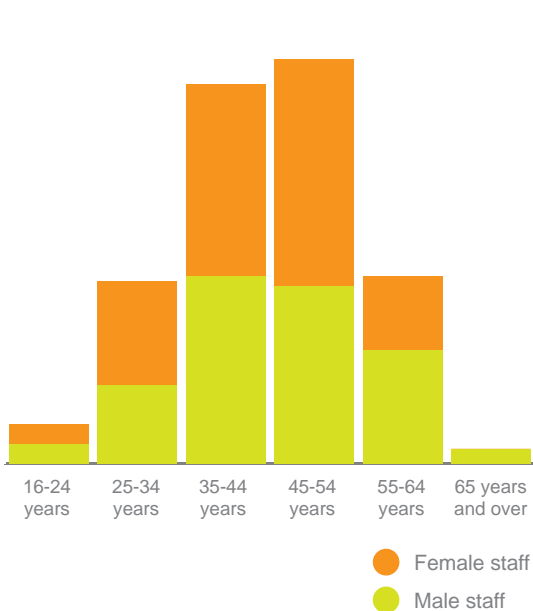
7 Including rent, rates and other costs

8 Compared to 15.5 m² per WTE for the Welsh Government as of 31 March 2014

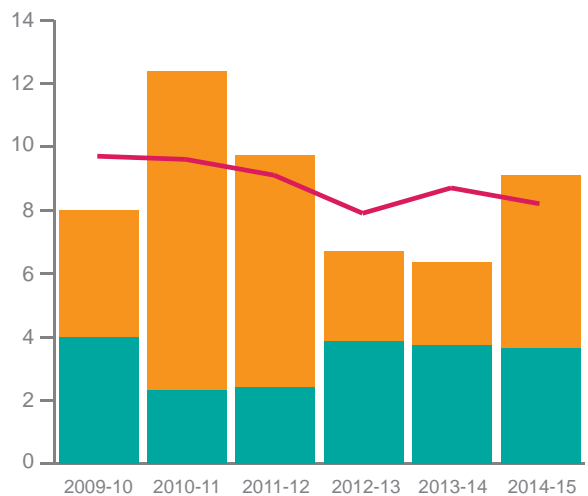
Social summary

In the 2014-15 financial year:

- Our workforce age and gender profile was similar to that of the Civil Service in 2014
- The proportion of part-time employees continued to increase, particularly due to an increase in the proportion of male part-time employees
- There was a significant increase in days lost to long-term sickness absence; the overall absence figure was a day more than the Chartered Institute of Personnel and Development (CIPD) benchmark
- Our annual staff turnover rate increased to a level slightly above the CIPD benchmark, and the median (fifth decile) staff gross salary was £44,000
- The proportion of female staff in management pay bands increased, as did the proportion of staff on permanent employment contracts



- Part-time male
- Part-time female
- Full-time male
- Full-time female



- Days lost to long-term absence
- Days lost to short-term absence
- CIPD annual survey public sector benchmark

At year end:	2014-15	2013-14	2012-13
Number of staff and remuneration			
Number of directly employed staff	245	247	251
Number of whole-time equivalents	230.6	233.8	234.5
Median staff annual gross salary and benefits in kind ¹ £	44,704	43,499	45,964
Turnover			
Annual staff turnover rate ² %	9.8	9.3	10.8
Attendance management			
Average working days lost per member of staff ³	9.1	6.4	6.7
Due to short-term absence	3.7	3.7	3.9
Due to long-term absence (periods of ≥21 days)	5.4	2.6	2.9
Diversity			
Female %	51.0	49.8	52.2
Aged less than 30 years ⁴ %	9.8	9.0	10.0
Aged 30 to 59 years %	84.5	88.6	85.2
Aged 60 years and over %	5.7	2.4	4.8
Working patterns			
Part-time employees as % of total ⁵	18.0	17.4	16.3
For men	7.5	5.6	3.3
For women	28.0	29.3	28.2
Employment contract type			
% of staff on permanent employment contracts ⁶	95.1	90.3	87.7
Grade distribution			
Staff in senior leadership team bands (A to C) %	5.7	5.2	5.2
Staff in management bands (6 and 7) %	22.9	21.9	21.5
Staff in other pay bands %	71.4	72.9	73.3
% staff in senior leadership team that are female	21.4	23.1	23.2
% staff in management that are female	37.5	35.2	35.2

¹ In the range £45,000 to £50,000 for the National Audit Office and £41,664 for Audit Scotland (as per their 2013-14 published annual accounts)

² 9.4 per cent median for public service organisations that responded to the 2013 CIPD **Resourcing and Talent Planning Survey**

³ Mean of 8.2 days per employee per year for those public service organisations that responded to the 2014 CIPD annual **Absence Management Survey**

⁴ **Annual Civil Service Employment Survey** 2014 figures: approximately 9.1 per cent aged less than 30 years, 82.6 per cent aged 30 to 59 years, and 8.2 per cent aged 60 years and over

⁵ 24.4 per cent for the Civil Service as a whole in 2014 (8.9 per cent for men, 38.0 per cent for women), and 17 per cent for the Welsh Government

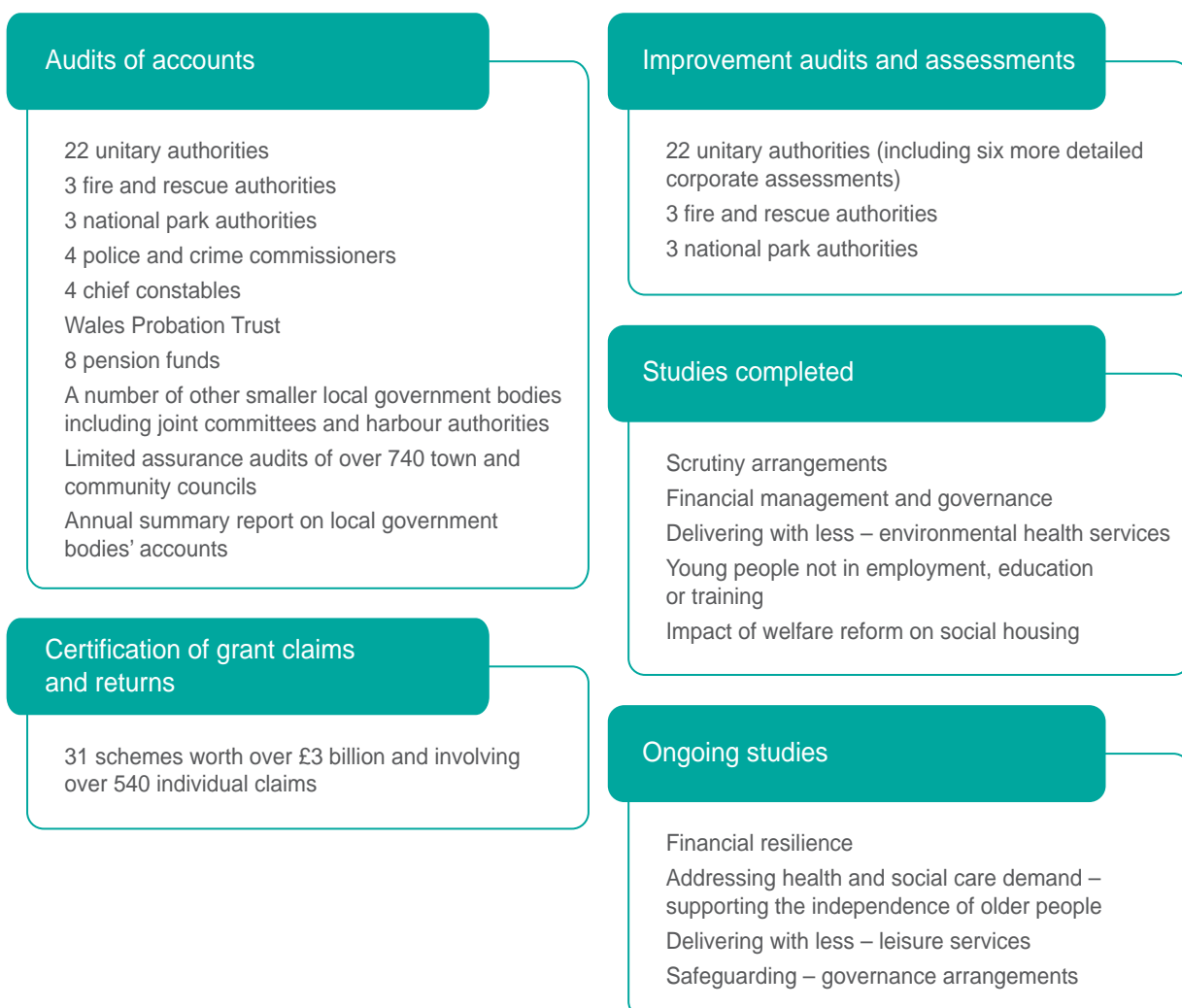
⁶ 99 per cent for the Civil Service in 2014

Providing assurance, offering insight and promoting improvement

Audit work at local government bodies

The Auditor General's programme of work in local government covers a broad range of bodies, including unitary authorities, fire and rescue authorities, national park authorities, police and crime commissioners and chief constables, local government pension funds and town and community councils. The programme includes audits of accounts, certification of grant claims and returns, improvement audits and assessments, and local government studies.

The Auditor General's programme of audit work delivered at local government bodies in 2014-15, in alignment with our Plan



As part of a cyclical programme of local government studies, work was carried out in accordance with our Plan on nine studies in 2014-15.

Case study: Study on the impact of welfare reform changes on social housing tenants

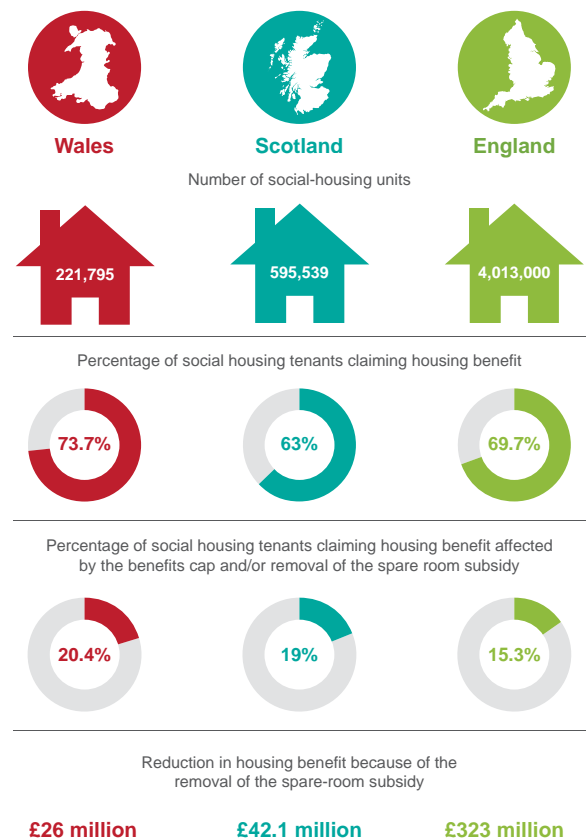
The UK Government has been clear that it wants to encourage people on benefits back into work, simplify the benefits system and reduce the amount the country spends on welfare.

To this end two key policies were introduced - a cap on the total amount of benefit a family can claim, and the spare room subsidy for social housing tenants (commonly called the bedroom tax) - aimed at generating savings of £1 billion in 2013-14 and 2014-15.

By undertaking a study in 2014-15 on the impact of these changes on social housing tenants, councils, housing associations and the Welsh Government, we found that:

- the changes affect a greater proportion of tenants in social housing in Wales than in either Scotland or England;
- the changes coincide with an increase in poverty for many tenants;
- whilst savings have been achieved on the welfare budget, the Welsh Government has had to make additional resources available to mitigate some of the impact of the changes in Wales;
- councils and housing associations are struggling to deal with the impact of changes to housing benefit; and
- the roll out of Universal Credit and direct payments will serve to exacerbate the situation.

Our work has provided the first detailed analysis of the impact of welfare reform changes on social housing tenants in Wales, and our findings are now being taken forward by the Public Accounts Committee through its inquiry into welfare reform and social housing.



Case study: Certification of local government grant claims and returns



Grants are a key source of funding in Wales. When making grant awards, funders set conditions requiring recipients to use the money only for the agreed purposes and under strict controls. If requested to do so, the Auditor General must make arrangements for certifying claims and returns in respect of grants paid or subsidies made¹.

In 2014-15, we certified 31 local government schemes, worth over £3 billion and involving over 540 individual claims. As a result of our work, nearly 30 per cent of those claims had to be adjusted (to correct an error) or qualified (to report a disagreement or an uncertainty over part of the expenditure claimed). The gross value of adjustments was over £2 million and the potential value of qualifications was at least £11 million.

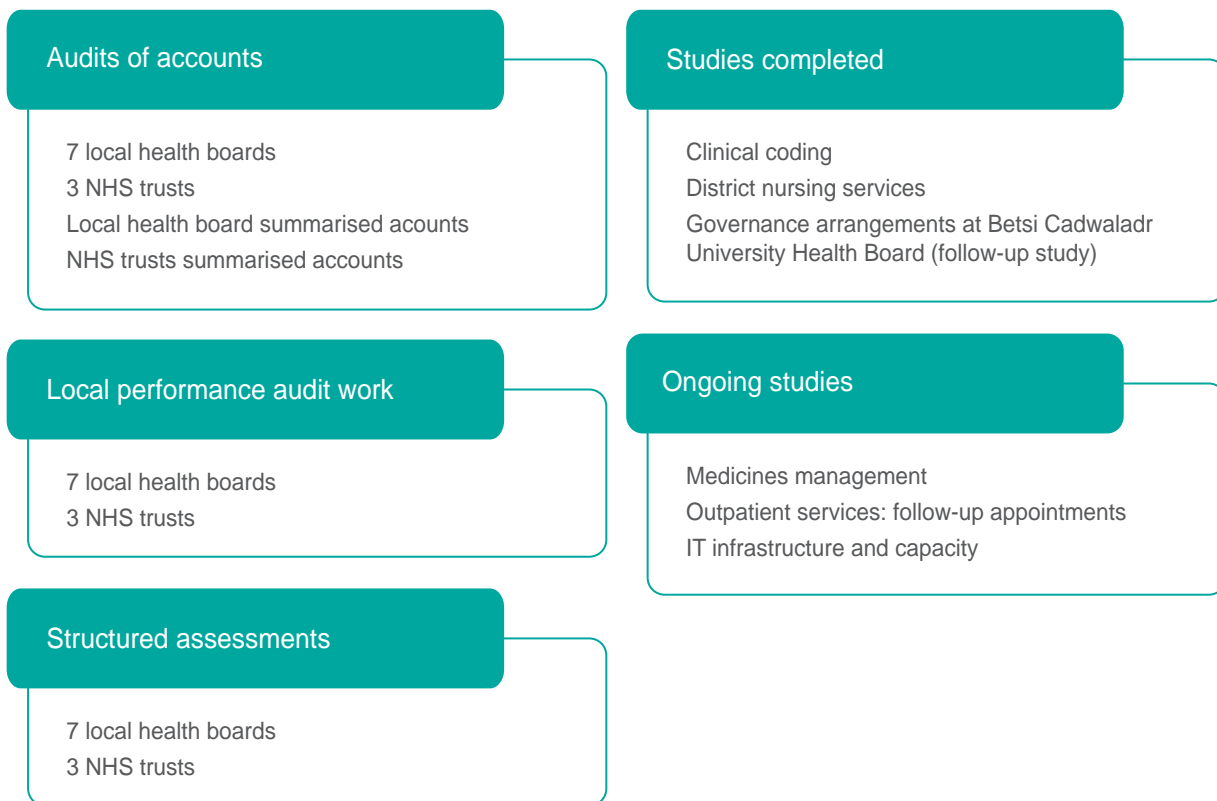
¹ We are working with the Department for Work and Pensions (DWP) regarding the run-out of the housing benefit system and the complete introduction of Universal Credit. The DWP is expecting full introduction of Universal Credit to be achieved by 2017 and, as it should be fully administered by the DWP, local authorities would no longer have a role in supporting claimants with their housing costs. This would lead to the cessation of our benefits certification work at local authorities and the loss of this workload and associated income will be recognised in our medium-term financial and workforce plans.

In addition, the Welsh European Funding Office (WEFO) has amended its arrangements for the audit of the forthcoming 2014-2020 EU Structural Funds programme and there will no longer be a requirement for us to certify claims in this framework. All checks and controls for the 2014-2020 programme will instead be undertaken by WEFO itself. We are continuing to audit residual claims from the 2007-2013 programme but, as the current projects come to an end, our work in this area will eventually cease.

Audit work at NHS bodies

The Auditor General's work across NHS Wales covers all seven local health boards and the three NHS Trusts, as well as the work of the Welsh Government's Health and Social Services Department. The Auditor General audits the annual accounts of each NHS body, and reports publicly on the arrangements in place to secure economy, efficiency and effectiveness in their use of resources.

The Auditor General's programme of audit work delivered at NHS bodies in 2014-15, in alignment with our Plan



As part of a cyclical programme of health studies, work was carried out in accordance with our Plan on six studies in 2014-15.

Case study: Structured assessments



Structured assessment continues to be a key part of our annual programme of local performance audit work at health boards and NHS trusts. The work provides a rich, evidence based commentary on NHS bodies' corporate governance and financial management arrangements.

Findings from our structured assessment work are summarised in our annual audit reports to NHS bodies. Overall in 2014-15 we found that, whilst most NHS bodies have appropriate governance arrangements and processes in place, certain aspects need to evolve further to ensure Boards are properly equipped to lead their organisations through the challenges they currently face.

In particular, our work tracks year-on-year progress against the aspects of governance that we consider are in need of strengthening, and is aimed at supporting and informing board development work. Structured assessments also support learning across the NHS community. Our key findings were included in a memorandum for the Public Accounts Committee on Governance in the NHS in Wales, and in the Auditor General's report **NHS Wales: Overview of Financial and Service Performance 2013-14** published in October 2014.

In addition, the knowledge we glean from our structured assessment work enables us to bring a unique perspective to roundtable discussions with the Welsh Government and Healthcare Inspectorate Wales as part of the NHS escalation and intervention framework.

Case study: Examination of district nursing services

Over the last decade, a key focal point for Welsh Government health and social policy has been the need to reduce reliance on hospitals and provide a greater level of community-based care. District nurses are a major provider of out-of-hospital care. However, when undertaking previous audit work we identified gaps in the information held by NHS Wales in relation to the demand for and the performance of district nursing services.

During 2014, our programme of local audit work at every health board included a detailed examination of how district nursing resources are being used. We evaluated health boards' strategic planning, management and monitoring arrangements and undertook in-depth data analyses of staffing numbers and skills, service demand, and staff utilisation, drawing heavily on benchmarking comparison.

We shared the findings of our work with health boards through structured workshops that brought together service managers and district nursing team leaders. The aim of the workshops was to ensure a shared understanding of the challenges facing the service in Wales, and to provide an opportunity for managers and leaders to discuss different approaches for ensuring better use of district nursing resources, within the context of wider developments in the delivery of community-based services.

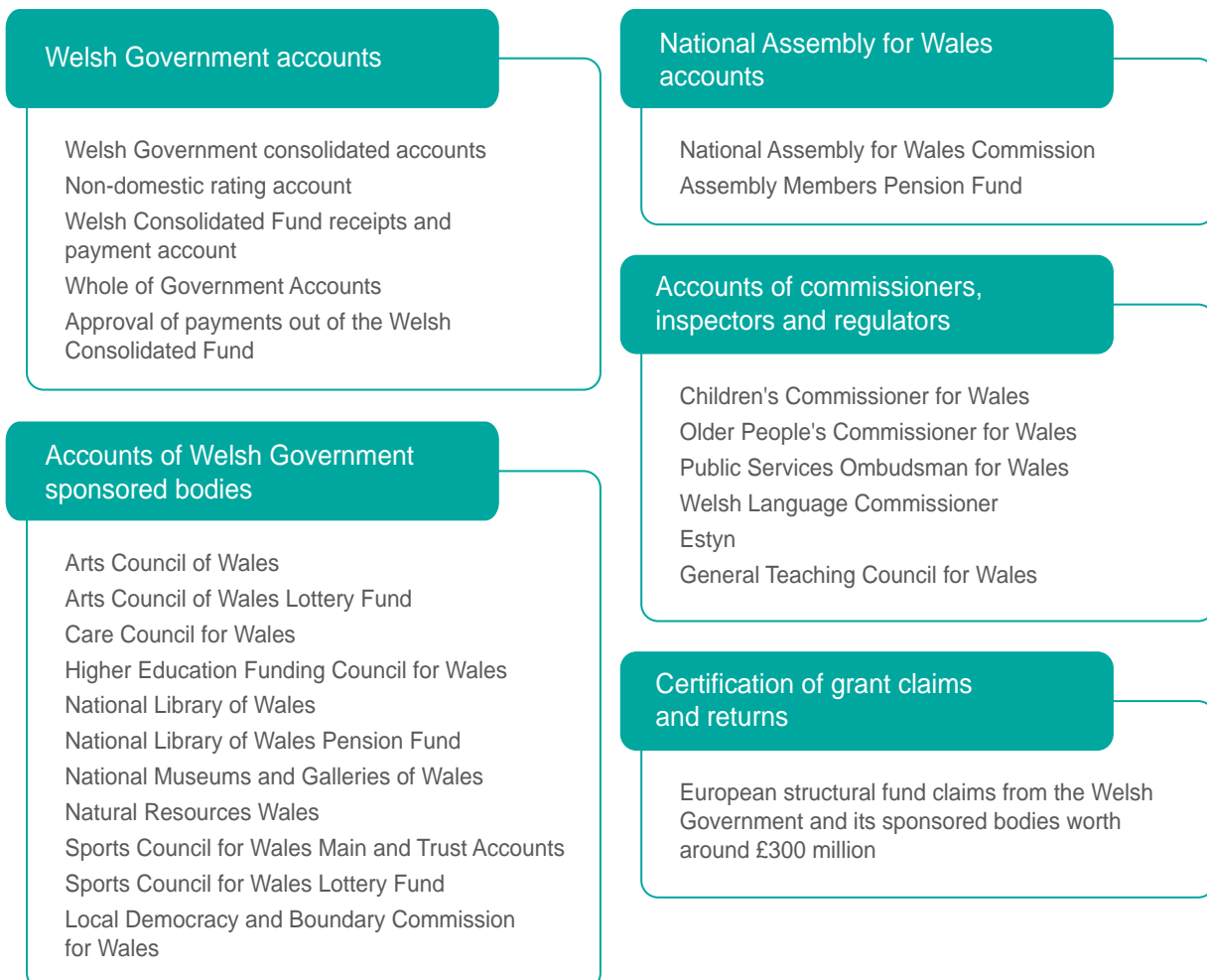
Our local reports have been well received, with all recommendations for improvement being accepted. The Auditor General is now considering the available options for presenting the all-Wales messages from our work to inform wider learning and improvement.

Audit work at central government bodies

The central government sector in Wales covers a diverse range of public bodies, including the Welsh Government and its sponsored bodies, the offices of various statutory commissioners, inspectors and regulators, and the National Assembly for Wales Commission.

Unlike for local government and health bodies, the Auditor General is not required to conduct a programme of performance audit work at each central government body, but instead only provides an annual opinion on their accounts. Performance audit work conducted within this sector currently sits within his programme of value for money studies.

The Auditor General's programme of audit work delivered at central government bodies in 2014-15, in alignment with our Plan



Case study: Scrutiny of central government accounts

Every year, our financial auditors examine the annual accounts of all of the devolved central government bodies in Wales, including the Welsh Government itself with its £15 billion annual budget, sponsored bodies such as Natural Resources Wales and the National Library, and some small public bodies such as the office of the Older People's Commissioner.

In autumn 2014, for the first time, the Public Accounts Committee decided to review some of these annual accounts in detail, and to question the senior managers about them. Supported by our audit staff, the Committee sought explanations from Welsh Government officials and various Chief Executives and Commissioners about how they and their management teams were grappling with financial challenges. In its resultant report, published in March 2015, the Committee made nine recommendations, many of which had wider applicability to other public bodies in Wales.

The Committee concluded that this new type of focused collective scrutiny of annual accounts has many merits, and such reviews are now likely to be a standard feature of the Committee's annual work programme. This will help raise both the profile and impact of our financial audit work.

Case study: Facilitation of the exit of local authorities from the Housing Revenue Account Subsidy

A significant one-off item of business during 2014-15 was our facilitation of the exit of Welsh local authorities from the Housing Revenue Account Subsidy (HRAS) system.

The HRAS was a pooling system intended to help ensure that local authorities could meet expenditure on their housing stock while allowing rents across England and Wales to be of similar levels. In recent years, however, all eleven stock-retaining authorities in Wales have been payers of negative subsidy.

Following a buy-out agreement between the Welsh Government and HM Treasury, £73 million of annual negative subsidy payments across Wales have now been replaced by interest payments of some £40 million—a net saving to Welsh authorities of £33 million a year.

Our role was to ensure that the buy-out money (£919 million altogether) could be lawfully paid over on time. This involved checking and advising the Welsh Government on whether the relevant legislation was in place, and ensuring that we were able to monitor flows of funds and provide approval to draw the payment out of the Welsh Consolidated Fund on 2 April 2015.

This was an important project which helped to maintain the equilibrium of UK finances through ensuring that everything was in place to allow a quick and smooth transaction.

Audit work for consideration by the Public Accounts Committee

This programme of audit work includes value for money examinations, the preparation of summary reports of the findings from audit work across multiple NHS, central government and/or local government bodies, and examinations undertaken in response to issues of public concern identified through our audit work or raised with the Auditor General. The outputs from this programme support the work of the National Assembly's Public Accounts Committee and potentially other Assembly committees.

In determining his programme of value for money studies, the Auditor General takes into account the views of the Public Accounts Committee and consults more widely with other stakeholders. His key aims for the programme are to provide comprehensive and timely coverage of spending and risks to value for money, to address a broad range of issues that are of material interest or concern, and to give consideration to the long-term well-being of the people of Wales.

The programme of work retains a degree of flexibility to respond to changing circumstances, priorities and risks and the plans for certain studies are currently under review. While the scale of activity and the nature of the outputs involved in each case have varied, work was carried out in 2014-15 on all the topics listed in the exhibit overleaf.

In addition to the work listed, several of our local government and NHS reports published in 2014-15 have supported the work of the Public Accounts Committee. The Auditor General is committed to producing between 10 and 12 products each year to support the work of the Committee. Overall the Auditor General presented reports on 14 different topics to the Committee during 2014-15.

The Auditor General also regularly receives correspondence on issues of concern from members of the Public Accounts Committee and other Assembly Members. When such concerns are raised, the Auditor General considers how best to respond and how to report the findings of any work undertaken.

For example, during 2014-15, the Auditor General responded to correspondence on matters relating to the Welsh Government's investment in Roath Basin (Cardiff Bay), the Substance Misuse Peer Mentoring Scheme and the M4 Relief Road. Each of these responses was underpinned by substantive audit work undertaken by Wales Audit Office staff.

The Auditor General's programme of audit work undertaken during 2014-15 for consideration by the Public Accounts Committee, in alignment with our Plan

Value for money studies completed

- European Union structural funds 2007-2013
- Young people not in education, employment or training
- Glastir
- NHS Wales: overview of financial and service performance 2013-14
- NHS waiting times for elective care
- Continuing NHS healthcare - follow-up report
- Managing early departures across Welsh public bodies

Ongoing value for money studies

- Welsh Government investment in next generation broadband infrastructure
- Regional education consortia
- Welsh Government acquisition of Cardiff Airport
- Rail services
- Flood and erosion risk management
- Development of Natural Resources Wales
- Picture of public services
- Welsh Government response to audit recommendations
- Public procurement and the National Procurement Service
- Early intervention and public behaviour change
- Welsh Government interventions in local government

Summary reports completed or in progress

- National fraud initiative 2012-13
- Governance in the NHS in Wales (memorandum)
- Primary care prescribing (memorandum)
- Orthopaedic services

Reactive examinations completed or ongoing

- Public funding of the Cywain Centre - Bala
- Review of the regulatory impact assessment of the Well-being of Future Generations (Wales) Bill
- Regeneration investment fund for Wales
- Wales Life Sciences Investment Fund
- NHS waiting lists and private practice

Case study: Review of NHS waiting times

In January 2015 we published a report on NHS waiting times for elective care in Wales. We concluded that NHS Wales' overall approach does not deliver sustainably low waiting times. However, emerging plans, particularly in relation to prudent healthcare, have the potential to improve the position if they are implemented effectively.

When undertaking our work on this study, we:

- looked at current performance in light of increasing financial pressure on the NHS in Wales;
- examined the underlying causes of waiting times performance; and
- reviewed plans to better manage waiting times.

We compared performance in Wales against UK and international comparisons. We also surveyed patients to gain an understanding of their experiences of waiting for treatment.

In our report, we recognised the significant challenges facing the NHS but suggested that efficiency could be improved by doing some things differently. In particular, we identified potential capacity gains in five key areas and found significant scope to make better use of existing resources by reducing waste and variation.

To promote and support further improvement, we published a number of additional documents alongside our audit report. The first, a **Compendium of Good and Promising Practice**, includes case studies both from within Wales and from further afield that highlight innovative approaches to improving the efficiency and effectiveness of each stage of the elective care pathway. We also published a good practice checklist, framed around the key questions that Health Boards need to ask themselves when testing their performance and approach to elective care.

In May 2015 we held a workshop for independent members of Health Boards where we discussed how the compendium and checklist can be used to support them in their scrutiny and challenge roles.



Case study: Managing early departures across Welsh public bodies

Our February 2015 report entitled **Managing early departures across Welsh public bodies** drew on information collected from 58 of the public bodies that we audit.

Unsurprisingly, given continued financial pressures, we found that Welsh public bodies have made extensive use of early departures in recent years to help reduce their wage bills. Around 10,700 staff left employment through various different early departure arrangements between April 2010 and December 2013, at an upfront cost of £254 million.

Over time, Welsh public bodies stand to save up to £305 million per year as a result of these early departures. However, these savings might not be realised in full for a variety of reasons. While the exact contribution of early departures is unclear, staff salary costs across the public bodies surveyed reduced by around £447 million in real terms between 2009-10 and 2013-14.

It is likely that, for the foreseeable future, Welsh public bodies will continue to use early departures to control workforce costs, not least in the context of planned local government reform. We estimate that there were around another 2,300 early departures in the final quarter of 2013-14 at an additional upfront cost of around £53 million.

In our report, we emphasised the importance of good governance and scrutiny of early departure schemes and the need to align them with wider workforce planning.

The Public Accounts Committee is using our report to inform evidence sessions with a number of public bodies, and we would expect all public bodies to consider their own arrangements in light of our recommendations. Our Good Practice team is planning a related shared learning webinar for later in 2015.

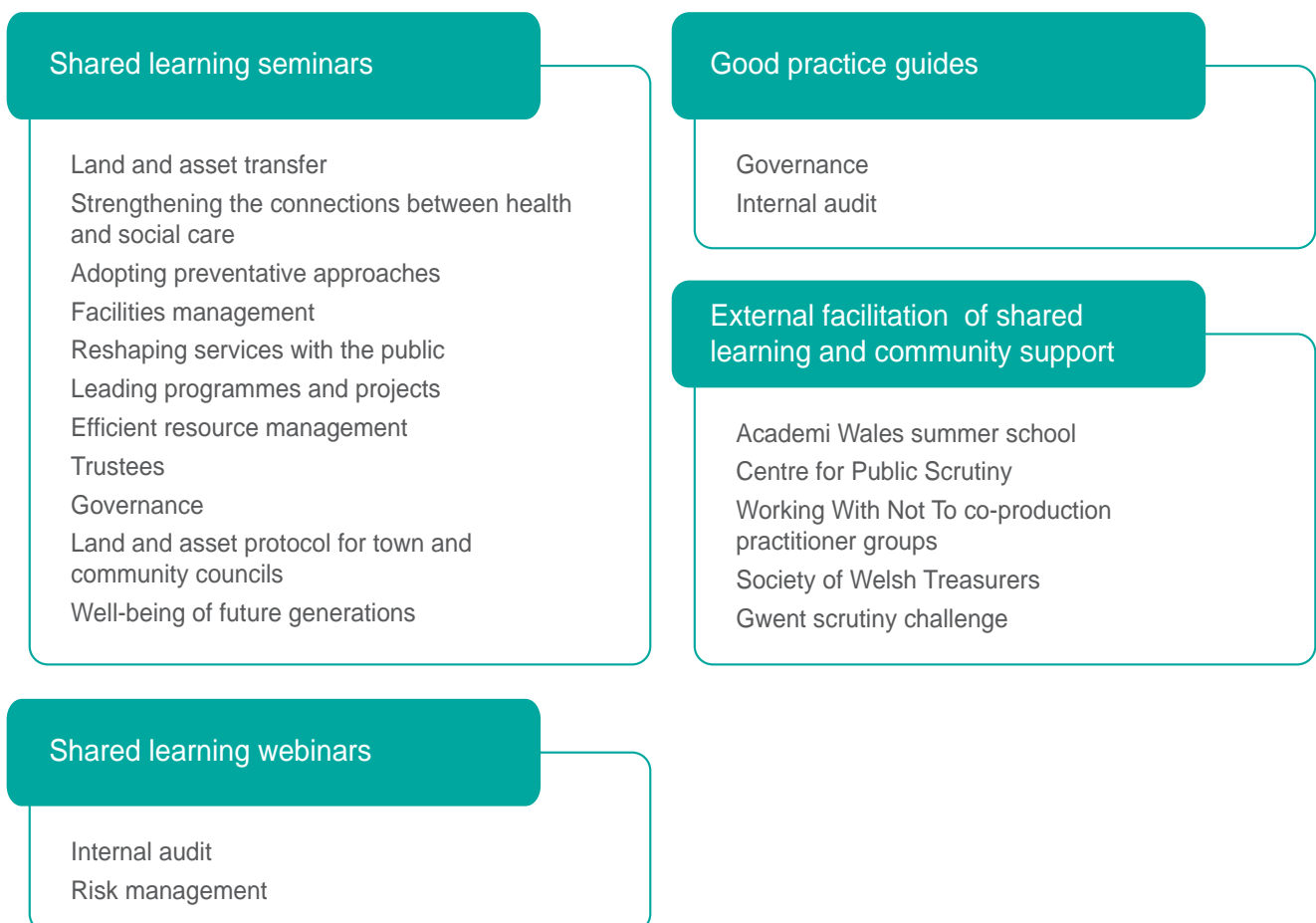


Exchange of good practice

Our approach to knowledge exchange has been developed and applied with increasing success over the last five years. One of the two main strands of our approach is the provision of freely available online resources that enable the public, service users, service providers, policy makers and decision makers to access information that will leave them better informed. In particular, we aim to promote the sharing of this information across organisational, geographical and international boundaries.

Our other strand of activity involves facilitating conversations where the learning from comparative successes and failures is shared face-to-face. Increasingly we are looking to bring the views and experience of global experts to these conversations.

Our programme of good practice work delivered during 2014-15, in alignment with our Plan



Case study: Mirror, mirror on the wall ... reflecting on good governance shared learning seminars

The focus of these seminars was to discuss how best public sector executives and non-executives can seek assurance that governance arrangements are working as effectively as they can. Working with the Centre for Public Scrutiny and Grant Thornton we aimed to bring together the most up-to-date thinking and examples of good practice from across Wales and beyond.

The seminar was designed to be most useful for public sector members, managers and officers, including Leaders, Cabinet Members, Audit Committee Chairs and Members, Scrutiny Chairs, Chief Internal Auditors, Heads of Democratic Services, Board Secretaries and Members.

Delegates that attended the seminars in early December 2014 were involved in discussions on:

- the importance of good governance, particularly in bringing about cultural change in public sector organisations;
- the implications of poor governance;
- how to obtain assurance that governance arrangements are sound; and
- different approaches to ensuring better governance from a variety of public and private sector organisations.



Case study: Making better use of public assets shared learning seminar

Public services in Wales continue to face significant budgetary challenges, and over the next ten years the 'big three' service areas of health, social care and education are likely to consume all but the smallest part of available public funding. If public services, particularly those outside the big three, are to be sustained and transformed, it is vital that public sector land or assets are used to their maximum potential.

This seminar, which we delivered in January 2015 in partnership with the National Assets Working Group, was focused on discussing and sharing examples of innovative and collaborative approaches to asset management.

This seminar was aimed at public and third sector Chief Executives, Directors of Finance, Heads of Housing, Heads of Regeneration, Heads of Partnership, Registered Social Landlords and Directors of Estates.

Particular emphasis was placed during the discussions on issues relating to:

- transferring a community asset from one organisation to another;
- taking a collaborative approach to managing public sector assets;
- dealing with surplus public sector property; and
- partnership working in developing a new community asset.





Engagement and joint working

The Auditor General and Wales Audit Office are committed to effective stakeholder engagement to inform the development, maximise the relevance, and extend the reach and impact of the Auditor General's work.

We are also committed to working closely with the other UK audit agencies through the Public Audit Forum², and with the other main external review bodies in Wales through the Inspection Wales initiative, to enhance the efficiency and effectiveness of public audit and the collective impact of our work. We represent Wales on the international audit stage.

The Wales Audit Office is able to make arrangements with certain types of bodies for it or the Auditor General to provide services to, or to exercise the functions of those bodies. But, we are mindful that all such activities should be self-financing and should not be undertaken to the detriment of our core audit work in Wales.

² The public audit agencies, the National Audit Office, the Northern Ireland Audit Office, the Audit Commission for Local Authorities and the National Health Service in England, the Wales Audit Office and Audit Scotland have established the Public Audit Forum to provide a focus for developmental thinking in relation to public audit. The main role of the Forum is consultative and advisory. It is not able to direct the national audit agencies and other bodies involved in public audit.

The Auditor General's programme of joint working activity delivered during 2014-15, in alignment with our Plan

Joined up delivery

National Fraud Initiative with other UK audit agencies

Working with Estyn to undertake value for money studies of Regional Education Improvement Consortia

Working with Care and Social Services Inspectorate Wales and the Older People's Commissioner on a study on the independence of older people

Annual certification of the accounts of the European Agricultural Guarantee Fund (EAGF) and European Agricultural Fund for Rural Development (EAFRD)

Follow-up joint review with Healthcare Inspectorate Wales of governance arrangements at Betsi Cadwaladr University Health Board

Commissioned audit work

Further Education College audits

Audit of EU grant claims for the University of South Wales

Review for the Welsh Government of the impact of digital development in enhancing town centres

Review of governance and decision making for the Office of National Statistics

Chief Auditor to and audit of the accounts of the Government of Anguilla

Waste management and trade refuse benchmarking groups

Participation with observer status on external working groups

Partnership Council for Wales

Reforming Local Government Programme Board

Well-being of Future Generations (Wales) Bill advisory and reference group

Welsh Government Treasury Implementation Board

Finance Minister's Welsh Tax Forum

Advisory panel for the review of the role and functions of the Children's Commissioner

CSSIW Local Authority Inspection Framework Board

Local Government Data Unit Board

Fire and Rescue Service National Framework Project Board

Membership of external working groups

EURORAI

International Integrated Reporting Council's Public Sector Integrated Reporting Network

Public Audit Forum

Financial Reporting Advisory Board

CIPFA/LASAAC Local Authority Code Board

ICAEW Public Sector Audit Committee

CIPFA Audit and Accounting Standards Panel

Inspection Wales initiative

DWP Housing Benefit and Welfare Reform UK inspectorates liaison group

Youth Justice Board/HMIP 'Keeping in Touch' liaison panel

Case study: Data matching

In June 2014, we published the findings of the National Fraud Initiative (NFI) in Wales 2012-13. The NFI is run every two years to match data across organisations and systems in order to help public bodies identify potentially fraudulent or erroneous claims and transactions. The NFI in Wales is run in collaboration with NFI exercises in England, Scotland and Northern Ireland to enable data to be matched across national boundaries. The Welsh Government and all Welsh unitary authorities, police, fire and NHS bodies participate in the exercise.

The 2012-13 exercise resulted in Welsh public bodies detecting and preventing fraud and error totalling more than £4 million, with a cumulative impact since the initiative was commenced in Wales in 1996 of over £26 million. The frauds identified included false claims for housing benefit, public sector pensions and council tax discounts.

Subsequently, the matching exercise has led to the revocation or cancellation of:

- over 700 ineligible council tax discounts;
- more than 300 fraudulent or erroneous housing benefit claims;
- nearly 5,000 concessionary travel passes; and
- more than 600 blue badge parking permits where there was no ongoing eligibility.

Forty individuals were successfully prosecuted for fraud offences and a further 73 individuals who had wrongly claimed housing benefit received local authority official cautions or administrative penalties.

A new NFI exercise for 2014-15 is currently underway. The latest exercise has introduced a new **Application Checker** module, designed to help identify potentially fraudulent or erroneous applications for benefits, services or employment in advance of any award decisions. It is anticipated that this new service will play a key role in preventing frauds from occurring in the first place and removing the need for costly, time-consuming case investigations.



Case study: Working with Estyn to review regional education consortia



In 2011, the Welsh Government determined that unitary authorities in Wales should work together in four regional education consortia to raise school standards and realise efficiencies. In February 2014, the Welsh Government published a **National Model for Regional Working** which outlined its expectations for how the consortia should work.

In light of the potential risks associated with the establishment and operation of these innovative consortia arrangements, the Auditor General decided to undertake a study of their governance and financial management arrangements. At around the same time, Estyn was planning to undertake a review of regional improvement support provided to schools. We therefore agreed to co-ordinate our evidence gathering and fieldwork to avoid any duplication and maximise the efficiency and collective impact of our work.

Teams from Estyn and the Wales Audit Office carried out joint fieldwork visits in 2014-15 to the four consortia. By working together and sharing evidence and interviews, the teams gained a rounded picture of the extent of progress being made and provided joint feedback to each consortium. Many recommendations for improvement were quickly implemented. Our respective reports were complimentary, consistent and published simultaneously.

The Auditor General's report, published on 3 June 2015, concluded that, after an uncertain start, the foundations for regional school improvement services are being established, and that despite remaining weaknesses there are some positive signs of progress.

Running the business

Our governance and leadership

As prescribed by the Public Audit (Wales) Act 2013, we are now in the unique position of having not only non-executive and executive members of the Wales Audit Office Board, but also employee elected members to provide an extra dimension of insight and experience. Our new governance arrangements provide us with a real opportunity to further develop and progress as a business.

The Wales Audit Office also has a senior management structure which is designed to provide clear lines of reporting and accountability, and to enable the Auditor General's work to inform the public and influence public service delivery in the most efficient and effective way.

An outline of the control structure of the Wales Audit Office, accounts of corporate governance and risk management for the year, and a description of the principal risks and uncertainties we faced in 2014-15, is provided in the [Governance Statement](#).

Further information relating to membership of the Board and the Management Committee during 2014-15 is provided in the [Directors' Report](#).

A valuable mechanism for evaluating the effectiveness of our governance and leadership is through undertaking stakeholder surveys. We ran our latest survey in May and June 2014, and many of the views expressed in the survey indicated a positive and, in some cases, improved position since the last survey in 2012:

- 74 per cent of those who responded were very confident in our audit work and no responders had no confidence;
- 75 per cent of those who responded rated our value for money as good or excellent; and
- 90 per cent of those who responded considered us to be an authoritative commentator on the financial position of public bodies.

Our stakeholders also identified a number of areas where they felt there was a need for further development, including in relation to enhancing partnership working with inspection and regulation bodies, and we continue to take account of their views and comments in our ongoing business planning.

Our use of resources

We have been working hard to embed the principles of sustainable development in the way we run our business, and in the way we resource the Auditor General's audit work, for a number of years. Sustainable development is about meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Financial management and efficiencies

Over two thirds of Wales Audit Office funding came from fees charged to audited bodies, in accordance with a scheme of fees approved by the National Assembly. The remainder mainly comprised financing from the Welsh Consolidated Fund (again approved by the National Assembly) and a grant from the Welsh Government for improvement assessment work at local government bodies.

In these times of significant financial restraint, robust financial management and cost efficiency remains a priority at the Wales Audit Office. After accounting adjustments, our operating expenditure was £0.3 million less in 2014-15 than the previous year. Staff vacancies were a significant contributory factor; we experienced particular difficulties in recruiting to financial auditor positions due to strong market competition. We did not need to call upon a £0.2 million general contingency held within the approved budget, which was subsequently returned to the Welsh Consolidated Fund alongside £0.5 million of other unused funds.

In our [Estimate for 2014-15](#), we identified a requirement for investment in a new audit information management system, and that additional capital funding through a Supplementary Estimate might need to be sought during the year. Through careful management of our resources, we were instead able to fund this investment internally with approval from the National Assembly for transferring £0.2 million of our existing revenue funds to capital. The new system will ensure business continuity and enhance efficiency in data capture, manipulation and sharing.

Our workforce must be sufficiently mobile in order to effectively deliver the Auditor General's work programme at public bodies throughout Wales. During 2014-15, some 806,000 miles were travelled over 17,600 journeys (compared to 824,000 miles and over 17,300 journeys in 2013-14). Travel, transport and subsistence costs during 2014-15 totalled £1.3 million (2013-14 £1.2million), £930,000 of which related to lease cars and transport or mileage allowances for staff, £84,000 to the use of public transport with the balance relating to accommodation and subsistence.

A review is underway to ensure that our approach to transport arrangements is based on clear principles to support mobile working at an appropriate level. The review will make recommendations aligned with our responsibilities and duties in relation to the health, safety and well-being of staff, environmental sustainability, achieving value for money in our transport arrangements, and with the Ethical Standard requirement for regular periodic rotation of our financial auditors between audit assignments.

We aim to pay 95 per cent of supplier invoices within 30 days of receipt, based on continuous monitoring of payments. For 2014-15 we paid nearly 99 per cent of invoices on time (compared to 96 per cent in 2013-14). Eighty six per cent of payments were made within ten days of the receipt of invoices.

Details of how liabilities in respect of the Principal Civil Service Pension scheme have been treated in our accounts are included in the [Remuneration Report \(pages 59 to 67\)](#) and in Note1(iv) of the Notes to the Accounts. There are no liabilities in respect of payments made for stakeholder pensions.

Internal Audit reports in the year provided substantial assurances on our key financial controls and payroll arrangements.

Quality of our work

The overall quality of our work is of paramount importance to us and our stakeholders. In March 2014, following a period of external consultation, the Auditor General published a revised Code of Audit Practice, alongside a Statement of Practice for local government improvement audit, assessment and special inspection functions. The [Code and Statement](#) prescribe the way in which the Auditor General's audit and certain other functions are to be exercised. Both documents are designed to complement International Standards on Auditing and embody best professional practice.

Principles of audit

1

Public focus

Audit is carried out on behalf of the public and in the public interest. The public has a legitimate stake in audit work and should be engaged with its processes.

2

Independent

Audit must be, and be seen to be, independent. Auditors should report in public without being influenced by fear or favour.

3

Proportionate

Audited bodies need to be given enough space to deliver services to a high standard. They should be subject to sufficient, but not excessive, levels of scrutiny.

4

Accountable

Auditors are publicly funded and are accountable for the stewardship of the resources provided to them. They must work economically, efficiently and effectively.

5

Sustainable

Audit work must be undertaken with regard to sustainable development as a central organising principle for integrated decision making and reporting by audited bodies.

Our latest round of internal Quality Control Reviews found that all the audit work examined met or exceeded the required standards. In 2014-15 we continued to work with other UK public audit institutions to carry out and further develop a programme of reciprocal peer reviews to ensure that our quality arrangements continuously improve. During the year we also successfully completed the second year of a three-year contract with the Quality Assurance Department of the Institute of Chartered Accountants in England and Wales (ICAEW). The contract is designed to apply external rigour to our quality review processes.

A [Transparency Report for 2013-14](#), which provides more detail on how the Wales Audit Office is meeting high standards in the way it works and in the quality of its work, is available on our website; a similar report for 2014-15 will be published later in 2015.

The Auditor General also continued to work in collaboration with relevant regulators and inspectorates such as Estyn, Healthcare Inspectorate Wales and the Care and Social Services Inspectorate Wales to support the delivery of coordinated, high-quality audit, inspection and regulation across Welsh public services.

External stakeholders continue to hold positive views on the quality of our work, as judged by responses to our stakeholder survey on the robustness of the evidence behind our judgements, and on the clarity and balance of messages in our reports.

Recruitment, trainee scheme and work experience

As a professional audit body and an accredited training provider with three professional accountancy bodies, the Wales Audit Office is committed to a rolling programme of trainee recruitment. Through our annual recruitment campaigns we aim to attract the highest possible calibre of candidate.

During the 2014-15 financial year, 12 trainees successfully moved on to the next stages of their studies, collectively achieving an 82 per cent first-time pass rate for examinations with the Institute of Chartered Accountants in England and Wales (ICAEW). Dylan Rees became a multi-prize winning trainee following his successes in 2013-14, with an award for his results on Taxation.

Four final year trainees successfully passed all final examinations at the first time of sitting and are now applying for full Chartered membership of the ICAEW. The Wales Audit Office also received a Kaplan nomination and was short-listed for the PQ Awards Training Manager of the Year award for the support we provided to our trainees.

In addition to their professional studies, we provide our trainees with bespoke training and relevant work experience. During their training over four years, they spend time working with various audit teams and make a key contribution to our overall success.

We also, through our links with Careers Wales and local schools and universities, offer work experience opportunities in the Wales Audit Office. During 2014-15, seven students undertook work placements with us.

We experienced significant difficulties recruiting financial audit team members during the year, as a result of strong market forces. We are currently reviewing our staff numbers, skill mix and salary levels with a view to overcoming these difficulties in 2015-16.

Learning and development

We continue to invest in staff learning and development to support our staff in the delivery of their work. In 2014-15, the average amount of time spent per employee on a range of learning and development activities increased from eight to ten days. Some of the training was designed and delivered in-house, and where appropriate and cost-effective, external training support was also commissioned to deliver training to our bespoke requirements.

During 2014-15, we delivered the third and final phase of our Ignite leadership and management development programme. The programme focused on achieving results through effectively managing and motivating teams, and combines bite-sized learning sessions with case study fieldwork. We received positive feedback from Ignite participants.

We also implemented an Employee Self-Service (ESS) system whereby staff are able to search and complete bookings for approved training courses and record all continuous professional development activities. An electronic evaluation form enables us to quickly capture outcomes and then measure the success and impact of the training courses. Ninety seven per cent of staff felt that the courses they attended in 2014-15 were effective in helping them meet their objectives.

Environmental stewardship

We have been re-accredited for 2014-15 at Level 4 (the second highest level) of the Green Dragon Environmental Standard, demonstrating our ongoing commitment to effective environmental management. We are now working towards achieving Level 5 (the highest level) by 2016-17.

During the year, in an effort to reduce our overall greenhouse gas emissions, we introduced a lower ceiling limit for fleet and grey fleet vehicles of 125g/km from October 2014.

Just over 40 per cent of our waste in 2014-15 was reused, recycled or composted. We are committed to further improvement on this figure, as demonstrated in our Annual Plan for 2015-16, where we have set ourselves more challenging targets of 60 per cent in 2015-16 and 70 per cent by 2018.

Paper use and water consumption were reduced in 2014-15, and we also made further investment in our video-conferencing facilities, as part of our ongoing commitment to support flexible working and to reduce unnecessary travel and associated costs.

‘It really made me think more about the way I work and also my strengths and weaknesses. The charity challenge is really interesting... Ignite was definitely the best course I have been on so far in my 8 years at Wales Audit Office’



Promoting use of the Welsh language

The Wales Audit Office is committed to, and takes pride in, providing a bilingual service. Our **Welsh Language Scheme** forms the basis for our approach and highlights our determination to treat the English and Welsh languages on an equal basis. Our public documents are available in both English and Welsh, we have a fully bilingual website, and we communicate with the public, audited bodies and the media in both languages.

During 2014-15, the Auditor General and the Wales Audit Office submitted a joint response to the Welsh Language Commissioner's standards investigation. The Welsh language standards will eventually replace the current system of Welsh language schemes.

We also took the opportunity to further review our current arrangements. As a result, we identified a number of steps we need, and have begun to take, to strengthen our capacity to provide bilingual services in the longer term.

Alongside implementing a proactive effort to recruit auditors with Welsh language skills, our staff completed online assessments to gauge their current grasp of the language and to provide us with accurate data on their level of proficiency.

This information has enabled us to provide staff with training most suited to their needs. A number of staff have subsequently enrolled on Welsh language training courses, ranging from basic 'meet and greet' to higher proficiency levels. The information will also be used to inform our workforce planning, helping us ensure we have the right people, with the right language skills, in the right places.

During 2014-15, we also updated our arrangements for securing effective translation services by joining a new all-Wales translations framework.



Cymraeg

Employee well-being

We are committed to encouraging a healthy lifestyle and a good work-life balance amongst our staff. We also want our staff to feel valued and fully supported when they are experiencing difficulties, irrespective of whether or not there is an impact on their ability to undertake their role.

In 2014-15 we developed a new well-being policy, supplemented by guidance to support our commitments and to ensure any staff health and well-being issues are proactively and sensitively identified, and holistically and confidentially managed.

The Well-being Policy and introduction of a real time recording initiative are just two elements of a wider initiative to actively promote and support staff emotional and physical health and wellbeing across the organisation, which also includes an annual programme of health and well-being events.

An employee assistance programme is also available via either a 24-hour telephone service or through an online facility. The employee assistance programme provides staff with professional advice and emotional support on a range of matters.

We closely monitor rates of sickness absence and have in place a range of mechanisms for supporting successful return to work. An average of nine days per employee was lost to sickness absence during the reporting year ending 31 March 2015. We are working to reduce this to 6.5 days.

Equality, diversity and dignity at work

Our [Joint Strategic Equality Plan](#), published in May 2014, outlines our continued commitment to equality. The Plan sets out how we seek to eliminate discrimination, advance equality of opportunity, and foster good relations in our work and our day-to-day activities.

We are committed to providing a work environment that values the diversity of all people, both our own staff and those with whom we come into contact during our work, and we fully support the rights of people to be treated with dignity and respect.

We held a consultation day event in June 2014 to meet groups from across Wales that represent people with protected characteristics, and to discuss how best we can achieve more effective engagement in relation to planning, scoping and gaining views on the impact of our work. The overwhelming response from that event was that we should engage through the Equality and Human Rights Coalition that is facilitated by the Wales Council for Voluntary Action (WCVA). We subsequently attended a meeting of the Coalition in February 2015 to gain an understanding of how best we can work with them and achieve more effective engagement.

We also took steps in 2014-15, including through implementation of an e-recruitment system, to update and improve the quality of our employment diversity monitoring information, which in turn will serve to underpin more effective reviews in relation to equal pay.

Towards the end of the year, we decided to contract an external supplier to undertake an accessibility audit of our website to highlight any remaining issues that are likely to restrict or stop anyone with a particular impairment from using our site.

Following successful completion of the audit, we will make any necessary amendments to our site, with a view to gaining:

- a recognised certificate of accreditation;
- validation of meeting Web Content Accessibility Guidelines level 2.0 AA; and
- a greater understanding of digital inclusion.

A full report on our progress on delivering our equality objectives during 2013-14 is available on our website; a similar report for 2014-15 will be published later in 2015.

Working with the third sector

Ignite, our leadership and management development programme, includes a live case study exercise, working with a charity or other third sector organisation. The case study typically includes intensive service review and developing solutions to real problems, which helps to develop our in-house skills and build successful teams.

During the 2014-15 financial year, our staff worked on case studies with Touch Trust and Llamau.

‘Llamau were extremely pleased with the opportunity to take part in the Ignite program. As a charity, our time can sometimes be stretched, so it was fantastic to have external volunteers look at the issues we face and offer advice and solutions. We were very pleased with the results of our challenge, and with the communication throughout the process.’

Carys Burgess
Fundraising Officer, Llamau



‘Working with the Ignite team has been an amazing and wonderful experience for Touch Trust. To be in the team’s company, seeing the enthusiasm, the expertise as well as the compassion for what we are doing has been inspiring and encouraging. We were working with high achieving people who are established authorities in our community and to see them giving their time and experience with such commitment to help those less fortunate than themselves was humbling and also inspiring for us. The pack that they produced for us will be a model for our fund raising now and for any larger fund raising plans in the future. It will help us succeed as an organisation – it is as big as that.’

Dilys Price OBE
Director and Founder, Touch Trust



Community and charity work

The Wales Audit Office recognises the benefits that community and charity work by staff can bring to the wider community and applauds its staff for their individual efforts. Staff can apply the skills they have developed in the workplace and can develop new skills, whilst improving their morale, physical health and work-life balance.

Subject to operational requirements we support employees who wish to undertake community or charity activities such as community care work, participating in conservation projects and the administration of public events.

In addition, a charity is chosen each year by staff vote to be the focus for a range of fundraising activities and opportunities for learning. At our staff conference in January 2014, staff chose the charity Changing Faces as the focus for their fundraising activities in 2014-15. Over the course of the year, our staff held a number of fundraising events in their own time:

- in June 2014, a group of staff donned their walking boots and completed the 25km 'Welsh Three Peaks' challenge;
- a team of staff entered and completed the 2014 Cardiff half marathon; and
- a number of other events were held, including cake sales, raffles and a quiz night.

In total, staff raised £8,275 for the charity.

For 2015-16, Crossroads, which is part of the Carers Trust, will be the staff-chosen focus for fundraising activities.

Staff are also able to participate in a 'give as you earn' scheme and donate a proportion of their earnings to charities of their choice.



Future focus for our work

On 30 March 2015, the Auditor General and the Chair of the Wales Audit Office laid before the National Assembly an **Annual Plan** for the year ending 31 March 2016, which includes additional information on our three-year priorities.

The Plan:

- describes the aims and objectives of our work;
- sets out our priorities in the exercise of our functions both for 2015-16 and for the three-year period 2015-2018;
- provides detail on the Auditor General's planned programme of audit work for 2015-16;
- sets out the resources available and which may become available to the Wales Audit Office, and how those resources are to be used in our work programmes; and
- describes how we will measure and report on our performance.

Public bodies throughout Wales currently face a number of difficult challenges and need to find new and better ways of designing and delivering services. Our Plan is a blueprint of how we will prioritise and strengthen our programmes of work during 2015-16 and for the next three years so that they can add maximum value, thereby playing our part in helping and encouraging the Welsh public sector to succeed.

When devising the Plan during 2014-15, we paid particular attention to considering what sort of audit office Wales needs now and in the future, how best we can work together with other external review bodies and our key stakeholders, and how we can effectively assess whether we are getting it right.

Our new framework of key performance measures laid out in the Plan is centred on the following themes and questions about our activities.

Impact

To what extent is our work informing the people of Wales, helping public bodies in Wales to succeed, and valued by our stakeholders?

Delivery

Are we delivering our audits on time and to the required quality and professional standards?

Leadership

Are our governance and leadership arrangements operating effectively?

Financial

How well are we managing our finances and assets?

Social

How well are we promoting and supporting equality, well-being and learning?

Environmental

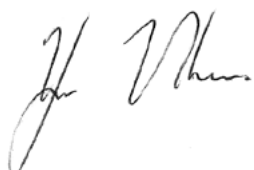
How well are we managing our impact on the environment?

Communication

How well are we raising awareness of and encouraging engagement with our work?

Our suite of targets has been developed with reference to current levels of performance and appropriate benchmarks. The targets will be subject to further scrutiny and refinement during 2015-16 to ensure they are suitably challenging but achievable within the specified timescales.

Further information on the main trends and factors likely to affect our future development, performance and position in relation to corporate governance and risk management can be found in the [Governance Statement](#).



Huw Vaughan Thomas

Auditor General for Wales and Accounting Officer

10 June 2015

Accountability

Key statements and reports that enable us to meet accountability requirements and demonstrate compliance with good corporate governance

Directors' Report

General matters

The [Remuneration Report](#) and notes to the primary financial statements provide an indication of how pension liabilities are treated in the accounts and make reference to the statements of the Civil Service Pension Scheme.

Information on our Register of Interests and how access to the information in that Register may be obtained is provided in the [Governance Statement](#).

Wales Audit Office sickness absence data is provided in the [Strategic Report](#) as part of the social summary and the management commentary on our use of resources.

Information on our reporting of personal data related incidents is included in the information governance section of the [Governance Statement](#).

The future focus for our work section of the [Strategic Report](#) provides an outline of likely future developments in the business of the Auditor General and Wales Audit Office.

On 4 July 2013, the Public Audit (Wales) Act 2013 established the Wales Audit Office as a new body corporate but without resource-holding functions. On 1 April 2014, the Wales Audit Office became fully established with the transfer of staff, property, rights and liabilities from the Auditor General under the 2013 Act. Accordingly, 2014-15 is the first full accounting year of the new Wales Audit Office. Previous year's figures given in these statements relate to the Auditor General and are presented in italics for comparison purposes only and these do not form part of the statutory accounts.

The Wales Audit Office Management Committee



**Huw Vaughan
Thomas**
Auditor General,
Accounting Officer
and Chief Executive



Anthony Barrett
Assistant Auditor
General and Head of
Financial Audit



Gillian Body
Assistant Auditor
General and Head of
Performance Audit



Alan Morris
Sector Lead,
Local Government
and Criminal Justice



Mike Usher
Sector Lead,
Health and Central
Government



Kevin Thomas
Director of Corporate
Services



Steve O'Donoghue
Director of Finance

The Wales Audit Office Board



David Corner
Non-executive
Member



Lindsay Foyster
Non-executive
Member



Peter Price
Non-executive
Member



Steve Burnett
Non-executive
Member and
Senior Independent
Director



Isobel Garner
Non-executive
Chair

The Board is responsible for:

- Monitoring the exercise of the Auditor General's functions
- Providing the Auditor General with resources
- Employing staff and providing resources for the exercise of the Auditor General's functions
- Charging fees for work done by the Auditor General
- Preparing jointly with the Auditor General an annual plan



Huw Vaughan
Thomas
Auditor General
for Wales and
Chief Executive



Kevin Thomas
Appointed
Employee
Member



Amanda Hughes
Elected
Employee
Member

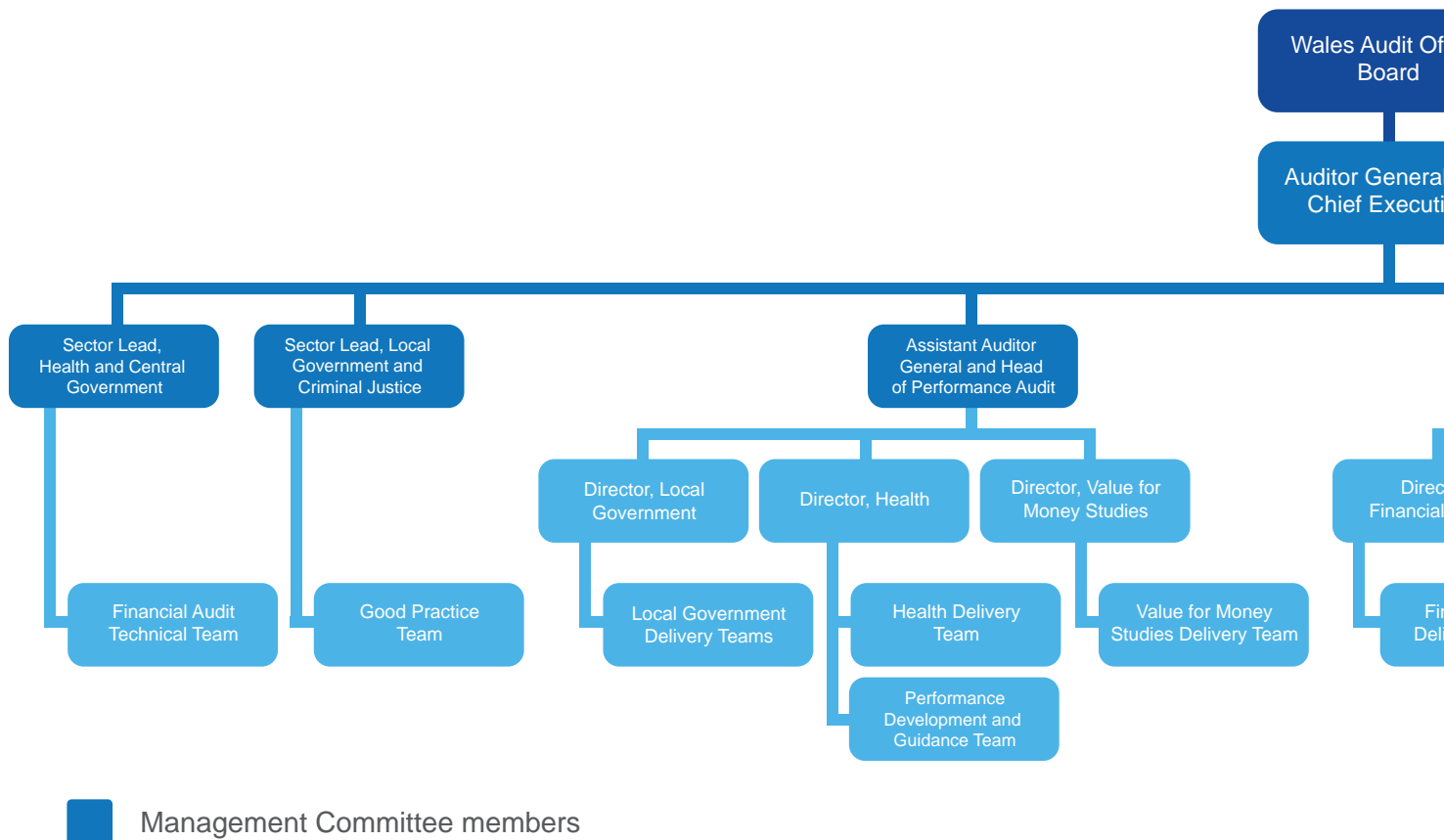


Louise Fleet
Elected
Employee
Member

ole for:

- General's functions
- with advice
- use of the Auditor General's functions
- the Auditor General
- and estimate of income and expenses

Wales Audit Office organisation chart

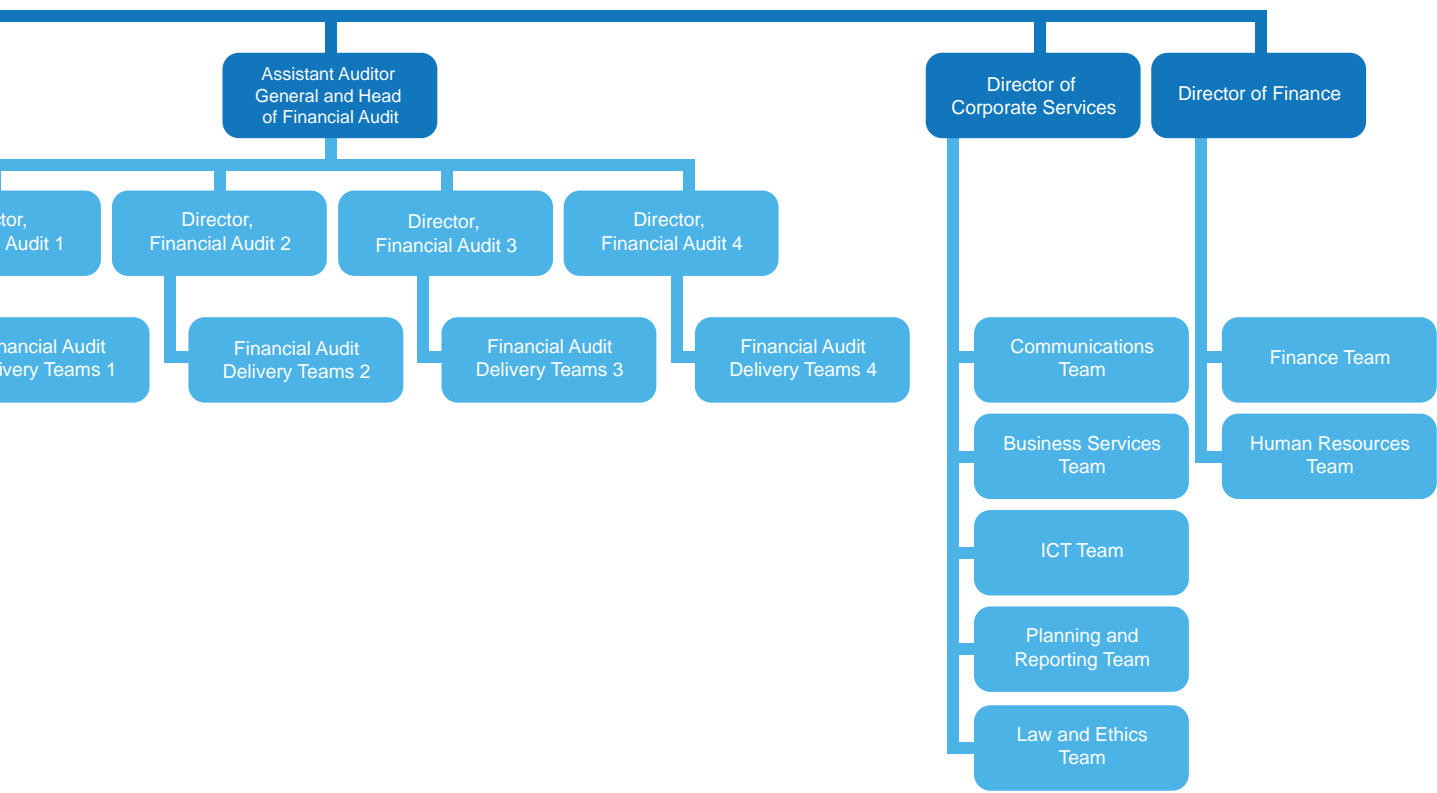


Notes:

- Sector Leads also maintain a portfolio of operational responsibilities for which they act as Directors and report to the relevant Assistant Auditor General
- The Management Committee and other Directors meet on a regular basis as a broader Senior Leadership Team
- The Board and its sub-Committees, and the Management Committee are supported by a Board Secretary

Office

and
ve



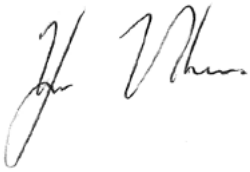
Auditor of the Wales Audit Office

Baker Tilly UK Audit LLP have been appointed as external auditor of the Wales Audit Office by the Finance Committee of the National Assembly for Wales for a period of three years commencing 1 April 2014.

In addition to their work to form an opinion on the financial statements, Baker Tilly also provide value for money reports on the Wales Audit Office to the Finance Committee, which are available on the [National Assembly's website](#).

Details of the cost of external audit services are disclosed in the notes to the primary financial statements.

So far as I am aware, there is no relevant audit information of which our auditor is unaware, and I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information, and to establish that our auditor is aware of that information.



Huw Vaughan Thomas
Auditor General for Wales and Accounting Officer

10 June 2015

Remuneration Report

Remuneration policy

Auditor General for Wales

The Auditor General's remuneration is determined by the National Assembly for Wales and, in accordance with the Public Audit (Wales) Act 2013, is met from the Welsh Consolidated Fund (WCF). For enhanced transparency, the remuneration of the Auditor General is disclosed in this Remuneration Report.

Wales Audit Office Board

The Wales Audit Office Board comprises 5 non-executive members appointed by the Assembly, along with two elected employee members, the Auditor General for Wales and his nominated employee member the Director of Corporate Services.

The remuneration of the non-executive members of the Wales Audit Office Board is non-pensionable and is determined by the Assembly, and in the case of the Chair, is met from the WCF in accordance with the Public Audit (Wales) Act 2013. For enhanced transparency, the remuneration of the Chair of the Wales Audit Office Board is disclosed in this Remuneration Report. The two elected employee members were appointed by the non-executive members of the Board, following a staff ballot, in May 2014. The allowances that they receive for their Board related duties are disclosed in this report. The Auditor General and the Director of Corporate Services receive no additional allowances for their Board related duties.

Non-Executive committee members

In addition to the non-executive Board members, the Wales Audit Office Board has also appointed an independent member of the Audit and Risk Assurance Committee. Remuneration for this post was determined by the Board and is non-pensionable.

Prior to the establishment of the Wales Audit Office Board, a Shadow Board and three governance committees were put in place to prepare the organisation for the implementation of the 2013 Act. The remuneration of the non-executive members of these committees was determined by the Auditor General. This remuneration was non-pensionable.

Wales Audit Office staff

All members of staff are employed by the Wales Audit Office on such terms and conditions as the Board determines. Remuneration of all members of staff is subject to consultation with trade unions under a collective agreement and is pensionable under the Civil Service Pension Scheme.

Wales Audit Office staff normally hold appointments which are open ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Remuneration details

The following sections provide details of the remuneration and pension interests of the Auditor General and the most senior management (ie, Management Committee members) of the Wales Audit Office, along with members of the Wales Audit Office Board and previous non-executive committees.

Auditor General for Wales

The Auditor General's salary costs are a direct charge on the WCF and are not therefore paid by the Wales Audit Office. The current Auditor General, Mr Huw Vaughan Thomas, was appointed by Her Majesty the Queen and took office on 1 October 2010 for a non-renewable period of eight years.

The gross salary cost of the Auditor General during 2014-15 was £153,000 (2013-14: £151,500).

Mr Huw Vaughan Thomas has opted to contribute to a partnership pension account (a form of personal stakeholder pension to which an employer contributes). Total contributions to this account during 2014-15 were £27,927 (including employer contributions of £23,079 and member contributions of £4,848) (2013-14: £27,217 including employer contributions of £23,303 and member contributions of £3,914).

The following information in the Remuneration Report is subject to audit.

Senior management

The Management Committee was chaired by the Auditor General and additionally during 2014-15 comprised:

	Date of appointment to Wales Audit Office or precursor organisation	Date of appointment to post	Date of termination	Contract
Anthony Barrett (Assistant Auditor General and Head of Practice Financial Audit)	24/01/2001	01/04/2014	N/A	Permanent
Gillian Body (Assistant Auditor General and Head of Practice Performance Audit)	02/09/1981	01/04/2014	N/A	Permanent
Alan Morris (Sector Lead Local Government and Criminal Justice)	16/10/2000	01/04/2014	N/A	Permanent
Steven O'Donoghue (Director of Finance)	28/04/2014	28/04/2014	N/A	Permanent
Kevin Thomas (Director of Corporate Services)	26/10/1992	01/04/2014	N/A	Permanent
Mike Usher (Sector Lead NHS and Central Government)	17/09/1987	01/04/2014	N/A	Permanent

Members of the Management Committee are subject to an annual performance review. The notice period for each member is 12 weeks. Early termination, other than through misconduct, would result in the individual receiving compensation on loss of office.

Senior managers' remuneration details

The following table sets out remuneration information in relation to members of the Management Committee.

	Year to 31 March 2015						Year to 31 March 2014					
	Salary ¹	Benefits in kind ²	Taxable expenses	Total Excl Pension	Pension benefit ³	Total single figure of remuneration	Salary	Benefits in kind	Taxable expenses	Total Excl Pension	Pension benefit	Total single figure of remuneration
	Bands of £5,000	To nearest £100	To nearest £100	Bands of £5,000	To nearest £1,000	Bands of £5,000	Bands of £5,000	To nearest £100	To nearest £100	Bands of £5,000	To nearest £1,000	Bands of £5,000
Anthony Barrett	115-120	4,700	14,300	130-135	26	160-165	115-120	4,600	19,800	140-145	32	170-175
Gillian Body	120-125	-	-	120-125	13	135-140	120-125	-	-	120-125	(172)	(50-55)
Alan Morris ⁴	90-95	2,200	-	90-95	94	185-190	-	-	-	-	-	-
Steven O'Donoghue ⁵	70-75	-	-	70-75	42	110-115	-	-	-	-	-	-
Kevin Thomas	115-120	3,500	19,600	135-140	62	200-205	105-110	4,600	16,100	125-130	33	160-165
Mike Usher ⁴	105-110	-	-	105-110	13	115-120	-	-	-	-	-	-

1 Including transport allowance paid to Gillian Body and Kevin Thomas. Mike Usher is entitled to transport allowance, but did not exercise this entitlement during 2014-15. Steven O'Donoghue is not entitled to transport allowance.

2 Leased cars

3 Pension benefits and comparatives have been included in line with the 2014-15 FReM. Previously employer contributions were disclosed.

4 Alan Morris and Mike Usher became members of the Management Committee on 1 April 2014

5 Steven O'Donoghue joined the Wales Audit Office on 28 April 2014

The relationship between the remuneration of the highest-paid director and the median remuneration of the workforce is as disclosed in the following table.

	Year to 31 March 2015	Year to 31 March 2014
Band of highest-paid director's total remuneration excluding pension contributions (£'000)	135-140	140-145
Median total remuneration based on full-time-equivalent staff (excluding pension contributions) (£)	44,704	43,499
Remuneration ratio	3.100	3.225

In 2014-15, no employees (2013-14: none) received remuneration in excess of the highest-paid director. Remuneration ranged from £14,900 to £138,575 (2013-14: £20,340-£142,960). Total remuneration includes salary, transport allowance and benefits in kind. In the case of the highest-paid director, it also includes taxable expenses. It does not include severance payments, employer pension contributions and the Cash Equivalent Transfer Value (CETV) of pensions.

There is no requirement to disclose the salary of the Auditor General as he is paid directly from the WCF and not by the Wales Audit Office. For enhanced transparency, his total remuneration (excluding pension contributions) was £153,000 which represented 3.423 times the median total remuneration for the Wales Audit Office (2013-14: £151,500, ratio: 3.483).

Salary

'Salary' includes gross salary and any other allowance (e.g. transport allowance) to the extent that it is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind represents leased car benefits provided by the Wales Audit Office and treated by Her Majesty's Revenue and Customs (HMRC) as a taxable emolument.

The Wales Audit Office provides a death in service benefit equivalent to a payment of one year's salary for any member of staff who dies whilst in the employment of the Wales Audit Office. The annual cost of this scheme in 2014-15 was £10,684 (2013-14: £11,424). This is a group insurance policy, and as such, cannot be directly attributed to any one member of staff and hence is excluded from the table above.

The Wales Audit Office does not pay bonuses to any members of staff.

Taxable expenses

As disclosed in Note 15, the accounts include a provision for a PAYE settlement with HMRC in respect of the Wales Audit Office not operating PAYE over certain expense payments made to some groups of staff prior to 2012-13. The provision includes taxation and national insurance contributions in respect of expenses paid to Kevin Thomas and Anthony Barrett for travel to a main place of work, and for 2011-12 additionally included fuel scale benefit charge. The tax-inclusive value of these payments is disclosed in the above table and the appropriate payment made to HMRC.

Information on the expenses of Management Committee members is published on the [Wales Audit Office website](#).

Senior management pension details

	Accrued pension at pension age as at 31 March 2015 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2015	CETV at 31 March 2014	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Anthony Barrett	35-40	0-5	574	518	12	0
Gillian Body	45-50 plus lump sum of 145-150	0-5 plus lump sum of 0-5	974	919	10	0
Alan Morris	50-55	5-10	947	817	87	0
Steven O'Donoghue	30-35	0-5	371	329	23	0
Kevin Thomas	45-50	0-5	644	572	39	0
Mike Usher	35-40 plus lump sum of 105-110	0-5 plus lump sum of 0-5	593	556	7	0

Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for classic and 3.5% and 8.85% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

New Career Average pension arrangements will be introduced from 1st April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details of this new scheme are available [on the website](#).

Cash Equivalent Transfer Values

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Real increase in cash equivalent transfer value

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Wales Audit Office Board remuneration

In addition to the remuneration or allowance for their role, Board members are able to claim for their travel and expenses. The personal tax liability in respect of these expenses is settled by the Wales Audit Office under a PAYE Settlement Agreement with HMRC. The tax-inclusive value of these expenses is disclosed in the following table.

The Auditor General for Wales and the Director of Corporate Services receive no additional allowances in respect of their Board duties. Their remuneration as members of the Management Committee is disclosed above.

Figures for 2013-14 represent totals from the date of appointment in October 2013 to 31 March 2014.

	Remuneration/ Allowance		Tax inclusive expenses		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
	£	£	£	£	£	£
Steven Burnett	12,500	5,746	3,031	2,838	15,531	8,584
David Corner	12,500	5,746	9,643	3,029	22,143	8,775
Lindsay Foyster ²	537	-	112	-	649	-
Isobel Garner (Chair) ¹	25,000	13,508	8,108	1,571	33,108	15,079
Christine Hayes ²	7,882	5,746	1,818	1,504	9,700	7,250
Peter Price	12,500	5,746	1,304	166	13,804	5,912
Amanda Hughes ³	3,573	-	378	-	3,951	-
Louise Fleet ³	3,573	-	693	-	4,266	-
Total	78,065	36,492	25,087	9,108	103,152	45,600

1 Isobel Garner, as Chair of the Wales Audit Office Board is paid directly from the WCF and receives no remuneration from the Wales Audit Office other than reimbursement of travel and expenses. Her remuneration has been disclosed for enhanced transparency.

2 Christine Hayes resigned from the Wales Audit Office Board on 18 November 2014 and was replaced by Lindsay Foyster on 16 March 2015.

3 Amanda Hughes and Louise Fleet are employee members of the Wales Audit Office Board and were appointed by the non-executive members in May 2014 following a staff ballot. The allowances disclosed above relate solely to their board member duties.

Non-executive committee members' remuneration

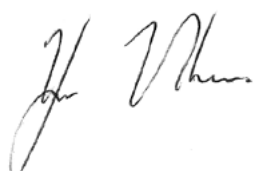
The following table set out the remuneration and expenses of the non-executive members of Wales Audit Office committees prior to the establishment of the Board along with the appointed non-executive member of the Audit and Risk Assurance Committee. Non-executive committee members are able to claim for their travel and expenses. The personal tax liability in respect of these expenses is settled by the Wales Audit Office under a PAYE Settlement Agreement with HMRC. The tax-inclusive value of these expenses is disclosed in the table.

	Remuneration		Tax inclusive expenses		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
	£	£	£	£	£	£
Rosamund Blomfield-Smith	-	7,000	-	2,518	-	9,518
Dr Michael P Brooker	-	7,000	-	331	-	7,331
Steven Burnett ¹	-	2,681	-	-	-	2,681
Mary Champion	-	3,750	-	340	-	4,090
Alison Gerrard ²	2,500	-	107	-	2,607	-
Christine Hayes ¹	-	2,681	-	-	-	2,681
Dr Elizabeth Haywood	-	5,000	-	-	-	5,000
Michael Heap	-	5,000	-	-	-	5,000
Peter Laing	-	-	-	572	-	572
Gilbert Lloyd ³	3,625	7,250	-	-	3,625	7,250
Denver Lynn	-	-	-	3,947	-	3,947
Dr Arun Midha	-	3,750	-	-	-	3,750
Deep Sagar	-	14,176	-	2,477	-	16,653
Canon David Stanton	-	5,000	170	1,383	170	6,383
Haydn Warman	-	3,750	-	-	-	3,750
Total	6,125	67,038	277	11,568	6,402	78,606

1 Mr Burnett and Mrs Hayes were members of non-executive committees prior to their appointment to the new Wales Audit Office Board in October 2013.

2 Mrs Gerrard was appointed as an independent member of the Audit and Risk Assurance Committee on 1 October 2014.

3 Mr Lloyd was an independent member of the Audit and Risk Assurance Committee until September 2014.



Huw Vaughan Thomas
Auditor General for Wales and Accounting Officer
10 June 2015

Statement of Accounting Officer's Responsibilities

Under paragraph 33 of Schedule 1 to the Public Audit (Wales) Act 2013, HM Treasury has directed the Auditor General to prepare for each financial year a Statement of Accounts in the form and on the basis set out in the Accounts Direction. A new direction was obtained following the 2013 Act and will apply for 2014-15 onwards.

The Statement of Accounts must give a true and fair view of:

- a** the state of the Wales Audit Office's affairs at the end of the financial year, and
- b** the Wales Audit Office's income and expenditure in the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- a** include a statement of net revenue outturn, net capital outturn and net cash requirement as against the estimates approved by the National Assembly [and any necessary supporting notes];
- b** include a statement of the change in taxpayers' equity and cash flows for the financial year;
- c** in relation to money provided by the National Assembly, disclose any material expenditure which is inconsistent with the purposes intended by the Assembly;
- d** in relation to resources authorised by the National Assembly, disclose any material use of resources which is inconsistent with the purposes for which the Assembly authorised that use; and
- e** disclose any material transactions which are inconsistent with relevant authority.

As per the Memorandum for the Accounting Officer issued by the Welsh Assembly, the Accounting Officer must:

- Ensure that there is a high standard of financial management in the Wales Audit Office and that its financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity;
- Ensure funds are applied only to the extent and for the purpose authorised by Parliament and the Assembly;
- Ensure that the resources for which the Wales Audit Office is responsible for are properly and well managed and safeguarded;
- Provide advice to the Wales Audit Office on all matters of financial propriety and regularity.

Governance Statement

This statement sets out the control structure of the Wales Audit Office, and provides an account of corporate governance and risk management, alongside a description of the principal risks and uncertainties we face.

As Accounting Officer and working together with the Wales Audit Office Board, I must be able to assure the National Assembly for Wales, the United Kingdom Parliament and the public of high standards of probity in the management of public funds in relation to the Wales Audit Office's governance, decision-making and financial management.

In discharging this responsibility and amongst other requirements, I must seek to ensure that:

- a sound system of internal control is maintained in the Wales Audit Office, including a robust internal audit process, to support the proper exercise of statutory functions; and
- the Wales Audit Office's management of opportunities and risk achieves the right balance commensurate with the business of the Auditor General and the Wales Audit Office.

The full scope of my responsibilities as Accounting Officer is described in the Memorandum for the Accounting Officer of the Wales Audit Office issued on 31 March 2014 by the Finance Committee of the National Assembly, to which I am accountable in my capacity as Accounting Officer.

Corporate governance

The governance framework

The governance structure of the Wales Audit Office, including information on the coverage of the Board's work and on its committees, is summarised in the following exhibit.

Further information on membership of the Board and Management Committee can be found in the [Directors' Report](#).

The Management Committee and other Directors also meet on a regular basis as a broader Senior Leadership Team. The Board and its Committees, and the Management Committee are supported by a Board Secretary.

Finance Committee of the National Assembly

Scrutinises the Wales Audit Office's use of resources and is responsible for the appointment of the non-executive members of the Wales Audit Office Board and the external auditor

Wales Audit Office Board

Monitors the exercise of the Auditor General's functions

Provides the Auditor General with advice

Employs staff and provides resources for the exercise of the Auditor General's functions

Charges fees for work done by the Auditor General

Prepares jointly with the Auditor General an estimate of income and expenses, annual plan, interim report(s) and an annual report

Remuneration Committee

Advises the Board on whether the remuneration arrangements:

- a support its strategic aims;
- b enable the efficient, effective and economic conduct of business; and
- c comply with regulatory requirements

Audit and Risk Assurance Committee

Advises the Board on whether the audit and risk assurance arrangements:

- a support its strategic aims;
- b enable the efficient, effective and economic conduct of business; and
- c comply with regulatory requirements

Management Committee

Provides executive management and governance to the operational delivery of the work of the Auditor General and Wales Audit Office. Chaired by the Auditor General for Wales, as Chief Executive and Accounting Officer.

Account of corporate governance

On 4 July 2013, certain provisions of the Public Audit (Wales) Act 2013 were commenced by order, including those which:

- established the Wales Audit Office as a corporate body; and
- appointed the Auditor General as a member of the Board and the Chief Executive of the Wales Audit Office.

This allowed the National Assembly to appoint five non-executive members of the Wales Audit Office; a process which it completed on 17 October 2013.

These appointments were necessary to ensure that the Wales Audit Office could prepare for full commencement of the provisions of the 2013 Act from 1 April 2014 when, amongst other responsibilities, it became the employer of staff and the holder of all other resources.

At the Board's first meeting on 23 October 2013, it agreed to establish two committees – for Audit and Risk Assurance and for Remuneration.

At the Board meeting on 23 April 2014³, following full commencement of the provisions of the 2013 Act, the Auditor General recommended Kevin Thomas, the Director of Corporate Services, for appointment to the Board by non-executive members⁴. The non-executive members accepted the Auditor General's recommendation.

The 2013 Act also prescribes that the remaining two Board members are to be appointed following a ballot of staff. The Wales Audit Office commissioned Electoral Reform Services to conduct the ballot in early 2014-15, using the single transferable vote method. The Elections Officer, Peter Price, reported at the Board meeting on 23 May 2014⁵ that Amanda Hughes and Louise Fleet had been elected following the staff ballot⁶. He proposed their appointment as employee members of the Board. The non-executive members appointed them to the Board in accordance with the result of the ballot.

The Elections Officer also reviewed the rules governing the election and the effectiveness of the arrangements in place for its administration. He reported to the Board his conclusion that, whilst there was scope for improvement, the Board had put in place robust arrangements for conducting the election and that those arrangements had worked well in practice. The number of candidates prepared to stand exceeded early expectations and the 83 per cent turnout represented a high level of engagement amongst staff which bodes well for the future.

The full Board of nine members, as determined by the 2013 Act, therefore comprises a majority of five non-executive members (including the Chair), the Auditor General, an appointed employee member and two elected employee members.

The Remuneration Committee comprises the five non-executive members of the Board. The Audit and Risk Assurance Committee comprises two non-executive Board members, an elected employee Board member and an independent member.

³ The Board's first meeting in 2014-15

⁴ Under Schedule 1 of the 2013 Act

⁵ The Board's second meeting in 2014-15

⁶ Again under Schedule 1 of the 2013 Act

When carrying out its work, the Board applies a formal Scheme of Delegation, terms of reference incorporating its procedural rules, a Members' Code of Conduct and a Code of Relationship Practice between the Wales Audit Office and the Auditor General.

The Board receives assurance that its objectives are being met through:

- internal management reports;
- independent internal reports, including internal audit reports and the reports of the Audit and Risk Management Committee and the Remuneration Committee; and; and
- external audit reports.

The level of assurance sought and provided is proportionate to the associated levels of risk.

In 2014-15, the Board approved, amongst other business, a revised fee scheme for 2014, an estimate of income and expenses for 2015-16, an interim report on progress made against the 2014-15 annual plan, a fee scheme for 2015 and an annual plan for 2015-16. These documents were laid before the National Assembly and scrutinised by the Finance Committee. The Board considered these documents in the context of the Wales Audit Office strategy for 2013-16 which remains relevant under the new governance arrangements.

For non-executive members, the Board Secretary maintained a register of interests, which was updated during the year to capture any additional information from declarations at Board and committee meetings. This ensured that potential conflicts of interest were identified in advance of meetings where practicable and appropriate action taken to mitigate them. Subject to applicable exemptions, this is available on request by emailing info@audit.wales

The Chair of the Wales Audit Office and the chairs of its committees have a right of access, and can report any matters of concern, directly to the Chair of the Finance Committee.

The Head of Internal Audit and the external auditor continue to have open and confidential access to the Audit and Risk Assurance Committee, including via a private session before each committee meeting.

The Board is satisfied that the Wales Audit Office is compliant with the requirements of the Code of Good Practice for Corporate Governance insofar as its requirements were relevant and practical. The arrangements did not comply with the Code's requirements in respect of board composition since to include ministerial representation and government officials would have risked compromising my independence as Auditor General.

Attendance at Board and committee meetings 2014-15

	Board	ARAC	RC	MC
Number of meetings held	8	3	3	15
Members of the Board and its committees				
Isobel Garner – Non-executive Chair	8		3	
Steve Burnett – Non-executive Member and Senior Independent Director	7		2	
David Corner – Non-executive Member and Audit and Risk Assurance Committee (ARAC) Chair	8	3	3	
Peter Price – Non-executive Member and Remuneration Committee (RC) Chair	8		3	
Christine Hayes – Non-executive Member ¹	4	1	1	
Lindsay Foyster – Non-executive Member	1		1	
Huw Vaughan Thomas – Auditor General for Wales, Chief Executive and Accounting Officer ²	8	3	3	13
Kevin Thomas – Appointed Employee Member and Director of Corporate Services ³	8	3		14
Amanda Hughes – Elected Employee Member	6			
Louise Fleet – Elected Employee Member	7	2		
Gilbert Lloyd – Independent Non-executive ARAC Member ⁴		1		
Alison Gerrard – Independent Non-executive ARAC Member		2		
Members of the Management Committee (MC) who are not Board members⁵				
Anthony Barrett	3	1		12
Gillian Body	4	1		15
Mike Usher	1			14
Alan Morris	1			12
Steve O'Donoghue	7	3	3	11

¹ Christine Hayes, who was also a member of the ARAC, resigned from the Board for personal reasons in November 2014; in March 2015, the National Assembly appointed a new non-executive member, Lindsay Foyster, who the Board appointed to the ARAC in the same month

² Huw Vaughan Thomas attended ARAC and RC meetings in his capacity as Chief Executive and Accounting Officer.

³ Kevin Thomas attended ARAC meetings in his capacity as Director of Corporate Services.

⁴ The services of the former Chair of the Auditor General's Audit and Risk Management Committee, Gilbert Lloyd, were retained for six months to secure a measure of continuity pending completion of the audit of the Auditor General's 2013-14 annual report and accounts. Following an open recruitment exercise, the Board appointed a new independent member, Alison Gerrard, in October 2014

⁵ Management Committee members attended meetings of the Board, ARAC and RC as necessary to give briefings or to take their advice

Board performance and effectiveness review

In 2014-15, the Board commissioned external support for a Board effectiveness review which is being conducted in two phases. In March 2015 the Board received the interim report of the first phase - a benchmarking exercise focused on tasks and roles, interactions and individual contributions. That report helped to inform a development session in May 2015.

Later in 2015-16, phase two of the project will deliver an assessment report outlining strengths, areas for development, direction of travel, and recommending actions and activity to enhance performance. We will report on the outcomes in the 2015-16 annual report and accounts.

Also during the year:

- the Board continued with its convention of holding informal briefing sessions before meetings as an effective mechanism for improving members' knowledge and understanding of particular aspects of the business, thereby enhancing Board effectiveness;
- the Board participated in two externally facilitated development sessions including with the Senior Leadership Team, designed to strengthen working relationships, build a mutual understanding of respective roles, responsibilities and expectations, and to help shape our longer-term strategy;
- the Chair completed one-to-one reviews with each Board member in which she discussed with them their individual contributions; and
- the Senior Independent Director completed an appraisal of the Chair's performance and set objectives for 2015-16.

In May 2014, the Board continued to express some concerns about the quality of management information and the absence of an approved Wales Audit Office business plan with robust performance measures and targets against which it could monitor progress. In October 2014, executive management launched, on an internal pilot basis, a draft three-year business plan. Following a period of consultation and further development, a final version of the business plan, including agreed performance measures and associated targets, was approved by the Board in March 2015. The business plan was incorporated as part of the Annual Plan for 2015 16 which was published and laid before the National Assembly.

The Wales Audit Office also continued to refine its business cycle to ensure that executive management, Board committee and Board meetings are aligned appropriately for effective decision-making. This is an ongoing process that recognises the need to balance pre-planned agendas with the flexibility to account for matters that emerge at short notice.

Report of the Audit and Risk Assurance Committee

The Audit and Risk Assurance presented its annual report to the Board and Accounting Officer in June 2015, summarising its conclusions from the work it had undertaken during 2014-15.

In terms of risk, the Committee reported that three items of business had warranted particular attention in 2014-15:

- the development of new risk management arrangements;
- the implementation of real-time recording arrangements; and
- the appointment of an elected employee Board member to the Committee.

Overall, the Committee was satisfied that, taking account of the internal and external audit opinions, it had completed sufficient work to provide assurance that the Wales Audit Office's systems are delivering an effective framework of governance, risk management and control.

Report of the Remuneration Committee

The Remuneration Committee presented its annual report to the Board and Accounting Officer in May 2015. The Committee reported that its business in 2014-15 was largely reactive, dealing with specific matters brought to its attention by management rather than emerging from a pre-planned work programme.

In terms of risk, the Committee reported that three items of business had warranted particular attention:

- the competitiveness of a particular salary band range, and its implications for recruitment and retention of financial audit staff;
- the management of sickness absences, including staff sick pay entitlement and health screening; and
- the review of transport allowances and the current car lease scheme.

In 2015-16, the Committee intends to develop a forward work programme which will provide more comprehensive assurances to the Board on matters within the Committee's remit.

Internal auditor's report

BDO LLP were appointed as the internal auditors of the Wales Audit Office for the year ended 31 March 2015 following a tender exercise which was concluded in June 2014. An internal audit plan was prepared for consideration and was approved by the Audit and Risk Assurance Committee at its meeting on 24 November 2014.

During 2014-15, seven internal audit reports were issued by BDO LLP on reviews of: payroll, financial controls (interim and final), real-time recording, fraud controls and business planning.

Summary of the levels of assurance provided in internal audit report opinions in 2014-15

Design of internal control framework	Substantial			1	4
	Moderate			1	1
	Limited				
	None				
Assurance level	None	Limited	Moderate	Substantial	
Operational effectiveness of internal controls					

In his annual statement of assurance for 2014-15, the Head of Internal Audit reported that:

'As the provider of internal audit services to the Wales Audit Office, we are required to provide the Board with an opinion on the adequacy and effectiveness of internal control processes, which supports the organisation's own Governance statement.

'In giving our opinion it should be noted that assurance can never be absolute. The Internal Audit service provides the Wales Audit Office with reasonable assurance that there are no major weaknesses in the internal control system for the areas reviewed for the period from 1 April 2014 to 31 March 2015. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

'In assessing the level of assurance to be given, we have taken into account:

- all internal audits undertaken by BDO LLP during 2014-15;
- follow-up action confirmed as taken in respect of audits from previous periods;
- whether any significant recommendations have not been accepted by management and the consequent risks;
- the impact of any significant changes in the Wales Audit Office's objectives or systems;
- the requirements of International Internal Audit Standards and Public Sector Internal Audit Standards; and
- Any limitations which may have been placed on the scope of internal audit.

'We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Wales Audit Office's risk management and internal control arrangements.

'In our opinion, based on the reviews undertaken completed during the period, we are able to conclude that risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable assurance that the related risk management, control and governance objectives were generally achieved by the end of the period under review.'

Risk management

Given the nature of our business, our tolerance of risk in areas of professional audit judgement, regularity and propriety, and financial management is low. In other areas, such as in relation to the exchange of good practice and engaging more effectively with the public, we are prepared to accept more risk in order to take advantage of opportunities to pursue our aim and objectives.

The Wales Audit Office is committed to adopting best practice in the identification, evaluation and cost-effective control of risks to ensure they are reduced to an acceptable level or eliminated. It is acknowledged that some risks will always exist and will never be eliminated – but these too must be monitored and controlled.

Risk management and control framework

The Board has overall responsibility for risk management, and receives and considers a strategic risk register at each of its meetings.

The Board is supported by the Audit and Risk Assurance Committee, which advises the Board on:

- its risk strategy, including the appropriateness of the organisation's approach to setting its appetite for risk;
- whether the risk management function is performing its role in accordance with relevant professional standards;
- the effectiveness of the risk identification and assessment processes that inform executive decision-making; and
- management's responsiveness to risk assessment.

The Management Committee is responsible for managing risk on a day to day basis, and maintains a risk register with identified strategic and operational risks that could affect the achievement of the Wales Audit Office's aim and objectives.

A summary risk register, which details any significant changes to the risk profile, is a standing agenda item at each Management Committee meeting. Management Committee reviewed the full risk register every quarter in 2014-15, in advance of its consideration by the Audit and Risk Assurance Committee.

The Accounting Officer advises the Board and its committees on the system of internal control, and is supported in doing so by the Management Committee.

Account of risk management

At the beginning of 2014-15, the Head of Internal Audit finalised his review of the Wales Audit Office's risk management arrangements. The review set out to determine the extent to which the arrangements were in accordance with best practice and the extent to which risk management was embedded across the organisation.

The conclusion of the review was that whilst there were a number of strong features within the overall risk management model, there was a need to strengthen risk management arrangements in a number of areas, and to improve risk awareness and ownership throughout the organisation.

The Internal Audit report was used to inform a programme of work undertaken in 2014-15 to improve Wales Audit Office risk management arrangements. The Board agreed a strategic statement on risk at its meeting in July 2014, and approved a plan for developing improved risk management arrangements for formal launch on 1 April 2015. The key stages of the project were:

- development of a new risk management framework;
- redesigning the risk register to ensure that risks are clearly articulated and have clear mitigating controls and actions;
- including within the risk register both gross (inherent) and net (residual) risk ratings, to increase the level of clarity both of the risks themselves but also of the mitigating controls and actions;
- developing a clear process for risks to be escalated up to the strategic risk register;
- revising reporting arrangements at all levels to ensure that risk management can effectively inform and enable decision making; and
- ensuring that the risk framework and associated processes are fully embedded within management processes.

Key stakeholders were engaged throughout the delivery of the project to ensure ownership and that any concerns or queries were captured and addressed. The new risk management arrangements were agreed in principle by the Board in January 2015, and were run in parallel with existing risk management arrangements for the final quarter of the financial year to test their operational effectiveness. The new arrangements were formally launched on 1 April 2015.

The Wales Audit Office's strategic risk profile

The Wales Audit Office's risk profile was amended over the course of 2014-15 as part of the broader project for improving risk management arrangements.

As in previous years, there were a number of key strategic risks that fluctuated during the year and that particularly engaged the time of the Board and Management Committee:

- Financial audit has experienced significant and persistent resourcing shortages through the year as a result of staff turnover and recruitment difficulties. In response, we reviewed the auditor salary package, tried new approaches to recruitment and accelerated the appointment of trainee auditors. This risk remains under active oversight by the Board in view of ongoing concerns that some future audit deadlines may be missed.
- We are continuing to work with the National Assembly's Finance Committee to overcome complexity and reduce risk in our fee charging arrangements. Section 23 of the Public Audit (Wales) Act 2013 requires that the fee charged for each individual piece of audit work at an audited body 'may not exceed the full cost' of that work. This requirement can result in a scenario where we have to refund costs for one piece of work whilst raising additional invoices for another, all for the same audited body. We are seeking a minor legislative change to enable fee scales and fee amounts to be set at an appropriate level for a particular body in the round.
- Last year, the Board approved a project to replace our out-dated financial audit management and records system. The project was in progress at the 2014-15 year-end and has, to date, remained on track and within budget. However, due to the previously mentioned resourcing difficulties, there remains a risk that implementation could be impacted during times of peak workload, thereby potentially affecting business continuity.
- The Wales Audit Office faces similar challenges to other public sector bodies in terms of securing a sustainable organisation delivering good value for money. These challenges are exacerbated by a number of factors, including:
 - experiencing a managed decline in our commissioned grants certification work, arising from a Welsh Government decision to bring the 2014-20 EU audit programme entirely in-house, and an ongoing review of its use of external auditors for grants certification;
 - having to make increases to some audit fees in order to comply with the revised fee-setting basis for our audit work introduced by the Public Audit (Wales) Act 2013, and due to an HMRC ruling on our VAT status;
 - increases in demand for us to undertake commissioned audit work; and
 - seeking out transformational changes to reduce our cost base whilst recognising that around 70 per cent of our costs relate to staffing.

I am satisfied that the risks associated with these projects have been monitored and managed effectively during the year.

In addition, a number of risks were successfully managed and removed from the risk register during 2014-15. These include:

- The risk of insufficient interest from firms in our supply contracts. We successfully mitigated this risk and awarded new supply contracts in 2014-15 which provide both better value for money and greater resourcing flexibility to support the Auditor General's work.
- The risk of initial tensions between the supervisory and executive nature of the new Board's functions such that the Auditor General's audit independence could be compromised. This risk has been addressed by successfully implementing our new governance arrangements, supported by a Code of Relationship Practice and the ongoing work of the Chair and Auditor General to mitigate that risk.
- The risk of delays to the delivery of the internal audit programme. Internal Audit has now been successfully outsourced to provide better value for money, and more reliable assurance on the operation of our internal control framework.

The Wales Audit Office faces a number of newly identified risks going forward into 2015-16, which have been reflected in our strategic risk register. These include:

- the risk of the Wales Audit Office having insufficient capacity, capability and flexibility to meet the requirements of the rapidly changing audit environment (including due to faster closure of local government accounts and the decline of commissioned grant certification work); and
- the risk of public service and constitutional reform resulting in significant changes to the volume and nature of our audit work.

We have commissioned work to improve our workforce planning arrangements to mitigate these new risks.

I will continue to ensure that risks are generally well managed, that where there are weaknesses, appropriate actions are in place to tackle them, and that the Wales Audit Office's internal controls are regularly reviewed to ensure they remain effective.

Information governance

As Auditor General, I have privileged and wide-ranging access to data and information to support the discharge of my audit functions and to ensure that my reports are factual, accurate and complete. The Wales Audit Office has a duty to respect this privileged access and to ensure that the personal and sensitive information entrusted to it is safeguarded properly.

In discharging this duty, the Wales Audit Office has an Information Security Policy which:

- sets out the obligations of all employees in relation to the use of Wales Audit Office ICT facilities;
- outlines the legal requirements for processing data;
- highlights key security responsibilities for staff;
- sets out the arrangements for routine monitoring to check staff compliance with the law and Wales Audit Office policy;
- sets out the Wales Audit Office's arrangements to monitor policy compliance; and
- explains how staff can obtain further support and guidance and how security incidents should be reported.

The Director of Corporate Services is accountable to the Board for information governance. He acted as the Single Point of Contact who must authorise all planned bulk transfers of higher-sensitivity information between the Wales Audit Office, audited bodies and other originators.

The Information Security Officer advises senior managers and staff on technical and practical security matters and leads any required investigative work.

The Information Officer works to ensure sound overall information governance, including compliance with Data Protection Act 1998 and Freedom of Information Act 2000 requirements. The Information Officer is the principal point of contact for the Information Commissioner's Office.

The Wales Audit Office has adopted ISO 27001, the international standard for information security management, scaling its arrangements in line with the needs of the organisation.

There were no personal data related incidents reportable to the Information Commissioner's Office in 2014-15.

We are committed to openness and transparency in the way we operate as a business. The Auditor General and the Wales Audit Office have adopted the Model Publication Scheme prepared and approved by the Information Commissioner. The Scheme commits us to making certain information routinely available to the public.

In the 2014-15 financial year, we received 44 requests for information. In two cases we did not meet the statutory deadline. In one of those cases the request was made in the course of ongoing dialogue with an Assembly Member, and a meeting was arranged to discuss related matters before the response was provided. In the other case, the request was embedded within audit related correspondence, and the auditor who was handling the correspondence did not initially recognise that an element necessitated handling in accordance with information law legislation.

We were not subject to any reviews in 2014-15 by the Information Commissioner.

A handwritten signature in black ink, appearing to read 'H. Vaughan Thomas', written in a cursive style.

Huw Vaughan Thomas
Auditor General for Wales and Accounting Officer

10 June 2015

Independent Auditor's Report to the National Assembly for Wales

We certify that we have audited the financial statements of the Wales Audit Office for the year ended 31 March 2015 under Schedule 1 of the Public Audit (Wales) Act 2013. These financial statements comprise the Summary of Resource Outturn, the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, and related notes. The financial reporting framework that has been applied in their preparation is HM Treasury directions issued under the 2013 Act. We have also audited the information in the Remuneration Report that is described in the report as having been audited. We have also undertaken work to obtain reasonable assurance that expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

This report is made solely to the National Assembly for Wales to whom it is addressed in accordance with the Public Audit (Wales) Act 2013 and for no other purpose. Our audit work has been undertaken so that we might state to the National Assembly for Wales those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the National Assembly for Wales for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Wales Audit Office, the Auditor General for Wales and the Auditor

As explained more fully in the Statement of the Accounting Officer's responsibilities set out on [page 68](#), the Wales Audit Office and the Auditor General for Wales are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and the Auditor General is also responsible for ensuring expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving a reasonable assurance opinion that expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

Scope of the audit on the financial statements

A description of the scope of an audit on financial statements is provided on the [Financial Reporting Council's website](#).

We are also required to obtain evidence sufficient to give reasonable assurance that the expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes. We have conducted our work in accordance with the Audit Practices Board Practice Note 10 in this respect.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Wales Audit Office affairs as at 31 March 2015 and of its net operating cost for the year then ended; and
- have been properly prepared in accordance with the HM Treasury directions issued under the Public Audit (Wales) Act 2013.

Opinion on regularity

In our opinion:

- the expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it;
- the money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

Opinion on other matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance HM Treasury directions issued under the Public Audit (Wales) Act 2013; and
- the information included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Baker Tilly UK Audit LLP
11 June 2015

Registered Auditors
Davidson House
Forbury Square
Reading
RG1 3EU

Primary financial statements and notes

Summary of Resource Out-turn for the year ended 31 March 2015

Note	2014-15 Estimate			2014-15 Out-turn			Net total out-turn compared to estimate	2013-14 Out-turn	
	Gross expenditure	Income	Net Total	Gross expenditure	Income	Net Total			
	£'000	£'000	£'000	£'000	£'000	£'000			
SORO1	Revenue	23,315	(17,639)	5,676	22,412	(17,119)	5,293	(383)	4,865
SORO1	Capital	298	-	298	289		289	(9)	20
	Total resources	23,613	(17,639)	5,974	22,701	(17,119)	5,582	(392)	4,885
SORO2	Net cash requirement			5,974			5,276	(698)	5,094

Summary of cash payable to the Welsh Consolidated Fund (WCF)

Arising from the operations of the Wales Audit Office for the 2014-15 financial year, the sum of £698,000 is repayable to the WCF.

Notes to the Summary of Resource Out-turn

Note SORO1: Analysis of net resource out-turn 2014-15

This note has been included for 2014-15 to compare the out-turn with the Estimate for 2014-15 on the same basis as the Estimate was prepared and reflecting in-year management reporting. Information for 2013-14 is based on the Accounts format and hence is not directly comparable.

	2014-15 Estimate	2014-15 Out-turn	2014-15 Net out-turn compared to estimate	2013-14 Out-turn
	£'000	£'000	£'000	£'000
Expenses				
Staff-related costs ¹	16,230	15,693	(537)	15,722
Accommodation costs	941	913	(28)	850
Learning and development	407	408	1	144
IT costs	601	426	(175)	574
Supplies and services	5,136	4,972	(164)	7,038
Total expenses	23,315	22,412	(903)	24,328
Income				
Audit and inspection fees	(16,169)	(16,108)	61	(16,606)
WPI grant	(1,170)	(947)	223	(1,409)
Other income	(300)	(64)	236	(27)
Total income	(17,639)	(17,119)	520	(18,042)
Net revenue resource	5,676	5,293	(383)	6,286
Capital expenditure	298	289	(9)	20

¹ Staff related costs includes travel and subsistence included in other costs in the Statement of Comprehensive Expenditure and excludes the cost of training time for our trainees which is included within Learning and Development.

Explanation of variances

The reduction in staff related costs as compared to the Estimate is as a result of staff vacancies during the year reflecting the recruitment difficulties faced, particularly in respect of financial auditors.

A reduced requirement for repairs and maintenance resulted in lower than planned expenditure on accommodation costs.

Expenditure on new IT equipment and software along with associated consultancy costs was lower than originally planned.

The supplies and services budget included general contingency sums that were not required in 2014-15.

The reduction in audit fee income as compared to 2013-14 reflects additional work carried out during 2013-14 and a reduction in fees received for grant certification work in 2014-15.

Income from the Wales Programme for Improvement (WPI) grant was less than originally anticipated due to a reduction in work carried out in the year.

The estimate for other income included expected fees for 'commissioned' work over and above our statutory audit work. The fees for this work have now been included within audit and inspection fees.

Note SORO2: Reconciliation of net resource out-turn to net cash requirement

	2014-15 Estimate £'000	2014-15 Out-turn £'000	2013-14 Variance £'000	2013-14 Out-turn £'000
Revenue resources	5,676	5,293	(383)	4,865
Capital resources	298	289	(9)	20
Adjustments:				
Non-cash items (depreciation)		(177)	(177)	(97)
Movements in working capital other than cash		(129)	(129)	306
Total net cash requirement	5,974	5,276	(698)	5,094

The movements in working capital in the above table is net of the movements in receivables (minus £164,000), payables (plus £136,000) and current provisions (minus £101,000) as included in the Statement of Financial Position.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

	Note	2014-15 £'000	2013-14 £'000
Expenditure			
Staff and associated costs	4	15,406	15,291
Bought-in services	6	3,156	3,308
Other operating costs	7	3,850	4,093
Distribution of reserves to local government bodies	7	-	1,633
		22,412	24,325
Income			
Audit fee income	2	(16,108)	(16,606)
Inspection grant	2	(947)	(1,409)
Other operating income	3	(57)	(20)
		(17,112)	(18,035)
Net (expenditure)		5,300	6,290
Interest payable/(receivable)		(7)	(7)
Corporation tax payable/(recoverable)		-	3
Net expenditure after tax and interest		5,293	6,286
Total comprehensive net expenditure for the year		5,293	6,286

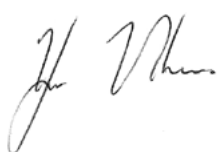
The notes that follow on [pages 93 to 115](#) form part of these financial statements

There were no discontinued operations, acquisitions or disposals during the period nor any unrecognised gains or losses.

Statement of Financial Position at 31 March 2015

	Note	31 March 2015 £'000	31 March 2014 £'000
Non-current assets			
Property, plant and equipment	8	623	666
Intangible assets	9	252	97
		875	763
Current assets			
Trade receivables and work in progress	10	2,166	1,996
Other receivables	11	566	572
Cash and cash equivalents	12	2,841	4,489
		5,573	7,057
Total assets		6,448	7,820
Current liabilities			
Trade payables and other current liabilities	13	(2,055)	(1,860)
Deferred income	14	(2,404)	(2,463)
Provisions for liabilities and charges	15	(536)	(637)
Distribution of reserves to local government bodies	13	(2)	(1,633)
WCF (see Summary of Resource Out-turn)		(698)	(337)
		(5,695)	(6,930)
Total assets less current liabilities		753	890
Non-current liabilities			
Provisions for liabilities and charges	15	(770)	(890)
		(770)	(890)
Total assets less liabilities		(17)	(0)
Taxpayers' equity			
General fund		(17)	(0)
		(17)	(0)

The notes that follow on [pages 93 to 115](#) form part of these financial statements.



Huw Vaughan Thomas
Auditor General for Wales and Accounting Officer

10 June 2015

Statement of Cash Flows for the year ended 31 March 2015

		2014-15	2013-14
	Note	£'000	£'000
Cash flows from operating activities			
Comprehensive net expenditure		5,293	6,286
Non cash: depreciation and amortisation	7	(177)	(227)
Increase/(decrease) in trade and other receivables	10, 11	164	1,046
(Increase)/decrease in trade and other payables	13, 14	(136)	(316)
(Increase)/decrease in distribution of reserves to LG bodies	13, 14	1,631	(1,633)
(Increase)/decrease in provisions	15	221	(17)
Net cash outflow from operating activities		6,996	5,139
Cash flows from investing activities			
Purchases of property, plant and equipment	8	72	16
Purchases of intangible assets	9	217	38
Net cash outflow from investing activities		289	54
Cash flows from financing activities			
WCF		(5,974)	(5,431)
WCF repaid		337	268
Net financing		(5,637)	(5,163)
Movements in cash and cash equivalents	12	1,648	30

The notes that follow on [pages 93 to 115](#) form part of these financial statements.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

	£'000
Balance at 31 March 2013	1,192
Changes in taxpayers' equity in 2013-14	
Total comprehensive expenditure	(6,286)
WCF finance	5,431
	337
Payable to WCF	(337)
Balance at 31 March 2014	0
Changes in taxpayers' equity in 2014-15	
Total comprehensive expenditure	(5,293)
WCF finance	5,974
	681
Payable to WCF ¹	(698)
Balance at 31 March 2015	(17)

¹ As reported in the Summary of Resource Out-turn for the year ended 31 March 2015.

The notes that follow on [pages 93 to 115](#) form part of these financial statements.

Note 1: Accounting conventions and policies

Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2014-15 FReM, issued by the relevant authorities. The financial statements have been prepared on a going concern basis as set out in Note 21: Events after the reporting period.

The accounting policies contained in the FReM apply EU-adopted International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Wales Audit Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Wales Audit Office are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

There are no new accounting standards issued, but not yet effective, that would have had a material effect on these financial statements had they been applied in this reporting period:

- (i) The accounts are prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment and intangible assets where material to their value to the business by reference to their current costs, in a form directed by HM Treasury, under paragraph 32 of Schedule 1 of the Public Audit (Wales) Act 2013. They are presented in British pounds which is the functional currency of the Wales Audit Office and are rounded to the nearest £1,000.
- (ii) Gross fee income and other operating income are recognised on the value of chargeable work exclusive of VAT.
- (iii) Operating income, whether derived from direct government grant or fees generated from audited bodies, is credited to the year of account in which the work is done. Income received in advance of the work being done is classed as deferred income (see xi). Work done in advance of income received is classed as work in progress (see ix). Funding drawn from the WCF is not direct government grant and is credited directly to taxpayers' equity.
- (iv) The PCSPS is an unfunded multi-employer defined benefit scheme to which both employee and employer contribute. The Wales Audit Office recognises the expected cost of providing pensions on a systematic and rational basis over the period during which the Wales Audit Office benefits from employees' services by payment to the PCSPS of the amounts calculated on an accruing basis.
- (v) Operating lease rentals are charged on a straight-line basis over the lease term. Lease incentives received are recognised in the Statement of Comprehensive Net Expenditure as an integral part of the total lease expense. Where the Wales Audit Office enjoys the benefit of rent-free periods in leases, that benefit is credited evenly over the period from the inception of the lease until the first rent review.
- (vi) Intangible assets, which are software licences, are stated at amortised historic cost. The assets are amortised on a straight-line basis over the shorter of the term of licence or useful economic life. Amortisation is calculated from the date the intangible asset commences its useful life.

- (vii) Fixed assets are held at depreciated replacement costs as an approximation to fair value.
- (viii) Depreciation is provided on all property, plant and equipment assets calculated to write off the cost, less estimated residual value, of each asset in equal annual instalments over its expected useful life as follows:

Furniture and fittings (including IT infrastructure)	10 years (or shorter of asset life or length of lease for fittings in leased buildings)
Computer equipment	3 years
Office equipment	5 years

The change in depreciation policy for fixtures and fittings has resulted in a reduction in depreciation charges in 2015-16 of £67,000.

Under the Wales Audit Office's capitalisation policy, individual and grouped computer equipment and software in excess of £5,000, other equipment in excess of £1,000 and office refurbishments are capitalised. Depreciation is calculated from the date the asset commences its useful life.

- (ix) Receivables and work in progress are valued at estimated realisable value. Work in progress relates to amounts due on completed work where the fee is yet to be issued or where work done falls into different account periods. This is stated at full cost less provision for foreseeable losses and amounts billed on account. A provision for impairment of trade receivables is established when there is evidence that the Wales Audit Office will not be able to recover all amounts due in accordance with contracts.
- (x) A provision for future leasehold property dilapidations is established in the Statement of Financial Position. This is built up through an annual dilapidations charge, calculated by applying an annual dilapidation rate to the floor area of the leased assets. Dilapidation liabilities relating to the cost of restoring alterations made to leased buildings are accounted for by means of a provision set aside in the year the cost was identified, based on estimates provided by independent surveyors. Such provisions are capitalised and depreciated over the shorter of the asset life or the length of the lease.
- (xi) Deferred income comprises fee income that has been invoiced but not yet recognised. This is calculated by assessing the percentage completion of projects, recognising that proportion of invoiced fee income as revenue in the period with unrecognised, invoiced income being treated as deferred income.
- (xii) The preparation of the financial statements requires various estimates and assumptions to be made that affect the application of accounting policies and reported amounts. All such estimates and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

The most significant areas of estimation and critical judgments are:

- Provisions for redundancies and severances are based on projections of expected future pension payments. In line with accounting standards, the provision is recognised in full in the year that the obligating event occurred, assuming that it is probable that a transfer of economic benefits is required and that this can be reliably estimated.
 - Work in progress is valued at the percentage of completion of unbilled work. Deferred income is calculated based on an assessment of project completion, as explained above.
 - Tax provisions are based on professional advice received.
 - Dilapidations provisions are based on professional advice received.
- (xiii) Events after the Statement of Financial Position date that may require disclosure or adjustment in accordance with the requirements of IAS 10 are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date on which the Independent Auditor's Report is signed.

Note 2 (a): Wales Audit Office operating segments

2014-15

	Financial audit	Performance audit	Activities funded by WCF	Total
	£'000	£'000	£'000	£'000
Audit fees	(12,268)	(3,840)		(16,108)
Grant		(947)		(947)
Other income			(57)	(57)
Total	(12,268)	(4,787)	(57)	(17,112)
Expenditure	12,582	4,480	5,350	22,412
	314	(307)	5,293	5,300

2013-14⁷

	Financial audit	Performance audit	Activities funded by WCF	Total
	£'000	£'000	£'000	£'000
Audit fees	(11,848)	(4,758)		(16,606)
Grant		(1,409)		(1,409)
Other income			(20)	(20)
Total	(11,848)	(6,167)	(20)	(18,035)
Expenditure	12,343	6,571	5,411	24,325
	495	404	5,391	6,290

The Wales Audit Office reports income and expenditure on its two main audit functions for which fees are charged and also for activities which are funded directly from the Welsh Consolidated Fund (WCF). More detail on these activities is provided in the Strategic Report on [pages 9 to 50](#).

⁷ Prior to 2014-15 our expenditure was analysed to separately distinguish those elements of the budget of the Wales Audit Office that were subject to approval by budget motion of the National Assembly from those elements that were not. From 1 April 2014 all income and expenditure is subject to such approval. 2013-14 comparative information has been restated to reflect this.

Reconciliation to Statement of Comprehensive Net Expenditure

	2014-15	2013-14
	£'000	£'000
Net expenditure per above analysis	5,300	6,290
Corporation tax	0	3
Interest receivable	(7)	(7)
Per Statement of Comprehensive Net Expenditure	5,293	6,286

Note 2 (b): Analysis of audit fee income

	2014-15			2015-16		
	Financial Audit	Performance Audit	Total	Financial Audit	Performance Audit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Local Government Audit	6,146	2,556	8,702	5,433	3,456	8,889
Local Government Grant Certification	2,079	-	2,079	2,496	-	2,496
NHS	2,107	1,273	3,380	2,039	1,263	3,302
Central Government Audit	1,936	11	1,947	1,880	39	1,919
	12,268	3,840	16,108	11,848	4,758	16,606

Note 3: Other operating income

	2014-15	2013-14
	£'000	£'000
Sundry income	57	20
	57	20

Note 4: Staff and associated costs

(i) Staff costs	2014-15	2013-14
	£'000	£'000
Staff salaries	10,655	10,668
Non-executive committee member fees ¹	59	90
Social security costs	1,055	1,042
Pension costs (PCPS) ²	2,115	2,116
Pension costs (Stakeholder pensions)	3	7
	13,887	13,923
Transport allowance and leased cars	772	742
Subscriptions and other benefits ³	48	47
	14,707	14,712
Audit and inspection contractors ⁴	548	323
	15,255	15,035
Redundancy, early retirement and severance costs	240	400
Less monies received in respect of outward secondments ⁵	(89)	(144)
Net staff costs	15,406	15,291

1 As stated in the Remuneration Report with the exception of the Chair of the Wales Audit Office Board whose remuneration is met by the Welsh Consolidated Fund.

2 Principal Civil Service Pension Scheme as described in the Remuneration Report.

3 Mainly fees for the membership of professional bodies

4 The Wales Audit Office uses a number of temporary audit and inspection contractors at certain times in the year to meet demand for resources at peak times

5 A member of the senior leadership team was seconded to another organisation for 6 months of the financial year. The Wales Audit Office was reimbursed 50% of the costs of this secondment for 2 months which are included within this figure.

(ii) Staff numbers

	2014-15	2013-14
	£'000	£'000
Average number of full-time-equivalent, UK-based, permanent staff employed during the year	241	243
Audit and inspection contractors (average number of full-time equivalents in year)	12	7

More detailed information in respect of the remuneration and pension entitlements of the senior management is shown in the Remuneration Report on [pages 59 to 67](#).

No members of staff retired early on health grounds during the year.

Note 5: Redundancies, early retirements and severances

The Wales Audit Office operates voluntary severance arrangements in accordance with the Civil Service Compensation Scheme and as approved by the Cabinet Office. These schemes are in accordance with workforce planning requirements and have resulted in reductions to the staffing cost base of the Wales Audit Office. The cost of the scheme in 2014-15 was £316,825 (2013-14: £378,409). This will deliver annual savings of £330,000.

A number of employees entered into approved exit packages during 2014-15 and 2013-14 as summarised below:

Exit package cost band	2014-15			2013-14		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £25,000	-	1	1	-	-	-
£25,001 – £50,000	-	2	2	-	1	1
£50,001 – £100,000	-	2	2	-	2	2
£100,001 – £150,000	-	1	1	-	1	1
Total	-	6	6	-	4	4

Five of the six people who were approved for voluntary exit in 2014-15, had leaving dates in 2015-16. The costs of the packages are included within Note 4: Staff costs and Note 15: Provisions for liabilities and charges.

Early retirement and departure costs have been paid in accordance with Wales Audit Office policy, which has been agreed with recognised trade unions. Any additional costs that are not met by the PCSPS are met instead by the Wales Audit Office and are recognised in these financial statements.

Note 6: Bought-in services

	2014-15	2013-14
	£'000	£'000
Payments to private accountancy firms	3,070	3,168
Research and other consultancy costs	86	140
	<hr/> 3,156	<hr/> 3,308

These costs relate to services bought in by the Auditor General that directly relate to audit, inspection or research functions.

Note 7: Other operating costs

	2014-15	2013-14
	£'000	£'000
Accommodation		
Rent lease costs	459	453
Other costs	373	397
Supplies and services	1,931	2,233
Recruitment and transfers	62	76
Depreciation and amortisation	177	227
Professional fees		
Internal audit services	30	17
External audit fees	37	25
Fees for other services (VFM)	-	-
Other professional fees	78	90
Travel and subsistence	492	431
Learning & development	203	144
Distribution of reserves to local government bodies ¹	-	1,633
Write off of debts	8	-
	<hr/> 3,850	<hr/> 5,726

¹ Accumulated reserves to 31 March 2014 were distributed to local government bodies in accordance with the commitment made in the annual Estimate for 2014-15.

Note 8: Property, plant and equipment

	Furniture and fittings	Information technology	Office equipment	Total
2014-15	£'000	£'000	£'000	£'000
Cost				
At 31 March 2014	1,377	223	115	1,715
Additions	-	49	23	72
Disposals	-	-	-	-
At 31 March 2015	1,377	272	138	1,787
Depreciation				
At 31 March 2014	826	137	86	1,049
Provided in period	81	15	19	115
Disposals	-	-	-	-
At 31 March 2015	907	152	105	1,164
Net book value				
At 31 March 2015	470	120	33	623
At 31 March 2014	551	86	29	666
Asset financing				
Owned	470	120	33	623

	Furniture and fittings	Information technology	Office equipment	Total
2013-14	£'000	£'000	£'000	£'000
Cost				
At 31 March 2013	1,377	207	115	1,699
Additions	-	16	-	16
Disposals	-	-	-	-
At 31 March 2014	1,377	223	115	1,715
Depreciation				
At 31 March 2013	697	121	65	883
Provided in period	129	16	21	166
Disposals	-	-	-	-
At 31 March 2014	826	137	86	1,049
Net book value				
At 31 March 2014	551	86	29	666
At 31 March 2013	680	86	50	816
Asset financing				
Owned	551	86	29	666

In the opinion of the Auditor General, there is no material difference between the net book value of assets at current values and at their historical cost.

Note 9: Intangible assets

Intangible assets are software licences.

	Total
2014-15	£'000
Cost	
At 31 March 2014	719
Additions	217
Disposals	(107)
At 31 March 2015	<u>829</u>
Amortisation	
At 31 March 2014	622
Provided in period	62
Disposals	(107)
At 31 March 2015	<u>577</u>
Net book value	
At 31 March 2015	<u>252</u>
At 31 March 2014	<u>97</u>
Asset financing	
Owned	<u>252</u>

	Total
2013-14	£'000
Cost	
At 31 March 2013	712
Additions	38
Disposals	(31)
At 31 March 2014	<u>719</u>
Amortisation	
At 31 March 2013	592
Provided in period	61
Disposals	(31)
At 31 March 2014	<u>622</u>
Net book value	
At 31 March 2014	<u>97</u>
At 31 March 2013	<u>120</u>
Asset financing	
Owned	<u>97</u>

In the opinion of the Auditor General, there is no material difference between the net book value of assets at current values and at their historical cost.

No material inventories are held.

Note 10: Trade receivables and work in progress

	31 March 2015	31 March 2014
	£'000	£'000
Trade receivables		
Central government	102	82
Local government	616	253
NHS	242	205
External to government	18	31
Work in progress		
Central government	455	592
Local government	587	833
NHS	6	-
External to government	140	
	<hr/> 2,166	<hr/> 1,996

There are no amounts falling due after one year included in the above figures.

A provision for bad and doubtful debts has not been required in 2014-15 (2013-14: not required).

Note 11: Other receivables

	31 March 2015	31 March 2014
	£'000	£'000
Prepayments and accrued income	565	571
Loans to employees ¹	1	1
	<hr/> 566	<hr/> 572

¹ Cycle to work scheme

There are no amounts falling due after one year included in the above figures.

The receivables balances in Notes 10 and 11 can be analysed into the following categories:

	31 March 2015	31 March 2014
	£'000	£'000
Central government bodies	585	704
Local government bodies	1,375	1,268
NHS bodies	248	205
Bodies external to government	524	391
	<hr/> 2,732	<hr/> 2,568

Note 12: Cash and cash equivalents

	31 March 2015	31 March 2014
	£'000	£'000
Balance at 1 April	4,489	4,519
Net change in cash and cash equivalents	(1,648)	(30)
Balance at 31 March	<u>2,841</u>	<u>4,489</u>

	31 March 2015	31 March 2014
	£'000	£'000
Current account	2,128	2,781
Euro account	1	1
Global Treasury Fund	712	1,707
	<u>2,841</u>	<u>4,489</u>

Cash and cash equivalents include all funds held in accounts to which the Wales Audit Office has instant access. The Current account includes an overnight interest-bearing facility. The Euro account is maintained to simplify occasional overseas transactions.

The Global Treasury Fund is provided by the Goldman Sachs. This fund aims to protect capital balances even in times of financial instability within the financial markets, whilst offering a wholesale money market return. The fund is structured to ensure that the highest credit ratings are maintained, namely AAA rated or equivalent with Standard & Poor, Fitch and Moody rating agencies.

Note 13: Trade payables and other current liabilities

	31 March 2015	31 March 2014
	£'000	£'000
Trade payables ¹	585	217
VAT	80	53
Taxation and social security costs	327	320
Accrual for holiday entitlement not yet taken	481	481
Redistribution of reserves to local government bodies ²	2	1,633
Other accruals ³	582	789
	2,057	3,493

1 All trade payables are falling due within one year.

2 In accordance with the 2013 Act, the Wales Audit Office is unable to hold accumulated reserves effective from 1 April 2014. In preparation for this, reserves accumulated to 31 March 2014 were distributed to local government bodies. There is a balance of £1,560 to be distributed to 52 town and community councils.

3 The bulk of the other accruals (£330,000) relates to accrual of trade payable invoices received post year end. £250,000 is in respect of pension contributions for March 2015, paid in April 2015.

Note 14: Deferred income

	31 March 2015	31 March 2014
	£'000	£'000
Deferred income	2,404	2,463
	2,404	2,463

In accordance with accounting standards, we are required to assess the percentage completion of projects and recognise that proportion of expected fee income as revenue in the period. Deferred income represents income that has been billed but not yet recognised.

The payable balances in Notes 13 and 14 can be analysed into the following categories:

	31 March 2015	31 March 2014
	£'000	£'000
Central government bodies	645	461
Local government bodies	1,752	3,179
NHS bodies	990	1,043
Bodies external to government	1,074	1,273
	4,461	5,956

Note 15: Provisions for liabilities and charges

	Dilapidations¹	Early retirement and severance²	HMRC	Other	Totals
	£'000	£'000	£'000	£'000	£'000
At 31 March 2014	556	882	89	-	1,527
Provided in year	28	247	10	50	335
Provisions utilised in year	-	(523)	-	-	(523)
Provisions released in year			(33)		(33)
At 31 March 2015	584	606	66	50	1,306

1 The Wales Audit Office uses HM Treasury's discount rate net of CPI at November 2014 for balances of 5-10 years of -1.50 per cent to calculate this balance

2 The Wales Audit Office uses HM Treasury's discount rate net of CPI at November 2014 of 1.30 per cent to calculate this balance.

Analysis of expected timing:

	Dilapidations	Early retirement and severance	HMRC	Other	Totals
	£'000	£'000	£'000	£'000	£'000
Not later than one year	30	390	66	50	536
Later than one year and not later than five years	38	216	-	-	254
Later than five years	516	-	-	-	516
	584	606	66	50	1,306

The dilapidations provision represents an estimate of the costs the Wales Audit Office may incur in making good its leased properties at the end of the leases. The provision consists of an estimate of the likely cost of restoring alterations made to leased properties, along with an amount for 'wear and tear' calculated by applying an annual dilapidation rate to the floor area of the leased asset.

The early retirement and severance provisions represent the future liability of the Wales Audit Office in respect of members of staff who have left under redundancy, early retirement and severance schemes.

The HMRC provision relates to:

- underpayment of PAYE tax and national insurance contributions to a contractor who has provided services to the Wales Audit Office during the period 1 April 2009 to 31 March 2013;
- underpayment of PAYE tax and national insurance contributions in respect of expenses paid to some Wales Audit Office staff; and
- underpayment of PAYE tax and national insurance contributions in respect of the Employee Death in Service benefit.

The other provision reflects a commitment to compensate leased car users adversely affected at the end of the current lease scheme.

Note 16: Operating leases

There were aggregate minimum lease payments at 31 March 2015 in respect of non-cancellable car leases:

	31 March 2015	31 March 2014
	£'000	£'000
Within one year	189	158
Within one to five years	226	241
	<hr/>	<hr/>
	415	399

There were aggregate minimum lease payments at 31 March 2015 in respect of the three office accommodation leases:

	31 March 2015	31 March 2015	31 March 2014	31 March 2014
	£'000	Number of properties	£'000	Number of properties
Within one year	440	3	446	3
Within one to five years	1,563	2	1,783	2
Over five years	1,042	1	1,262	1
	<hr/>		<hr/>	
	3,045		3,491	

Office accommodation leases are subject to periodic rent reviews.

Note 17: Capital commitments

There were no capital commitments at 31 March 2015 (31 March 2014: none).

Note 18: Losses and special payments

Special payments

There were no special payments in 2014-15 (2013-14: none).

Losses

There were no disclosable losses in 2014-15 (2013-14: none).

Note 19: Derivatives and financial instruments

IFRS 7 **Financial Instruments Disclosures** requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Owing to the nature of the Wales Audit Office's activities and the way in which the operations are financed, the office is not exposed to a significant level of financial risk. Although the Wales Audit Office can borrow funds, the office has not been required to do so in this financial year. The Wales Audit Office can also invest surplus funds, which is done through an overnight interest-bearing account and in the Global Treasury Fund (see Note 12). These activities do not give rise to any significant financial risk.

Liquidity risk

Given the nature of our business, our tolerance of risk in areas of financial management is low.

In light of this risk appetite, and the backing of the WCF, the Wales Audit Office is not exposed to significant liquidity risks.

Interest rate risk

The Wales Audit Office's financial assets and liabilities, with the exception of investment income, are not exposed to interest rate risk.

Foreign currency risk

The Wales Audit Office's exposure to foreign currency risk is negligible as only very small forward purchases of foreign currency are made in connection with foreign travel and other associated costs such as hotels. Also, any fees generated from foreign work or secondments are translated when received. Any exchange differences are recorded in the Statement of Comprehensive Net Expenditure for the year in arriving at the operating surplus.

Credit risk

The Wales Audit Office's clients are mainly the Welsh Government, its sponsored and related public bodies, NHS Wales and local government bodies in Wales. The Wales Audit Office is therefore not exposed to any material credit risks.

Fair values

There is no difference between the book values and fair values of the Wales Audit Office's financial assets and liabilities as at 31 March 2015 (31 March 2014: nil).

Note 20: Related party transactions

The Wales Audit Office is a body corporate established under statute and has had material transactions with the Welsh Consolidated Fund and with bodies audited by the Auditor General as disclosed in the Remuneration Report.

During the year, no members of the non-executive committees, nor key members of staff nor their related parties had undertaken any material transactions with either the Auditor General or the Wales Audit Office. Information about key management personnel is included in the Remuneration Report.

Note 21: Events after the reporting period

The Wales Audit Office works to annual funding arrangements by statute. Although voted funding has only been approved for nine months after the date of signing these statements, an Estimate for the 2016-17 financial year will be presented to the Finance Committee of the National Assembly in the autumn of 2015-16 and there is no reason to believe that funding will not be approved for that financial year.

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Supplementary Budget Motion 2015-16

*Laid Before the National Assembly for Wales by the Minister for Finance & Government
Business*

June 2015

Supplementary Budget Motion**The Assembly is asked to agree the following:**

“1. This resolution for the year ending 31 March 2016 is made by the National Assembly for Wales (“the Assembly”) pursuant to Section 126 of the Government of Wales Act 2006.

Welsh Government

2. The Welsh Government is authorised-

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2016 for the services and purposes specified in Column 1 of Schedule 1, up to a maximum of the corresponding amounts specified in Column 2 of that Schedule;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of each Part of Schedule 2, during the financial year ending 31 March 2016, for use on the services and purposes specified in the corresponding entries in Column 2 of each Part of that Schedule, up to the limit specified for each Part of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Schedule 1, up to the net cash requirement limit specified in Schedule 5.

3. Despite paragraphs 2(a) and (b), the resources which may be used for the services and purposes specified in Column 1 of Schedule 1 (or, as the case may be, in Column 2 of each Part of Schedule 2), may exceed the amount specified in the corresponding entry in Column 2 of Schedule 1 (or, as the case may be, in each Part of Schedule 2) if-

(a) in the case of resources other than accruing resources, the first condition is met, or

(b) in the case of accruing resources, the second condition is met.

4. The first condition is that the total resources (other than accruing resources) used during the financial year ending 31 March 2016 for all services and purposes specified in Column 1 of Schedule 1 does not exceed the total of the sum of the amounts specified in Column 2 of that Schedule.

5. The second condition is that the total accruing resources used during the financial year ending 31 March 2016 for all services and purposes specified in Column 2 of Schedule 2 does not exceed the total of the sum of the amounts specified for each part of that Schedule.

Assembly Commission

6. The Assembly Commission is authorised-

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2016 for the services and purposes specified in Column 1 of Part 1 of Schedule 3, up to a maximum of the corresponding amounts specified in Column 2 of Part 1 of Schedule 3;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of Part 1 of Schedule 4, during the financial year ending 31 March 2016, for use on the services and purposes specified in the corresponding entries in Column 2 of Part 1 of that Schedule, up to the limit specified for Part 1 of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Column 1 of Part 1 of Schedule 3, up to the net cash requirement limit specified in Schedule 5.

Public Services Ombudsman for Wales

7. The Public Services Ombudsman for Wales is authorised –

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2016 for the services and purposes specified in Column 1 of Part 2 of Schedule 3, up to a maximum of the corresponding amounts specified in Column 2 of Part 2 of Schedule 3;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of Part 2 of Schedule 4, during the financial year ending 31 March 2016, for use on the services and purposes specified in the corresponding entries in Column 2 of Part 2 of that Schedule, up to the limit specified for Part 2 of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Column 1 of Part 2 of Schedule 3, up to the net cash requirement limit specified in Schedule 5.

Auditor General for Wales

8. The Auditor General for Wales is authorised-

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2016 for the services and purposes specified in Column 1 of Part 3 of Schedule 3, up to a maximum of the corresponding amounts specified in Column 2 of Part 3 of Schedule 3;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of Part 3 of Schedule 4, during the financial year ending 31

March 2016, for use on the services and purposes specified in the corresponding entries in Column 2 of Part 3 of that Schedule, up to the limit specified for Part 3 of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Column 1 of Part 3 of Schedule 3, up to the net cash requirement limit specified in Schedule 5.

Specification of Categories of Accruing Resources

9. The categories of accruing resources listed in Column 1 of each Part of Schedule 2, and in Column 1 of each part of Schedule 4, are specified categories for the purposes of section 120(2)(a) of the Act.”

Summary of Resource and Capital Requirements
Welsh Ministers

Ambit	Resources (£000)	Accruing Resources (£000)
Health and Social Services	5,550,757	1,150,462
Local Government	3,472,121	300
Communities and Tackling Poverty	705,594	0
Economy, Science and Transport	1,163,710	92,817
Education and Skills	2,061,784	158,866
Natural Resources	391,407	359,563
Central Services and Administration	332,406	561,644
Total Resources Requested and Accrued Income relating to Welsh Ministers	13,677,779	2,323,652

Direct Funded Bodies

Ambit	Resources (£000)	Accruing Resources (£000)
National Assembly for Wales Commission	52,300	300
Public Services Ombudsman for Wales	4,063	0
Auditor General for Wales	6,306	17,324
Total Resources and Accrued Income for Direct Funded Bodies	62,669	17,624

Schedule 1 – Ambits for expenditure incurred by Welsh Ministers

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Health and Social Services</p> <p>For use by Welsh Ministers to spend on Health and Social Services including promoting or improving economic, social or environmental wellbeing.</p> <p>Resource and capital funding for Local Health Boards and Welsh NHS Trusts and associated healthcare providers; Public Dividend Capital to NHS Trusts; loans to NHS Trusts; payments for contracted services including dentistry, ophthalmic and pharmaceutical services; general medical services, support for education and training; research and development; mental health services; chronic disease treatment; and measures to combat Inequalities in Health; funding for the Welsh Risk Pool; funding for support for children and their families, including children and families organisations and Advocacy; Grants to deliver the Substance Misuse strategy and support for the Food Standards Agency; support for older person's services and for social services and carers; social services improvement (including the funding of the Association of Directors of Social Services (ADSS) Cymru and Social Care Institute for Excellence (SCIE); for the Care Council for Wales; the National Institute for Health and Clinical Excellence (NICE); the Older People's Commissioner; and contributions to UK health and social care bodies.</p> <p>Funding for the Children and Family Court Advisory and Support Service (CAFCASS) Cymru; funding for services provided to or on behalf of the Scottish Government, Northern Ireland Executive and Department of Health; services for the improvement of health and the prevention, diagnosis and treatment of illness; and any related expenditure and non cash resource use.</p>	<p>5,550,757</p>

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Local Government</p> <p>For use by Welsh Ministers to spend on promoting economic, social and environmental wellbeing in the areas of local government and public service delivery and the promotion of community safety. The unhypothecated and hypothecated funding of local government unitary authorities; police and crime commissioners and fire and rescue service authorities through unhypothecated grant funding by means of revenue support grant, redistributed national non-domestic rates (NNDR) and general capital funding or discrete resource and capital grant funding for specific policy purpose relevant to the above areas of activity. The funding and sponsorship of public bodies and nonstatutory organisations with functions relating to the audit, regulation and inspection; the promotion and representation of democracy; the performance development and change management; the promotion and maintenance of standards and accountability (including appellate functions); the delivery of outcomes; and the improvement of performance in respect of local government. Funding for the programme, staffing and general administrative costs (including leasing costs) of the Care and Social Services Inspectorate and the Healthcare Inspectorate Wales, Sponsorship of Estyn including staff costs and general administrative expenditure and depreciation and any related expenditure and non cash resource use. Funding Community Safety Partnerships in respect of community safety and development; work to support the armed forces, veterans and their families; the combating of domestic abuse and sexual violence; and the prevention of young people from offending, and related expenditure and non cash resource use. Matched funding under Priority 4 of the European Social Fund and support for the Valuation Office Agency.</p>	<p>3,472,121</p>

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Communities and Tackling Poverty</p> <p>For use by Welsh Ministers to spend on promoting and evaluating economic, social and environmental well being in the areas of Supporting Communities and People including the regeneration and development of communities, the funding of Third Sector organisations; Tackling Poverty initiatives; support the Communities First Programme; community development; development of voluntary organisations and volunteering; financial inclusion including credit unions; digital inclusion; post offices; Criminal Records Bureau checks; and welfare reform projects funding and administration.</p> <p>Funding for support for and evaluation of children and their families, including funding for Flying Start, Families First, the Children’s Commissioner for Wales, child poverty strategies, childcare, play, children and young people’s rights, participation, children and families organisations, support for local authorities, the third and private sectors for childcare purposes and support for out of school and ‘wrap-around’ childcare.</p> <p>Funding for the support, promotion and evaluation of Equality, Diversity and Inclusion including matters relating to programme funding for equality and equal opportunities; for improving social inclusion and social justice and community cohesion; and any other related expenditure.</p> <p>Funding for Housing and Regeneration including promoting or improving culture and economic, social or environmental wellbeing; provide funding, advice and administrative support for local authorities, agencies and other bodies to promote, facilitate and deliver a range of schemes and services in connection with Housing and Regeneration; improve the supply and quality of housing across Wales, including the standard of local authority and social landlord housing, and improve housing-related services; acquisition, leasing, development and maintenance of land and buildings; housing stock transfers, community mutual support and capacity building; social housing; support for physical regeneration including housing renewal areas and licensing houses in multiple occupation; supporting people; preventing and addressing homelessness; providing funding for adaptations and facilities to enable people to remain in their own homes; regulation and inspection of registered social landlords; Regeneration policy and administration of policies and funding including promoting economic, social and environmental</p>	<p>705,594</p>

<p>wellbeing for business, individuals, communities and places in Wales; transpose and implement UK, European and international legislation and obligations; administration and delivery of EC structural funded projects; carry out investigations, research, and evaluation; promotion, publicity and services; and any other related expenditure and non-cash resource use.</p>	
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Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Economy, Science & Transport</p> <p>For use by Welsh Ministers on Economy, Science and Transport including promoting economic, social or environmental wellbeing for business, individuals, communities and places in Wales.</p> <p>For the provision of resource and capital funding to assist the establishment, growth, development and sustainability of business and tourism in Wales</p> <p>Expenditure relating to support culture, sport, media, publishing, and the historic and natural environment including funding to the Amgueddfa Cymru – National Museum of Wales; the National Library of Wales; the Arts Council of Wales; the National Botanic Garden of Wales; the Sports Wales and other organisations that promote sport and active lifestyles throughout Wales; Cadw and the Royal Commission for Ancient and Historic Monuments in Wales and other organisations to promote and widen access to, conserve, protect, sustain and present buildings, ancient monuments and places of cultural, historical, archaeological or architectural interest in Wales and any other related expenditure and non cash resource use.</p> <p>Resource and capital funding for road transport and infrastructure, including construction, operation, maintenance and improvement of trunk roads in Wales; delivery of passenger rail and air services; road safety; regulation of pedestrian crossing and on-street parking; funding and administration of programmes to local authorities and other bodies designed to deliver a range of transport schemes and services including concessionary fares; support for the promotion and development of walking and cycling; and any other related expenditure and non cash resource use that provides broader economic benefit to Wales.</p> <p>Capital repayments to the National Loans Fund.</p>	<p>1,163,710</p>

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Education and Skills</p> <p>For use by Welsh Ministers on Education and Skills to fund: improving literacy and numeracy; extending entitlement and 14-19 learning pathways; the Foundation Phase; curriculum improvements support for Techniquet; teacher training, development and support; qualification development and regulation; capital and resource funding for Qualification Wales; resource provision for post-16 education and training including further education, apprenticeships and work based learning; capital and resource funding for the Higher Education Funding Council for Wales; support for undergraduate medical education; schools performance improvement; the funding of inspections; support for improving standards and school effectiveness; pupil deprivation grant; capital and resource funding for IT development in learning; capital to support the school and post-16 infrastructure; skills development and workplace learning; careers advice services; support for the Youth Service; support for young people not in employment, education or training; inclusion and additional learning needs; provision of school milk; learner and student finance including Student Loans Company costs and Education Maintenance Allowances; tackling disaffection; bilingual learning; support for the Welsh Language Commissioner and grants and projects which promote the Welsh Language; support for international education initiatives; educational research and evaluation; promotion of education and skills; associated non cash items and any related expenditure and non cash resource use.</p>	2,061,784

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Natural Resources</p> <p>For use by Welsh Ministers on Natural Resources, including promoting and improving economic, social or environmental wellbeing; including environmental and energy, and renewable energy; providing funding, advice and administrative support for local authorities; agencies and other bodies to promote, facilitate and deliver a range of schemes and services in connection with Natural Resources, landscape and outdoor recreation; providing funding to support and sponsor the work of Natural Resources Wales to ensure that the environment and natural resources of Wales are sustainably managed, enhanced and used; promote and deliver sustainability, climate change and environment quality; support and promote low carbon energy generation; energy efficiency and sustainable management of water resources and improvements in water quality; provide and fund water and sewerage services, flood and coastal protection and risk prevention measures; provide funding and loan support and advice relating to climate change, energy efficiency, fuel poverty, water and flood and coastal erosion risk management; provide funding, compensation, support and advice relating to the sustainable management of waste and resources; waste prevention, disposal, collection and management, recycling schemes, street cleansing and landfill tax credits; manage radioactivity, environmental pollution, environment quality and noise pollution; promotion of biodiversity, natural resource management and ecosystem services; conservation; animal, plant and bee health; seeds, pesticides and GM crops; public health; measures to mitigate greenhouse gas emissions from the land based sector; administration of policies and grants including promoting economic, social and environmental wellbeing for business, individuals, communities and places in Wales; transpose and implement UK, European and international legislation and obligations; administration and delivery of EC structural funded projects; European funding to support farmers in Wales, including Direct Payments; administration of European funding for farmers in Wales: carry out investigations, research and evaluation; promotion, publicity and services; provide financial assistance to support landscape and the development of facilities for, and the promotion of outdoor recreation and green spaces, funding for the National Parks; projects relating to Wales' National Parks and Areas of Outstanding Natural Beauty; develop and monitor planning and building regulations, legislation, policy, procedures, technical advice and standards; commissioning</p>	<p>391,407</p>

<p>research, publishing reports and guidance; determining appeals and other casework, and sponsorship of the Planning Inspectorate; providing grant in aid funding and support, including the Aggregates Levy Fund; Funding for the support and promotion of projects and initiatives of the Welsh Government Sustainable Development Policy, Scheme and charter expenditure relating to Agriculture, Rural Development, Fisheries and Marine activities, Food, Animal Welfare and Traceability, Land Management and Woodlands; disease surveillance activities and any other related expenditure and non cash resource use.</p>	
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Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)

<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Central Services and Administration</p> <p>For use by the Welsh Government on administration expenditure and running costs including: staff costs and expenses; the running costs and investment for the civil estate; general administrative expenditure; expenditure on IT and communications; expenditure on business improvement programmes; other administrative resource and capital expenditure; public appointments; enabling and promoting open government; supporting research and evaluation; promoting economic, physical social or environmental wellbeing; managing corporate internal communications events and external communication of Government policy and actions; funding for inter-governmental relations, including the British Irish Council, and constitutional development, including costs of any referendum; hosting events of national importance; the costs of public inquiries; the cost of tribunals; funding to public sector bodies for achieving efficiency gains; funding Value Wales, Xchange Wales and Academi Wales; payments to support overseas development and links; grants and financial support to other public sector organisations; support to EU funded projects; the administration and delivery of EC structural funded projects; and any related expenditure and non cash resource use.</p>	<p>332,406</p>

Schedule 2 – Use of accruing resources by Welsh Ministers

Part 1: Health and Social Services

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and purposes for which income may be retained</i>
<p>Accruing resources include income under the Pharmaceutical Price Regulation Scheme; income in respect of settlement of legal claims; charges for accommodation, goods and services to private and NHS patients, local authorities and others; repayment of Invest to Save funding from Local Health Boards and Welsh NHS Trusts; income from the Scottish Government, Northern Ireland Executive, Department of Health, other government departments and the European Union; income from fixed penalty notices issued under the Food Hygiene Rating (Wales) Act 2013; income generation schemes; National Insurance Income from HM Revenue and Customs; non-operating income from sale of land, buildings, vehicles, equipment and property and recoveries of VAT; income from rebate schemes and agreements.</p>	<p>Services and purposes include expenditure on primary and community health services; the purchase or acquisition of fixed assets by Welsh NHS Trusts, Local Health Boards and associated healthcare providers; supporting the provision and administration of health and social care services.</p>
Overall amount of Income (£000)	1,150,462

Part 2: Local Government

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
Accruing resources include grant funding from the European Commission; repayment and recovery of grant payments and recoveries of VAT; fees and charges for inspections and regulatory services; provision of training and development events; charges for dental registration; income from staff secondments; repayment of staff loans; rental income on property; compensation under commercial and civil settlements and levy of facilitation fees; income from the sale of capital assets.	Services and purposes include running costs, general administration costs and resource expenditure of Inspectorates and the Valuation Tribunal; the delivery of training interventions for the Welsh Public Service; supporting expenditure on safer communities and regeneration; the payment of grants to local authorities and Third Sector bodies; all European funded projects; and to support all expenditure as identified within the expenditure Ambit.
Overall amount of Income (£000)	300

Part 3: Communities and Tackling Poverty

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
<p>Accruing resources including repayment and recovery of grant payments and recoveries of VAT; fees and charges for inspections and regulatory services; provision of training and development events; income from staff secondments; repayment of staff loans; income from the sale of capital assets; income from repayments of Social Housing Grant; grant recoveries from local authorities, third sector organisations and other public and private sector organisations; rental income; receipts from the sales of assets, funding from other government departments and recoveries of VAT; funds via European and other funding schemes; recoveries of grants or settlements in respect of grant payments; recovery of loans made and any interest charges thereon; ad-hoc grants from other sources and recoveries of VAT.</p>	<p>The payment of grants to local authorities and Third Sector bodies; all European funded projects; Social Housing expenditure and funding and schemes part supported by other government departments; market housing expenditure and schemes; expenditure on Regeneration schemes and all European funded projects and to support all expenditure as identified within the expenditure Ambit.</p>
Overall amount of Income (£000)	0

Part 4: Economy, Science and Transport

<i>Column 1</i>	<i>Column 2</i>
<i>Category of accruing resource</i>	<i>Services and Purposes for which income may be retained</i>
Accruing resources and funding either direct or indirect from the European Commission; property rental and other associated income; business services charges; project contributions from other public sector and private sector organisations; investment income; grant repayments and repayable business finance; income from the sale of capital assets; income relating to tourism activities; transport studies receipts; compensation under commercial and civil settlements and levy of facilitation fees; Admission charges and other operational income at Cadw and the Royal Commission for Ancient and Historic Monuments sites; and recoveries of VAT.	All European funded projects and to support all expenditure as identified within the expenditure Ambit.
Overall amount of Income (£000)	92,817

Part 5: Education and Skills

<i>Column 1</i>	<i>Column 2</i>
<i>Category of accruing resource</i>	<i>Services and Purposes for which income may be retained</i>
Accruing resources include income from European Projects, research & evaluation and business skills development; curriculum and qualifications royalties; recoveries of Student Loans; funding from the Higher Education Research Capital fund; sales of publications and recoveries of VAT.	Services and purposes include supporting European projects, CQFW, programme development, business skills development, research & evaluation current expenditure; to support curriculum and qualifications current expenditure and to support all expenditure as identified within the expenditure Ambit.
Overall amount of income (£000)	158,866

Part 6: Natural Resources

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
<p>Accruing resources include funding either direct or indirect from the European Commission including income from European structural funds; income from the EU to support farmers and rural communities in Wales; income from wind farm projects; income from Pwllpeiran Farm or the sale of capital assets; income from grant recoveries from local authorities, third sector organisations and other public and private sector organisations; civil penalty fines associated with emission trading schemes; income from marine licences; income from the salvage of carcasses from animals slaughtered for disease control ad-hoc grants from other sources and recoveries of VAT; receipts from sales of assets including buildings, funding from other central government departments and income related to Natural Resources.</p>	<p>Services and purposes include expenditure relating to Pwllpeiran Farm; grant payments, schemes part supported by other government departments; all European funded projects and to support all expenditure as identified within the expenditure Ambit.</p>
Overall amount of Income (£000)	359,563

Part 7: Central Services and Administration

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
<p>Accruing resources include income from staff secondments and fees; repayment of staff loans; the refund of statutory PAYE deductions; recoveries of VAT; the sale of land and buildings; the sub let of properties; the sale of administrative assets; the sale of goods and services; administrative income; income from ICT services provided; training provider repayments; recovery of costs shared with other public sector bodies; receipts of recoverable grants including Invest-to-Save receipts; and funding either direct or indirect from the European Commission.</p>	<p>Services and purposes include funding of: running costs and general administrative expenditure; supporting capital expenditure on the Welsh Government's estate and asset base; and all European funded projects.</p>
Overall amount of Income (£000)	561,644

Schedule 3 – Expenditure Incurred by Direct Funded Bodies (excluding accruing resources)

Part 1 – National Assembly for Wales Commission

<i>Column 1</i>	<i>Column 2</i>
<i>Services and Purposes</i>	<i>Amount £000</i>
Resources other than accruing resources for use by the National Assembly for Wales Commission on resource and capital costs associated with the administration and operation of Assembly Services to support the National Assembly for Wales ('the Assembly'); promotion of the Assembly including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards and Remuneration Board; any other payments relating to functions of the Assembly or functions of the National Assembly for Wales Commission. Resources other than accruing resources for use by the National Assembly for Wales Commission in respect of decisions of the Remuneration Board and expenditure in respect of Assembly Members' Pension provision.	52,300

Part 2 – Public Services Ombudsman for Wales

<i>Column 1</i>	<i>Column 2</i>
<i>Services and Purposes</i>	<i>Amount £000</i>
Resources other than accruing resources for use by the Public Services Ombudsman for Wales ('the Ombudsman') on resource and capital costs associated with the administration of the Ombudsman's office; payments to the British and Irish Ombudsman Association; payments to the International Ombudsman Institute and associated non cash items.	4,063

Part 3 – Auditor General for Wales

<i>Column 1</i>	<i>Column 2</i>
<i>Services and Purposes</i>	<i>Amount £000</i>
Resources other than accruing resources for use by the Wales Audit Office on the discharge of the statutory functions of the Wales Audit Office, the Auditor General and local government appointed auditors, and on the administration of the Wales Audit Office.	6,306

Schedule 4 – Use of accrued resources by Direct Funded Bodies

Part 1 – National Assembly for Wales Commission

<i>Column 1</i>	<i>Column 2</i>
<i>Category of accruing resource</i>	<i>Services and purposes for which income may be retained</i>
Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the National Assembly for Wales Commission from the disposal of fixed assets and other capital income; rental income; gifts; grant support; recharges; income from commercial sales and other services provided to the public or others.	For use on the purchase or acquisition of fixed assets and for use on administrative costs of the Assembly.
Overall amount of Income (£000)	300

Part 2 – Public Services Ombudsman for Wales

<i>Column 1</i>	<i>Column 2</i>
<i>Category of accruing resource</i>	<i>Services and purposes for which income may be retained</i>
Income from commercial sales and other services provided to the public or others.	For use on related services and the administration of the Ombudsman service.
Overall amount of Income (£000)	0

Part 3 – Auditor General for Wales

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and purposes for which income may be retained</i>
Accruing resources from fees and charges for audit, grant certification and related services; grants received to fund audit services; other recoveries of costs associated with the functions of the Auditor General; miscellaneous income from publications, conferences, provision of administrative, professional and technical services; recoveries of costs of seconded staff; repayments of staff loans; recoveries of car leasing payments; recoveries of any costs incurred for a third party; and interest received on working balance fees.	For use by the Wales Audit Office on the discharge of functions of the Auditor General and local government appointed auditors, and on related services and the administration of the Wales Audit Office.
Overall amount of income (£000)	17,324

Schedule 5: Resource to Cash Reconciliation 2015-16 (£000)**Table 1: Resource to cash Reconciliation for 2015-16 included in the December Annual Budget Motion (£000)**

	Welsh Ministers	Assembly Commission	Public Services Ombudsman	Auditor General for Wales
Net Resource Requirement	12,872,307	51,300	4,050	6,256
Net Capital Requirement	775,412	1,000	13	50
Adjustments:				
Capital Charges	-121,647	-4,700	-75	-160
Impairments	-60,141	0	0	0
Movements in Provisions	-106,898	-1,200	-20	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	0	100	20	0
Use of Provisions	0	0	266	0
Other	0	0	0	0
Net Cash Requirement for issue from the Welsh Consolidated Fund	13,359,033	46,500	4,254	6,146

Table 2: Changes to the Resource to cash Reconciliation included in this Supplementary Budget Motion (£000)

	Welsh Ministers	Assembly Commission	Public Services Ombudsman	Auditor General for Wales
Net Resource Requirement	1,001	0	0	0
Net Capital Requirement	29,059	0	0	0
Adjustments:				
Capital Charges	0	0	0	0
Impairments	-30,582	0	0	0
Movements in Provisions	-2,596	0	0	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	0	0	0	0
Use of Provisions	0	0	0	0
Other	0	0	0	0
Net Cash Requirement for issue from the Welsh Consolidated Fund	-3,118	0	0	0

Table 3: Resource to cash Reconciliation included in this Supplementary Budget Motion (£000)

	Welsh Ministers	Assembly Commission	Public Services Ombudsman	Auditor General for Wales
Net Resource Requirement	12,873,308	51,300	4,050	6,256
Net Capital Requirement	804,471	1,000	13	50
Adjustments:				
Capital Charges	-121,647	-4,700	-75	-160
Impairments	-90,723	0	0	0
Movements in Provisions	-109,494	-1,200	-20	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	0	100	20	0
Use of Provisions	0	0	266	0
Other	0	0	0	0
Net Cash Requirement for issue from the Welsh Consolidated Fund	13,355,915	46,500	4,254	6,146

Notes:

1. This table content and format complies with Section 125(1) (c) and 126(2) of the Government of Wales Act 2006 (“the Act”) which states that for the purposes of authorising the motion there shall be a statement authorising ‘the amount which may be paid out of the Welsh Consolidated Fund in the financial year to the relevant persons, or for use pursuant to a relevant enactment, for the purposes so specified’. Payments made out of the Welsh Consolidated Fund are made in cash; therefore this table shows the relevant cash requirements in support of the resources requested in support of Schedules 1 to 4 which state the relevant purposes for which resources may be used.
2. This table content and format also complies with Standing Order 20.28(v), which states that the budget motion must include reconciliation between the resources to be authorised under section 125(1) (a) and (b) of the Act and the amounts to be authorised for payment out of the Welsh Consolidated Fund under section 125(c) of the Act.
3. These tables are presented under S126 of the Act and SO20.31 showing variations to the resources allocated in the Annual Budget Motion and the amounts to be paid out of the Welsh Consolidated Fund.

Schedule 6: Reconciliation of resources requested in the budget motion to resources made available by the Treasury for the Welsh Block for 2015-16

Table 1: Reconciliation of Resources Requested in the December 2014 Annual Budget Motion to the resources made available by the Treasury for Wales (£000)

	2015-16 (£000)				
	Resource DEL	Capital DEL	Resource AME	Capital AME	Total
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	12,788,616	369,963	83,691	405,449	13,647,719
- Assembly Commission	50,100	1,000	1,200	0	52,300
- Ombudsman	4,296	13	-246	0	4,063
- Auditor General	6,256	50	0	0	6,306
Total Resources Requested in the Supplementary Budget Motion	12,849,268	371,026	84,645	405,449	13,710,388
<i>Adjustments:</i>					
(i) Resource Consumption of AGSBs and LHBs	176,847	0	107,313	0	284,160
(ii) Grants	-981,276	981,276	0	0	0
(iii) Supported Borrowing	0	88,800	0	0	88,800
(iv) Other	1,918,075	0	0	0	1,918,075
Total Adjustments in the Supplementary Budget Motion	1,113,646	1,070,076	107,313	0	2,291,035
- Direct Charges on the Welsh Consolidated Fund	2,260	0	0	0	2,260
- Wales Office	4,407	25	0	0	4,432
- Unallocated Reserve	344,825	64,279	0	0	409,104
Total Managed Expenditure (Block)	14,314,406	1,505,406	191,958	405,449	16,417,219

Table 2: Changes to the Reconciliation of Resources Requested in the December 2014 Annual Budget Motion to the resources made available by the Treasury for Wales (£000)

	2015-16 (£000)				Total
	Resource DEL	Capital DEL	Resource AME	Capital AME	
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	-33,269	13,260	34,270	15,799	30,060
- Assembly Commission	0	0	0	0	0
- Ombudsman	0	0	0	0	0
- Auditor General	0	0	0	0	0
Total Resources Requested in the Supplementary Budget Motion	-33,269	13,260	34,270	15,799	30,060
<i>Adjustments:</i>					
(i) Resource Consumption of AGSBs and LHBs	0	0	0	0	0
(ii) Grants	13,010	-13,010	0	0	0
(iii) Supported Borrowing	0	0	0	0	0
(iv) Other	-822,421	0	956,000	0	133,579
Total Adjustments in the Supplementary Budget Motion	-809,411	-13,010	956,000	0	133,579
- Direct Charges on the Welsh Consolidated Fund	0	0	0	0	0
- Wales Office	0	0	0	0	0
- Unallocated Reserve	58,159	9,497	0	0	67,656
Total Managed Expenditure (Block)	-784,521	9,747	990,270	15,799	231,295

Table 3: Reconciliation of Resources Requested in this Supplementary Budget

	2015-16 (£000)				
	Resource DEL	Capital DEL	Resource AME	Capital AME	Total
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	12,755,347	383,223	117,961	421,248	13,677,779
- Assembly Commission	50,100	1,000	1,200	0	52,300
- Ombudsman	4,296	13	-246	0	4,063
- Auditor General	6,256	50	0	0	6,306
Total Resources Requested in the Supplementary Budget Motion	12,815,999	384,286	118,915	421,248	13,740,448
<i>Adjustments:</i>					
(i) Resource Consumption of AGSBs and LHBs	176,847	0	107,313	0	284,160
(ii) Grants	-968,266	968,266	0	0	0
(iii) Supported Borrowing	0	88,800	0	0	88,800
(iv) Other	1,095,654	0	956,000	0	2,051,654
Total Adjustments in the Supplementary Budget Motion	304,235	1,057,066	1,063,313	0	2,424,614
- Direct Charges on the Welsh Consolidated Fund	2,260	0	0	0	2,260
- Wales Office	4,407	25	0	0	4,432
- Unallocated Reserve	402,984	73,776	0	0	476,760
Total Managed Expenditure (Block)	13,529,885	1,515,153	1,182,228	421,248	16,648,514

Notes:

1. The total resource requirement for the Welsh Government is equivalent to the total of the allocations included in the Ambits of Schedule 1.
2. Standing Order 20.28(ii) states that the annual budget motion should include the resources agreed by the Treasury for the Welsh block budget for the financial year covered by the motion. Schedule 6 satisfies this requirement.
3. Standing Order 20.28(iii) states that the annual budget motion must include a reconciliation between the resources allocated to the Welsh block budget by the Treasury and the resources to be authorised for use in the budget motion. Schedule 6 satisfies this requirement.

4. The schedules above show variations authorised for the financial year under S126 of the Act and SO20.31.
5. Direct charges on the Welsh Consolidated Fund are:

Item	2015-16 £000
Payments to the National Loans Fund	1,666
Salaries and related pension costs of the Presiding Officer and the Deputy Presiding Officer	240
Salaries and related pension costs of the Ombudsman	107
Salaries and related pension costs of the Auditor General	198
Salaries and related pension costs of the Chair of the Wales Audit Office	27
Salaries and related pension costs of the Commissioner for Standards	22
National Non Domestic Rates Income	-956,000
National Non Domestic Rates Payable	956,000
Total	2,260

Schedule 7: Reconciliation of cash inflows to the Welsh Consolidated Fund to the cash issues to be requested in the budget motion (£000)

	Previous Provision 2015-16	Changes	Revised Provision 2015-16
Estimated net amounts payable to Welsh Ministers:			
Grant payable by the Secretary of State to the Welsh Consolidated Fund under Section 118 (1)	13,619,088	64,804	13,683,892
Payments from Other Government Departments	941,985	139,579	1,081,564
Payments from other sources	2,202,810	-4,722	2,198,088
Estimated amounts payable to Welsh Ministers	16,763,883	199,661	16,963,544
Less amounts authorised to be retained by Welsh Ministers	-2,182,795	-140,857	-2,323,652
Less amounts retained in the Welsh Consolidated Fund	-962,000	6,000	-956,000
Amounts available for distribution from the Welsh Consolidated Fund	13,619,088	64,804	13,683,892
Distributed as follows:			
- Welsh Ministers	13,359,033	-3,118	13,355,915
- Assembly Commission	46,500	0	46,500
- Ombudsman	4,254	0	4,254
- Auditor General	6,146	0	6,146
Cash Released from the Welsh Consolidated Fund in the Motion	13,415,933	-3,118	13,412,815
<i>Plus:</i>			
Direct Charges on the Welsh Consolidated Fund	2,260	0	2,260
Unallocated Funds	200,895	67,922	268,817
Total Estimated Payments	13,619,088	64,804	13,683,892

Notes:

1. Section 125(3) of the Act states that the annual budget motion must be accompanied by a written statement made by Ministers showing:
 - i. the total amount of the payments which they estimate will be made for the financial year under Section 118(1);
 - ii. the total amount of the payments which they estimate will be made to the Welsh Ministers, the First Minister or the Counsel General for the financial year by Ministers of the Crown and government departments; and
 - iii. the total amount of payments which they estimate will be made to the Welsh Ministers, the First Minister or the Counsel General for the financial year otherwise than by a Minister of the Crown or government department.

2. The schedule above shows variations in these amounts as required under SO20.31.

June 2015

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Ms Jocelyn Davies AM
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

Reference IG-2015-16
Date 19 June 2015
Pages 1 of 4

Dear Jocelyn

THE PUBLIC AUDIT (WALES) ACT 2013 IN APPLICATION

I refer to your Committee's recommendation in its November 2014 report on the Wales Audit Office Estimate that the Public Audit (Wales) Act 2013 be amended to clarify the audit fee charging requirements. Having worked to the Act for over a year now, charging requirements form one of a couple of areas that we feel would benefit from amendment, should the Welsh Government be so persuaded by the Committee's reasoning. In addition there is an area where we consider the Assembly's Standing Orders could usefully be developed to complement the provisions of the Act. We should welcome your consideration of the following areas.

Provisions relating to fees

Section 23 requires that fees under this section "in relation to the audit of a person's accounts... [and]... in relation to...the provision of services to a body...may not exceed the full cost of exercising the function to which the fee relates". The Committee, in hearing our evidence, indicated that it saw merit in revising this provision. The precise wording of the section creates complexity, and in turn inefficiency and scope for legal challenge because of the terms "full cost" and "function".

To assist our interpretation of the legislation, we obtained independent legal advice. Following that advice we have to conclude that the legislation means that the "may not exceed the full cost" constraint applies to each particular function at a particular audited body. (The audit of accounts is an example one particular function, and the certification of grant claims is an example of another particular function.) Section 23 allows no regard to be given to work we may do for a particular body in the round, so the scenario could easily arise where we have to refund costs for one piece of work while raising additional invoices for another—all for the same audited body. Calculating and administering the

payment of refunds takes up staff time and incurs other transaction costs. While invoice differences may be offset so as reduce the number and quantity of actual payments, such offsetting still entails calculations and requires careful recording, which take up staff time.

We do not believe that the Act was intended to cause this level of complexity and expense. Instead, we believe that the problem is the unforeseen effect of a minor drafting issue—essentially that the “may not exceed the full cost” constraint has been included in section 23 (and in certain places in other legislation) rather than section 24. Unfortunately, the positioning in section 23 results in a strict liability in relation to individual payments rather than requiring fee scales and fee amounts to be set at an appropriate level in the fee scheme.

To address this problem, we suggest that the Act is amended so that the “may not exceed the full cost” constraint applies to the setting of fee scales and fee amounts in the section 24 Scheme for charging fees, rather than the fees actually charged under section 23 (and relevant provisions in other legislation). Making this change would retain the discipline of requiring fee scales and fee amounts to be set with a view to recovering no more than the full cost of particular functions, but it would eliminate the strict liability to provide refunds or offsets and the consequent administrative expense. The changes would be of the nature of a minor correction: omission of subsection 23(5)(b) (together with omission of the newly inserted subsection 20(5A) of the Public Audit (Wales) Act 2004 and subsection 27(4A) of the Local Government (Wales) Measure 2009) and the inclusion of a new subsection in section 24 along the lines of:

“In setting scales, amounts to be charged and means by which the WAO is to calculate fees included in a scheme under this section, the WAO must aim to ensure that fees charged to a person do not exceed the full cost of exercising each of the functions to which those fees relate.”

To set this out in context, I enclose relevant extracts of the 2013 Act showing the proposed amendments. (Subsections 20(5A) of the Public Audit (Wales) Act 2004 and 27(4A) of the Local Government (Wales) Measure 2009 were consequential amendments made by the 2013 Act that have the same effect as subsection 23(5)(b) in relation to local government fees. The 2013 Act made other similar consequential amendments to other fee charging provisions, but due to the infrequency with which the powers to which those provisions relate are used, we do not suggest that they require amendment.)

Assurances as to the appropriate setting of fee scales and fee amounts could be provided, as at present, through the independent auditing of our costing model.

Quorum

Schedule 1 to the Act sets out membership of the Wales Audit Office, in terms of:

- 5 non-executive members
- 3 employee members, and
- the Auditor General for Wales.

Paragraph 28(3) states that “the rules must provide that in all circumstances a quorum cannot be met unless a majority of the members present are non-executive members.” With five non-executive members and 4 other members, it takes only one non-executive member to be absent to make the Board inquorate. The Committee is aware that the Board was short of one non-executive member for four months recently, which had the potential to preclude the Board from lawful decision-making. The Board is therefore concerned that the governance of the organisation could be compromised by this section as currently drafted. The Board does not believe that the Act was drafted with the intention of precluding lawful decision-making whenever any one of five non-executive members is unable to attend a meeting, but rather, again, that the problem is the unforeseen effect of a minor drafting issue.

We propose that the subsection be reworded to state that “the rules must provide that in all circumstances a quorum cannot be met unless the number of non-executive members present exceeds the number of employee members present.” (As with the fee provisions, I enclose relevant extracts of the 2013 Act showing the proposed amendments.) Again, this change is in the nature of a minor correction. It retains the requirement for a majority of non-executive members over executive members, but removing the position of Auditor General from the quorum consideration reduces the risk of preclusion of lawful decision-making through the absence of one non-executive member.

Appointments of non-executive members

Part 2 of Schedule 1 to the Act provides for the non-executive members of the WAO to be appointed by the National Assembly based on the conclusions of a fair and open competition. These requirements are clearly appropriate, while at the same time, by avoiding further prescription, provide appropriate flexibility in terms of the competition method to be used by the Assembly.

An important aspect of the appointment of non-executive members, however, is not covered by the Schedule, namely the need to have an appropriate mix of knowledge, experience and abilities. Such a mix is needed to ensure strong governance. For many boards, in both the private and public sectors, a key means of achieving such a mix is the involvement of the chair of the board in the

non-executive selection process. An experienced chair is well-placed to identify complementary contributors from a field of applicants, and this is particularly important when it is necessary to fill an ad hoc vacancy on a board. Indeed, I am grateful to you for taking this point on board in making the arrangements for the appointment of a replacement member of the WAO at the beginning of this year.

The Act does not preclude the Chair of the WAO's involvement, but neither does it require it, and therefore there is the possibility of confusion in future. The Act could be amended to require such involvement, but we recognise that amendment of the Act could lead to rather more extensive and complex provisions. Appropriate involvement of the Chair of the WAO in the appointment process could instead be more easily facilitated by amendment of Assembly Standing Order 18.10(v). Such an amendment could take the form of the insertion after the first sentence of "In exercising the function of appointing non-executive members of the Wales Audit Office, a responsible committee must take account of the views of the Chair of the Wales Audit Office."

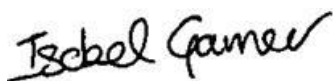
Means of effecting change to the 2013 Act

As indicated above, two of the problems that we have encountered with the 2013 Act (i.e. fees and quorum) appear to us to be the effects of minor drafting issues. As such, it may be appropriate for those issues to be addressed through amendments made by the Welsh Ministers by order under section 33 of the Act, rather than through further primary legislation. In any event, we would hope that the Welsh Ministers would not regard remedying addressing those issues as detracting from the policy intentions of the Act but rather as means of giving it full, efficient effect.

I am, of course, happy to discuss these proposals further, and staff of the Wales Audit Office stand ready to engage in detailed deliberations.

In view of the finance issues and the need for Welsh Ministers' support for the changes proposed, I am copying this letter to the Finance Minister.

Yours sincerely



ISOBEL GARNER
CHAIR, WALES AUDIT OFFICE

cc Ms Jane Hutt AM, Minister for Finance

Agenda Item 7

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

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Claire Clancy

Prif Warden / Chair of the Commission
Chief Executive and Clerk of the Assembly

Agenda Item 9

Jocelyn Davies AM
Chair of the Finance Committee
National Assembly of Wales

Tŷ Hywel
Cardiff Bay
Cardiff
CF99 1NA

17 June 2015

Dear Jocelyn

I am pleased to provide the Finance Committee with the latest Corporate Performance Report of the Assembly Commission, for the period April 2014 – March 2015.

Many of the indicators continue to show an improving position based on comparisons with the previous year and, where that is not the case, the Commission is taking action to make progress. You will find a summary of the highlights on pages two and three of the report.

I hope the Committee continues to find our report informative and helpful. It will now be published on the Commission's web pages. For the future, the Commission has agreed to move to producing the report twice a year; the reports will now cover April to September and then April to March.

Please do not hesitate to contact me if you have any queries or would like any further information.

Yours sincerely



Claire Clancy



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National Assembly for Wales
Assembly Commission

Corporate Performance Report of the Assembly Commission

April 2014 – March 2015

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

A summary of this document can also be obtained in an accessible format such as braille, easy read, large print, audio or hard copy from:

**Assembly Communications
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National Assembly for Wales
Assembly Commission

Corporate Performance Report of the Assembly Commission

April 2014 – March 2015

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Introduction

The corporate body for the National Assembly for Wales is known as the Assembly Commission. The Commission serves the National Assembly for Wales to help make it a strong, accessible and forward looking democratic institution and legislature that delivers effectively for the people of Wales.

The Commission consists of Dame Rosemary Butler AM, the Presiding Officer, and four Assembly Members nominated by each of the four party groups represented in the Assembly: Peter Black AM; Angela Burns AM; Sandy Mewies AM; and Rhodri Glyn Thomas AM. David Melding, the Deputy Presiding Officer also attends Commission meetings. The Commission is responsible for the strategic direction of Assembly services and is accountable to the Assembly. Day-to-day management and delivery is delegated to the **Chief Executive and Clerk**.

The **Assembly Commission Strategy 2011-16** sets out our goals for the Fourth Assembly. Our goals are to: provide outstanding parliamentary support; engage with the people of Wales; promote Wales; and use resources wisely.

In support of the Commission's strategic goals, we have five priority areas for change, innovation and investment for this Assembly. These are set out in the **Assembly Commission Strategy 2014-16** - a corporate plan developed to provide greater clarity and direction for staff on our strategy, priorities and various elements of governance.

Performance reporting

This is the third and final report for the financial year 2014-15, and provides information on the corporate performance of the Commission for the period April 2014 – March 2015, consisting of:

- highlights in performance, by strategic goal;
- a traffic light summary which sets out the overall performance under each of our strategic goals;
- a more detailed breakdown of the individual indicators that feed into that summary; and
- appropriate comparators, from a range of sources, where available.

Performance in providing outstanding parliamentary support

Sustained high levels of performance across the range of indicators under this goal are supported by results from the 2014 Member feedback survey, which show generally high levels of satisfaction with the services Members receive. Of particular note is the increase in the numbers of Welsh learners, supported by an enhanced Welsh language tutoring service which is proving highly popular and effective with Members and staff. The timing of this report precedes the annual Members' satisfaction survey due in June-July 2015; updated results will be published in the 2015 – 2016 reports.

A Members' preferences exercise has been carried out to discuss with individual Members who work on Committees, how they work, and how they make use of the support provided by the Commission. The teams which support Committees are now making changes to service delivery based on individual preferences, and the data will be aggregated so that broader trends can inform future service design.

Performance in engaging with the people of Wales and promoting Wales

Visitor numbers on tours and visitor satisfaction levels have continued to increase throughout the year. The feedback received from visitors is very positive and shows that groups leave with a much better understanding of the Assembly, the way it works and the current topics under consultation.

The Assembly outreach service held a highly successful engagement week in Wrexham during 21 - 28 March. The levels of social media activity surrounding this event were the highest ever for any Assembly event - Corporate Twitter feed followers increased by 232 and YouTube views increased by 99% in March compared to February.

This year, over 3,000 young people have contributed to the national conversation on lowering the voting age to 16. During #SeneddWrexham week a digital takeover day was held in Coleg Cambria where over 300 students visited the Assembly bus and discussed their views on lowering the voting age.

The Assembly continues to receive external recognition in terms of its accessibility and inclusivity. In January 2015, Stonewall ranked the Assembly as number four in the top 100 UK employees. This is addition to being listed as Stonewall's top public sector employer in Wales.

Performance in using our resources wisely

Our end of year budgetary performance shows the effectiveness of our financial management arrangements, as we have again achieved our annual targets for spend against budget and within profile (within 1%), and have exceeded our £500,000 Value for Money saving target.

December 2014 saw the conclusion of the Commission's carbon management strategy which saw us achieving a 35% reduction against a 40% energy emissions reduction target. Level 5 certification to the Green Dragon Environmental Standard has also been retained for the seventh year running. The Carbon Trust have cited this as 'Public Sector leading performance in Wales' and said that the Commission can be proud of the reductions achieved against an extremely challenging target. Despite this impressive performance, the Commission recognised the opportunities that still exist for achieving further efficiencies in our building performance set against the ongoing volatility of energy prices and the future uncertainty of supply. As a result, in June 2014 the Commission approved a new target of reducing energy emissions by a further 30% by 2021 compared to the 2012-13 financial year baseline. Progress against this target has been included in this report under the 'combined energy footprint' and this will continue in future reports.

Access to information
















The Commission publishes an **Annual Report and Accounts**, providing an overview of performance on an annual basis, linking performance with the money we spend in providing services to the Assembly. The Commission publishes a **range of other information about its annual budget and key organisational policies** to the Assembly website.















The Commission is happy to provide further information if you would like to learn more about our work:

- You can contact us here: www.assembly.wales/contact
- Guidance on **access to information** is available on the Assembly website.




Corporate Performance Measures - Achievement against Strategic Goals

Summary overview of the more detailed KPI information that follows (see matching KPI groups).

KPI group no.	Providing Outstanding Parliamentary Support	April 2013 - March 2014	April 2014- March 2015	Comment - for detail see pages 6 – 8
1	Member Satisfaction	 amber	 green	No change in scores for plenary and committee meetings; the score for working in language of choice has increased from 6.2 in 2013 to 8.9 in 2014. The next Member satisfaction survey will be conducted in Jun/July 2015.
	Timeliness and Service Delivery	 green	 green	Consistently high performance on timeliness. For issuing committee papers and publishing committee proceedings, more challenging targets have recently been set.
	Professional Development	 green	 amber	The number of new AMs and AMSS participating in CPD activity has been maintained and the number of Welsh learners has increased.
	Progress on Corporate Plan Priorities	 green	 green	Further embedding of progress towards “world class committees”. Upgraded technology improving access to information and proceedings. Efficiencies realised from use of improved translation tools.
KPI group no.	Engage with the People of Wales and Promote Wales	April 2013 - March 2014	April 2014- March 2015	Comment - for detail see pages 9 – 12
5	Member Satisfaction	-	 amber	Score of 6.7. This is a new measure with no comparator from previous surveys.
	Engagement at the Assembly	 green	 green	Visitor numbers have been maintained and visitor satisfaction levels have improved (90% good/satisfactory ratings).
	External Profile of the Assembly	 green	 green	Significant increases in social media interactions, particularly for Twitter, YouTube and Senedd TV.
	Progress on Corporate Plan Priorities (better engagement)	 green	 green	Good levels of engagement with Assembly business, particularly with young people and for committee work. Significant increases in social media interactions.

KPI group no.	Use Resources Wisely	April 2013 - March 2014	April 2014 - March 2015	Comment - for detail see pages 12 – 14
9	Member Satisfaction	 green	 green	Improved scores across each category with significant increases to ICT scores.
10	Budgetary Performance	 green	 green	Strong position on % underspend forecast and spend against profile. Annual VfM target achieved during December. We are shifting our focus to savings on contracts and services.
11	Staff	 amber	 amber	Sickness absence rate remains below sector average. More accurate reporting methods now allow a better insight into absence reasons.
12	ICT Customer Service	 amber	 amber	Overall performance of SLA targets for incident handling was down and issues have been addressed to rectify this. Customer satisfaction score remains high.
13	Governance	 green	 green	Payments remaining within target times. Improvement in % FOI requests answered to deadline (94% against a target of 100%).
14	Sustainability	 amber	 green	New target of reducing energy emissions by a further 30% by 2021 have been introduced.
15	Progress on Corporate Plan Priorities (making the most of the estate)	 green	 green	Priorities in Forward Investment and Maintenance Plan completed.

Key

-  **RED:** There are significant issues impacting the achievement of business objectives. To achieve delivery, changes must be made to timing, costs, and/or scope.
-  **AMBER:** There are issues or risks which must be addressed. However, successful delivery is achievable without major impacts to budget, service standards, or target dates.
-  **GREEN:** Work is meeting agreed standards or is proceeding to plan. All known risks are being managed.

Corporate Performance Indicators

Goal : Provide outstanding parliamentary support							
	Comparator	Target	Apr 2013 – Mar 2014 ¹	Apr 2014– Mar 2015 ¹		Narrative	
KPI on Member satisfaction, comprising:							
1	Plenary meetings	7.70 in 2013	8.00	7.70	7.70	⇒	Results from the 2014 survey of AMs. Scores showing no movement or an increase from broadly comparable scores from the 2013 survey.
	Committee meetings	7.90 in 2013	8.00	7.90	7.90	⇒	
	Working in language of choice	6.20 in 2013	8.00	6.20	8.90	↑	
KPI on timeliness and service delivery, comprising:							
Pack Page 180	% of committee papers issued by deadlines agreed with each Committee	n/a	100%	n/a	95.12%	-	Average April - March. No comparator as the measure has changed to show deadlines as agreed with each Committee as opposed to the Standing Order deadline of at least 2 days before meetings. Improvement from December's average of 93.74%.
	% of research service enquiries answered within agreed deadline	98% average 2013-14	100%	98%	99%	↑	Average April - March.
	% of plenary Record of Proceedings published within deadline	100% average 2013-14	100%	100%	99%	↓	Average April - March.
	Number of committee/plenary meetings affected by failure to deliver Commission services	12 out of 350 (3.43%) in 2013-14 (r)	Zero	12 out of 350 (3.43%)	5 out of 368 (1.4%)	↑	Total April - March.
	% of committee Record of Proceedings published within 5 working days	n/a	100%	n/a	96%	-	Average April - March. No comparator as target changed from 14 days to 5 days. Improvement from December's average of 94.5%.
	% of Marshalled Lists for Stage 3 Bill proceedings issued by Standing Order deadline	n/a	>2 days of debate	n/a	100%	⇒	Average April – March. Time spent on stages of each piece of legislation is shown in graph in the Annex.

Footnote 1. The April – March period is not relevant to all of the indicators, for example for the Member satisfaction survey results and where we are comparing with a baseline period. (r) = revised from previous reports.

Corporate Performance Indicators

Goal : Provide outstanding parliamentary support							
	Comparator	Target	Apr 2013 – Mar 2014 ¹	Apr 2014– Mar 2015 ¹		Narrative	
KPI on Professional Development, comprising:							
3	Number of staff learning Welsh	34 (as at Mar 2014)	Increase number of Welsh learners	34	45	↑	As at March. A new indicator on Welsh capacity is being developed as part of the project to enhance bilingual services.
	Total number of new AM/AMSS participants in CPD activity	41 AM / 155 AMSS in 2013-14	Maintain number of AM / AMSS engaging in CPD	41 AM / 155 AMSS	40 AM / 166 AMSS	⇒	The number of new AMs/AMSS engaging in CPD activity throughout the year has been maintained (with a slight increase in AMSS participants). Repeat participation for both AMs and AMSS has decreased slightly in comparison to the same period last year. However, there was an increase in repeat participation for January – March 2015 in comparison to the last reporting period.
	Number of repeat AM/AMSS participants in CPD activity	407 AM / 641 AMSS in 2013-14		407 AM / 641 AMSS	347 AM / 605 AMSS	↓	
Progress on Corporate Plan priorities:							
4	Enabling the Assembly to be as effective as possible through the support we provide, including through the impact of the next stages of our ICT Strategy	-	Green	Green	Green	⇒	<p>A Members' preferences exercise has been completed; this involved meetings with individual Members who work on Committees to discuss how they do that work and how they make use of the support provided by the Commission. The teams which support Committees are now making changes to service delivery based on individual preferences, and the data will be aggregated so that broader trends can inform future service design. The process of ensuring that additional support is available to support legislative scrutiny is well underway and will ensure resources are aligned to key pressure points. The implementation of the main refresh of the IT kit and software in the Siambur has been extended to 2016 as agreed by the Commission in March 2015.</p> <p>Risks and issues arising with a key system supplier meant that the summer 2015 delivery dates were no longer achievable. The project is nonetheless considering what improvements can be made to the desks this summer as an interim step to improve the working space for Members in the Siambur.</p>

Footnote 1. The April – March period is not relevant to all of the indicators, for example for the Member satisfaction survey results and where we are comparing with a baseline period. (r) = revised from previous reports.

Corporate Performance Indicators

Goal : Provide outstanding parliamentary support						
	Comparator	Target	Apr 2013 – Mar 2014 ¹	Apr 2014– Mar 2015 ¹		Narrative
<i>Progress on Corporate Plan priorities (continued):</i>						
Pack Page 182	Enhanced bi-lingual services	-	Green	Green	Green	⇒ Our Bilingual Skills Strategy was launched in April 2015. An audit of Welsh language skills has been undertaken which will assist us greatly in terms of planning and enhancing bilingual customer service. ⇒ Welsh language tutoring has been enhanced and is proving highly popular and effective with Members, staff and contractors. Text translation productivity continues to increase. Recruitment process in progress to bring team to full capacity. This will enable us to meet the increased demand for interpretation at meetings.
	Beyond the Fourth Assembly	-	Green	n/a	Green	⇒ Having completed its final consultations, the Remuneration Board is preparing to launch its Determination on remuneration and financial support for Members in the Fifth Assembly towards the end of May. ⇒ The Presiding Officer and Commission are working to ensure that the Assembly's interests are taken into account by the UK Government and other key stakeholders to influence the changing constitutional landscape of the UK and the devolution of new powers to the Assembly. Having secured cross-party agreement for many of the PO's priorities in the St David's Day process, we are now focused on securing effective implementation of those new powers and responsibilities. We are also working to ensure that the proposed switch to a reserved powers model is right for Wales. Our preparations for the dissolution of the Fourth Assembly and transition to the Fifth Assembly are underway.

Footnote 1. The April – March period is not relevant to all of the indicators, for example for the Member satisfaction survey results and where we are comparing with a baseline period. (r) = revised from previous reports.

Corporate Performance Indicators

Goal : Engage with the people of Wales and Promote Wales							
	Comparator	Target	Apr 2013 – Mar 2014 ¹	Apr 2014– Mar 2015 ¹		Narrative	
KPI on Member satisfaction, comprising:							
5	Engaging with the people of Wales	-	8.00	-	6.70	-	Results from the 2014 survey of AMs. Due to a change to the question asked it is not possible to identify a comparator from the 2013 survey.
KPI on engagement at the Assembly, comprising:							
Pack Page 183	Number of visitors to the Senedd / Pierhead	168,505 total 2013-14	Increase compared to 2013-14	168,505	168,348	⇒	Total April - March. Visitor numbers have maintained with a 7018 average per month compared to an average of 7021 per month in the same period last year.
	Number of visitors on tours	15,466 total 2013-14		15,466	17,168	↑	Total April – March. Number of visitors on tours continues to increase with 1,431 average per month compared to an average of 1,289 per month in the same period last year.
	Number of events organised on the estate	370 total 2013-14	Increase compared to 2013-14	370	296	↓	Total April - March. The number of events on the estate has decreased from the previous year which was unusually high. However, this total is 90 more than 2012-13.
	Visitor satisfaction levels	87% average 2013-14	80% good/satisfactory ratings	87%	90%	↑	Average April - March. Average score from Senedd visitors has increased from the same period last year.
	Joint events organised with Wales Governance Centre	5 total 2013-14	-	5	6	↑	Total April - March.
KPI on external profile of the Assembly, comprising:							
7	Committee reports promoted by either broadcast or print media	81% average 2013-14	100%	81%	96%	↑	Average April - March. In March 2015, six committee reports were promoted, but only four received media coverage. Increased coverage can be attributed to proactive methods of promotion and improved media monitoring system.
	Average time spent on a visit to our web pages	3mins 59secs average 2013-14	Aim to increase each period	3mins 59secs	2mins 23secs	↓	Average April - March. An indicator to better measure interaction with the Assembly website is being developed.

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Corporate Performance Indicators

Goal : Engage with the people of Wales and Promote Wales

	Comparator	Target	Apr 2013 – Mar 2014 ¹	Apr 2014– Mar 2015 ¹		Narrative	
KPI on external profile of the Assembly (continued), comprising:							
Pack Page 184	Number of interactions on social media:						
	Facebook - likes / engagement	2,610 likes at March 2014		2,610 likes	3396 / 3891	↑	Total as at end of March. From April 2014, the number of people engaging with the Assembly on Facebook (from likes, comments and shares) has been added. Number of “likes” continues to increase.
	Twitter - total followers (all Twitter accounts / engagement (main Twitter account only))	25,283 followers at March 2014		25,283 followers	38,909 / 2,300	↑	Total as at end of March. From April 2014, the number of people engaging with the Assembly on the main Twitter account has been added.
	YouTube – views / minutes watched	20,177 / 39,325 totals in 2013-14	Aim to increase each period	20,177 / 39,325	24,699 / 42,656	↑	Total April - March. From April 2014, the total number of minutes watched on YouTube has been added. Average 3,555 minutes watched per month compared with 3,277 in the same period last year.
	Use of Senedd TV – views / users	67,059 / 6,191 totals in 2013-14		67,059 / 6,191	165,651 / 24,298	↑	Total April - March. From April 2014 users of Senedd TV has been added. Significant increase in number of views and users compared to same period last year.
	Number of new schools engaging with the education service for the first time	106 total 2013-14 (44 outreach)		106 (44 Outreach)	97 (32 Outreach)	↓	Following a peak in activity in engagement activity between July and November 2013, the 2014-15 numbers have returned to more normal levels. The aim is to engage with all secondary schools in Wales by the end of the 4 th Assembly.
	Average monthly traffic to Record of Proceedings pages - Plenary Only	7,578 average in 2013-14		7,578	5,670	↓	Average April – March. Decrease partly due to greater use of Senedd TV and corresponding increase in hits on live proceedings.
International engagement to and from the Assembly	200 total in 2013-14 (ave. 17 per month)	-	200	225	↑	Total April - March. Average of almost 19 per month compared with 17 per month in the same period last year.	

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Corporate Performance Indicators

Goal : Engage with the people of Wales and Promote Wales						
	Comparator	Target	Apr 2013 – Mar 2014 ¹	Apr 2014– Mar 2015 ¹		Narrative
Progress on Corporate Plan priorities:						
Pack Page 185	Better engagement with the people of Wales	-	Green	Green	Green	⇒ <p>A number of public engagement activities have supported committee work aimed at getting a broader range of people involved in Assembly – during the inquiry into Alcohol and Substance Misuse, the committee surveyed a mix of over 600 people. Since January contact has been made with over 57 organisations to include them in our youth engagement activity including inward visits, off-site visits or establishing means for sharing information.</p> <p>The Assembly outreach and engagement week held in Wrexham 21-28 March generated the highest amount of social media activity we've ever had at any Assembly event - Corporate Twitter feed followers increased by 232 during that week and YouTube views increased 99% in March from February. In addition, over 10,000 users have viewed our YouTube channel this year and there are now over 27,000 followers on the Assembly's corporate twitter accounts. In February the 'InBrief' blog received a record number of 5,777.</p> <p>This year, over 3,000 young people have contributed to the national conversation on lowering the voting age to 16. During #SeneddWrexham week we held a digital takeover day in Coleg Cambria where over 300 students visited the Assembly bus and discussed their views on lowering the voting age.</p> <p>We have consulted key users, both external and internal to gather views as part of 'The Review of Reporting Assembly Proceedings'. We are now considering the more challenging aspects of the review to deliver a bi-lingual Parliamentary Record that is fit for 21st century communication methods, is reusable, available earlier and accessible. An update will be provided to the Commission in the summer term before a fuller report in the autumn.</p>

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Corporate Performance Indicators

Goal : Use resources wisely							
	Comparator	Target	Apr 2013 – Mar 2014 ¹	Apr 2014– Mar 2015 ¹		Narrative	
Member satisfaction rating for:							
9	Allowances and staffing	8.30 in 2013	8.00	8.30	8.70	↑	Results from the 2014 survey of AMs. Scores showing an improvement from broadly comparable scores from the 2013 survey.
	Tŷ Hywel and Senedd	7.60 in 2013	8.00	7.60	7.80	↑	
	Member satisfaction rating for ICT in Tŷ Hywel and Senedd	6.60 in 2013	8.00	6.60	7.50	↑	
	Member satisfaction for ICT in Constituency/Regional Offices	6.10 in 2013	8.00	6.10	6.70	↑	
KPI on budget, comprising:							
Pack Page 186	Budget - % underspend forecast at year end	0.07% year end 2013-14	<1%	0.07%	0.10%	⇒	The final year end position is £62k (or 0.1%) under spend from a total budget of £50.598m. Through actively managing and planning expenditure over multiple years, we have delivered within the 1% (£509k) or less target under spend.
	Budget – spend vs. profile	1.24% year end 2013-14	within 2% profile	1.24%	0.02%	↑	The expenditure for the year was within 0.2% of the forecast. The spend vs profile was actively managed during the year with regular budget meetings and forecast reviews to ensure the Commission delivered a year end position within budget.
	Value for Money target and achievement	£508k year end 2013-14	£500k	£508k	£585k	↑	The Commission has made use of effective procurement and vacancy management to deliver a further £584k savings, exceeding the 2014-15 target.
KPI on staff, comprising:							
11	% sickness absence	2.44% (rolling average at Mar 2014)	<3%	2.44%	3.30%	↓	Rolling annual average, as at March. This represents an average of 7.26 days per employee against the CIPD public sector average of 7.9 days. From January 2015, information gathered through HR Business Partners has allowed us to present more accurate figures. It has also allowed a better insight into the reasons for those absences and work is under way to address those issues.

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Corporate Performance Indicators

Goal : Engage with the people of Wales and Promote Wales							
	Comparator	Target	Apr 2013 – Mar 2014 ¹	Apr 2014– Mar 2015 ¹		Narrative	
	% completion of staff performance reviews	89%	100%	89%	-	-	The completion and reporting deadline for the staff performance reviews is 30 April 2015, therefore, outturn will not be reported until the April – June 2015 KPI report.
	Staff engagement level (from staff survey)	78% 2012	80%	81%		↑	Result from 2013 survey showing 81% recommended the Assembly as a great place to work. A new staff engagement indicator has been developed which will allow benchmarking against other organisations. Next staff survey will be done in May 2015.
	Number of staff - headcount and FTE	412 people 393.87 FTEs March 2014	-	412 people 393.87 FTEs	437 people 418.20 FTEs		As at March. The turnover rate as at March was 4.83%.
KPI on ICT, comprising:							
Pack 1 Page 187	% achievement against SLA targets for all incidents	85.52 Apr - Dec 2014	100%	n/a	82.64%	↓	Overall performance affected during November to February due to providing cover for a critical vacant post on the Service Desk. SLA ratings are being reviewed as part of continuous service improvement to ensure that they are fair and fit for purpose.
	Customer satisfaction score for incident handling (out of 9)	8.6 Apr – Dec 2014	9.00	n/a	7.9	↓	Average April - March.
KPI on Governance, comprising:							
13	Average days taken to pay Members and suppliers compared to target	3.55 average in 2013-14	<10 days	3.55	3.94	↓	Average April – March.
	Number of 'Freedom of Information' requests answered	51 total 2013-14	-	51	63	-	Total April - March. 59 out of 63 requests were answered on time, with the exception of four late responses that required external consultation and substantial redaction
	% FOI requests answered to statutory deadline	88% on time 2013-14	100%	88%	94%	↑	
	Number of Internal Audit recommendations overdue	2 out of 109 2013 -14	Zero	2 out of 109	3 out of 139	↑	Position reported, as at March 2015. Management continue to maintain a high rate of recommendation implementation. The three recommendations currently outstanding are all being addressed and do not represent an undue level of risk to the Assembly Commission.

Footnote 1. The April – March period is not relevant to all of the indicators, for example for the Member satisfaction survey results and where we are comparing with a baseline period. (r) = revised from previous reports.

Corporate Performance Indicators

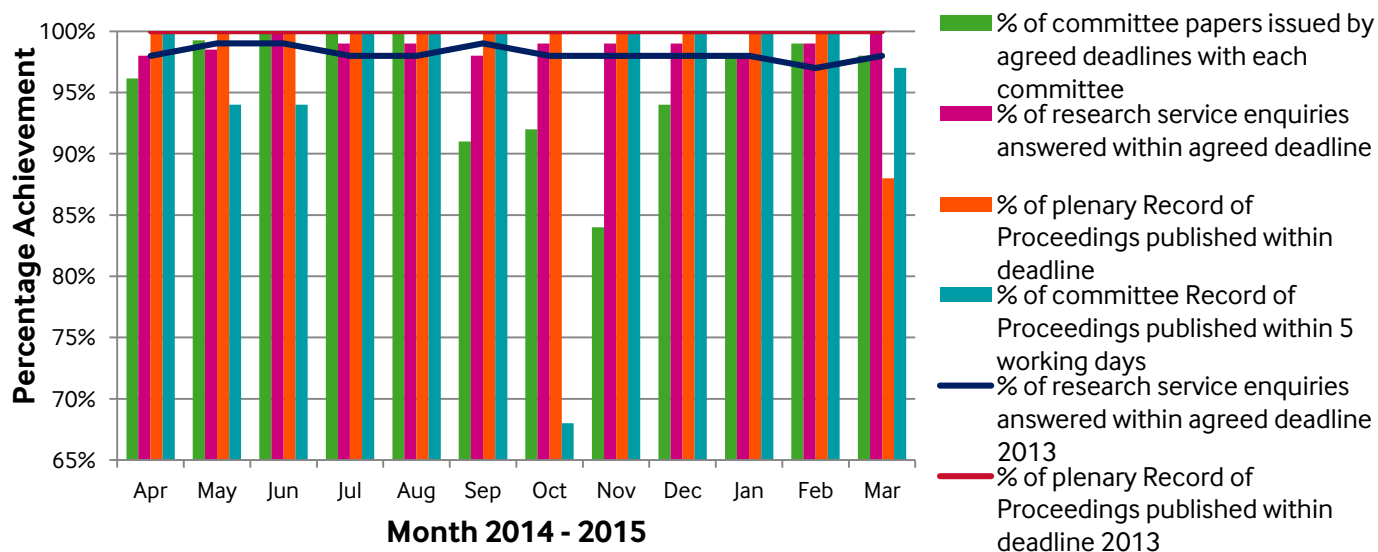
Goal : Engage with the people of Wales and Promote Wales							
		Comparator	Target	Apr 2013 – Mar 2014 ¹	Apr 2014– Mar 2015 ¹	Narrative	
KPI on sustainability, comprising:							
14	Combined energy footprint (Cardiff Bay Estate)	Baseline year 2012-13	30% reduction in total energy emissions by March 2021	-8.5%	-4.00%	-	As at March. A steady start to the new energy emission reduction strategy. Energy consumption has reduced by 4.6% in comparison to last year. However, as a result of an inflated Defra carbon factor this year, cumulative emissions have been negatively affected resulting in a 4% reduction to date.
	Waste to landfill	43 tonnes in baseline year 2010-11	0 tonnes by 31 March 2015	6.4 tonnes	4.7 tonnes	↑	As at March. Despite continued reductions throughout the year, the final position in waste to landfill falls short of the zero tonnes target and further options are being investigated to strengthen efforts going forwards to eradicate as much of this remaining volume as possible.
Progress on Corporate Plan priorities:							
15	Making the most of our Estate	-	Green	Green	Green	⇒	<p>Good progress has been made in delivering investments and improvements set out in the forward investment and maintenance programme for the estate. Increased demand for events in the Senedd and the Pierhead combined with longer Plenary and Committee meetings meant we have had to carefully manage the use of the estate to balance the needs of Assembly Business with those of individual Members and constituents.</p> <p>The latest figures, published in The Assembly's Carbon Management Report, show that the Assembly has achieved a 35 per cent reduction in energy emissions since the base year 2008/09. The Carbon Trust has identified this as an excellent standard of performance within the Welsh public sector. During the same period the Assembly has also achieved a 29% reduction in net greenhouse gas emissions.</p>

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Annex – Graphs

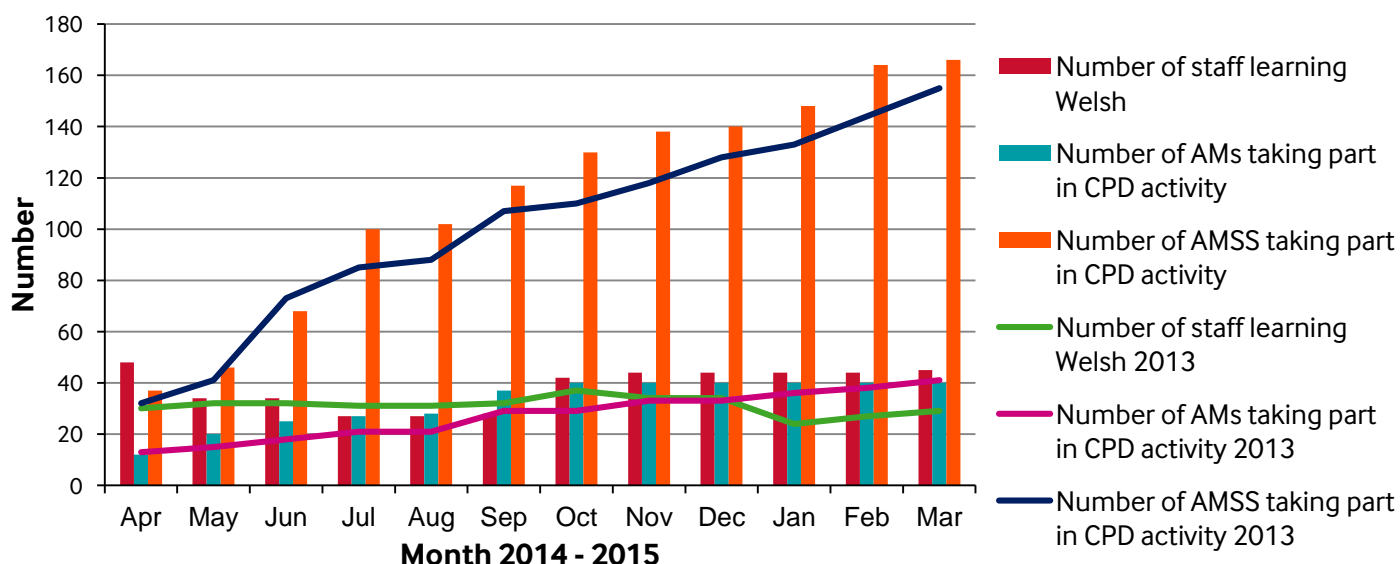
These graphs present the trends for some of the information in the detailed tables.

Timeliness (KPI 2)



Narrative: Consistently high performance on timeliness continuing the trend from 2013-14. The % of committee papers issued and % of committee RoP published are now measured against more challenging targets which has had some impact on the level of performance and means comparisons with 2013 are not possible. The dip in % of committee RoP published within the deadline in October was due to an unprecedented high number of meetings (28 against an average of 16). The dip in % of plenary RoP published within deadline in March was due to a technical fault in the voting system.

Professional Development (KPI 3)

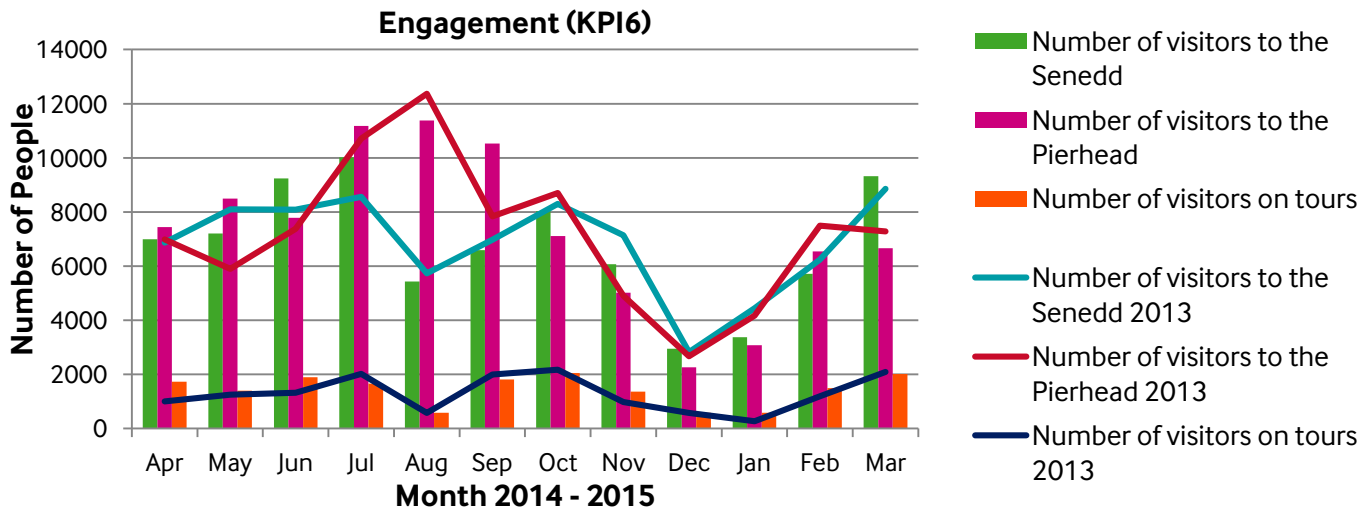


Narrative: The number of Welsh learners has remained constant after a significant increase in October. The cumulative numbers of new AMs and AMSS engaging in CPD activity (which includes Welsh lessons) continues to increase.

Annex - Graphs

These graphs present the trends for some of the information in the detailed tables.

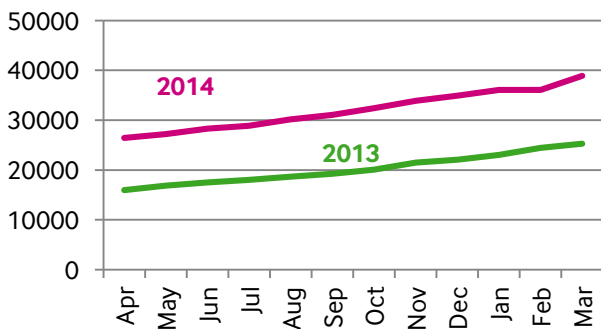
Engagement (KPI 6)



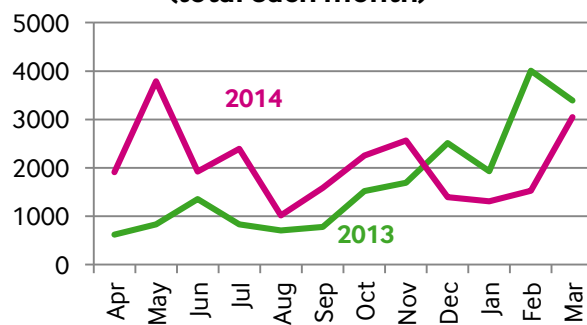
Narrative: The target for increasing the number of visitors to the Assembly each year has been achieved in the reporting period. The detailed table also shows high levels of customer satisfaction for visitors to the Senedd.

External profile (KPI 7)

Twitter Followers (cumulative)



You Tube Views (total each month)

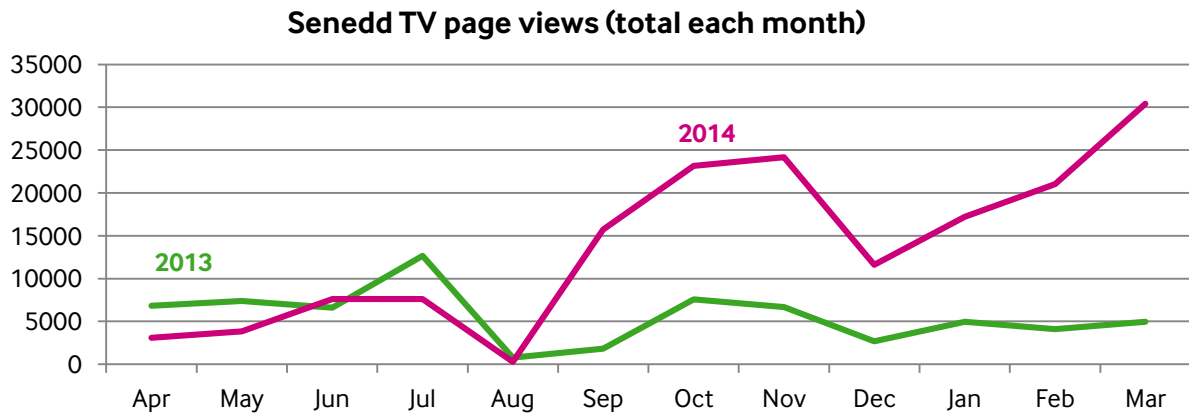


Narrative: Continued steady growth in Twitter followers. Fluctuations in YouTube views reflect the popularity of a number of YouTube videos such as the 15 Years of Devolution and the Inquiry into New Psychoactive Substances and recess periods.

The Assembly outreach and engagement week held in Wrexham 21-28 March generated the highest amount of social media activity we've ever had at any Assembly event. Numbers of people engaging are shown in the detailed tables.

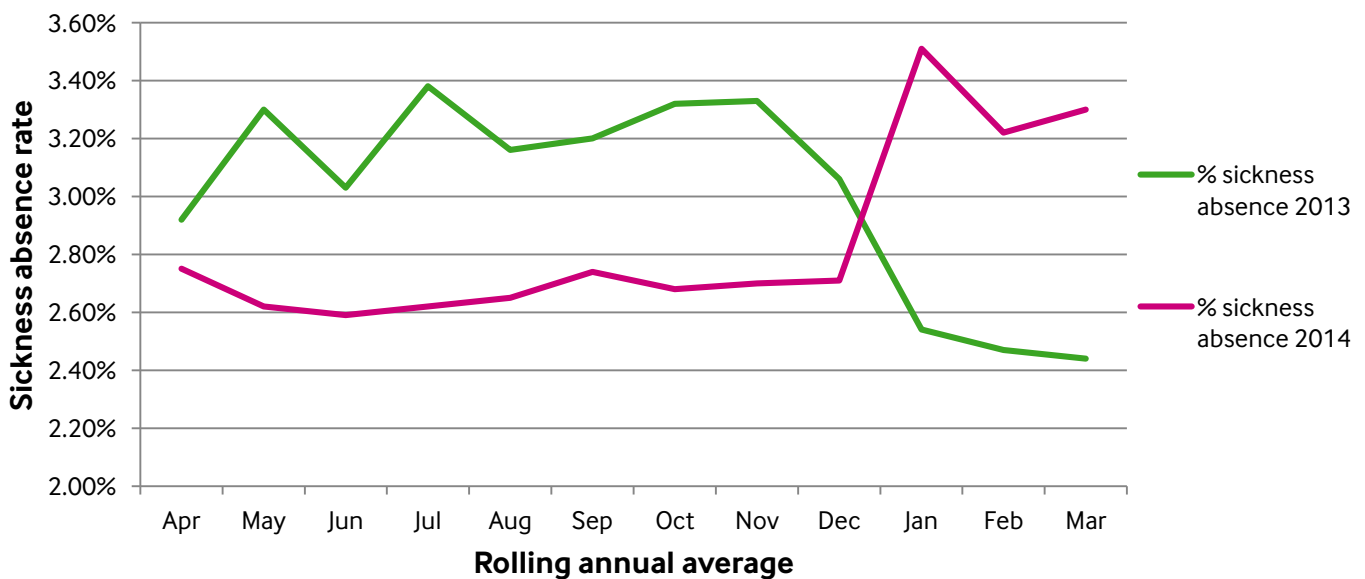
Annex – Graphs

These graphs present the trends for some of the information in the detailed tables.



Narrative: The sharp increase in Senedd TV views from September coincides with the launch of the new Senedd TV platform. Dips in the page views reflect recess periods.

% sickness absence (Commission Staff) - rolling annual average (KPI 11)

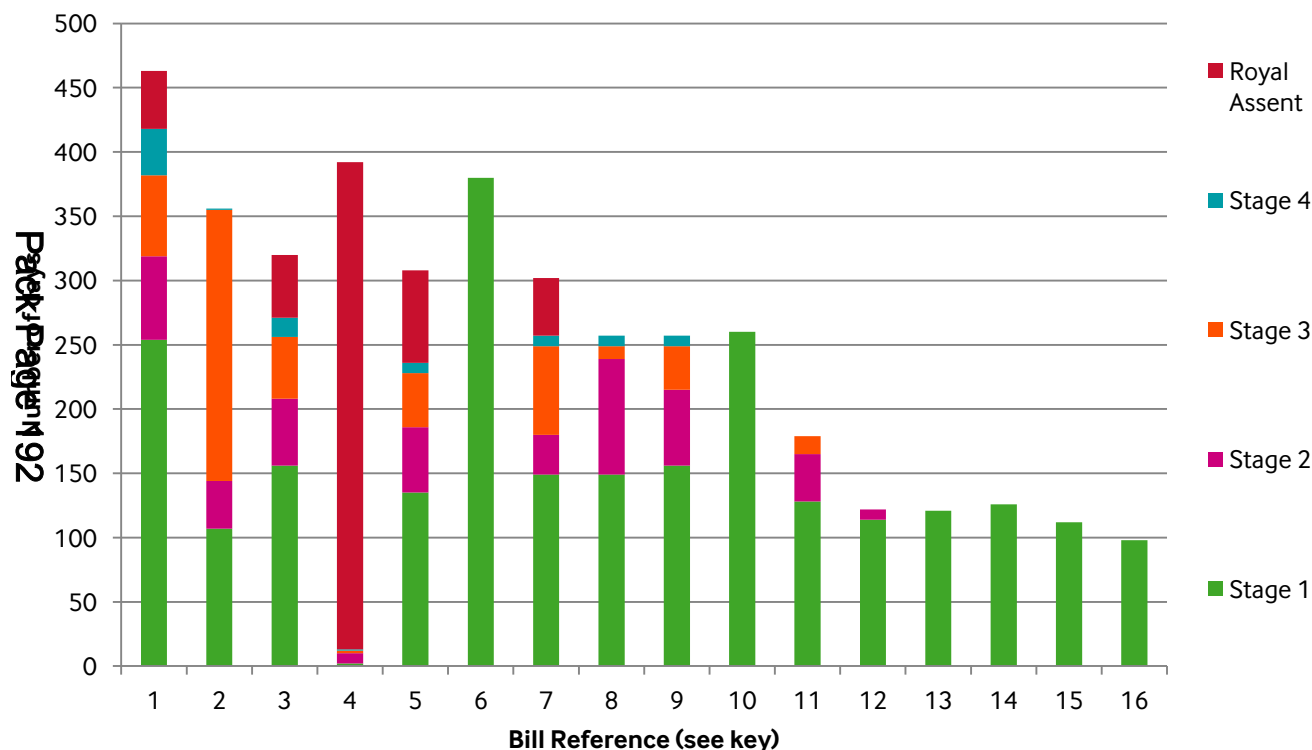


Narrative: Sickness absence figures were consistently lower than the same periods last year until December 2014. The sharp increase from January 2015 is as a result of more accurate figures being gathered through HR Business Partners.

Annex - Graphs

These graphs present the trends for some of the information in the detailed tables.

Legislation Timetables - time taken to complete each stage



Ref Bill (Stage as at 31 March 2015)

- 1 Social Services and Well-being Act (Complete 1 May 14)
- 2 Recovery of Medical Costs for Asbestos Diseases (Wales) Bill (see narrative)
- 3 Education (Wales) Act (Complete 12 May 14)
- 4 Agriculture Sector (Wales) Act (Complete 30 July 14)
- 5 Housing (Wales) Act (Complete 17 Sept 14)
- 6 Holiday Caravan Sites (Wales) Bill (Stage 1)
- 7 Higher Education (Wales) Act (Complete 13 March 15)
- 8 Violence against Women, Domestic Abuse and Sexual Violence (Wales) Bill (Awaiting Royal Assent)
- 9 Well-being of Future Generations (Wales) Bill (Awaiting Royal Assent)
- 10 Financial Education and Inclusion (Wales) Bill (Stage 1)
- 11 Planning (Wales) Bill (Stage 3)
- 12 Qualifications (Wales) Bill (Stage 2)
- 13 Safe Nurse Staffing Levels (Wales) Bill (Stage 1)
- 14 Local Government (Wales) Bill (Stage 1)
- 15 Renting Homes (Wales) Bill (Stage 1)
- 16 Regulation and Inspection of Social Care (Wales) Bill (Stage 1)

Narrative: This graph shows the time it has taken for each Bill to go through the legislative process. It reflects which Bills have received Royal Assent (i.e. are completed) or were still going through the legislative process in the period April 2014 to March 2015.

On the 9 February 2015, the Supreme Court handed down its Judgment regarding the Recovery of Medical Costs for Asbestos Diseases (Wales) Bill. The Supreme Court found that the Assembly does not have the legislative competence to enact the Bill in its present form. Under Standing Order 26.53, any Assembly Member may propose that the Bill proceeds to Reconsideration Stage, but no such proposal has been made to date.