

Peredur Owen Griffiths MS
Chair of the Finance Committee
Senedd Cymru

Via email

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24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Dear Peredur

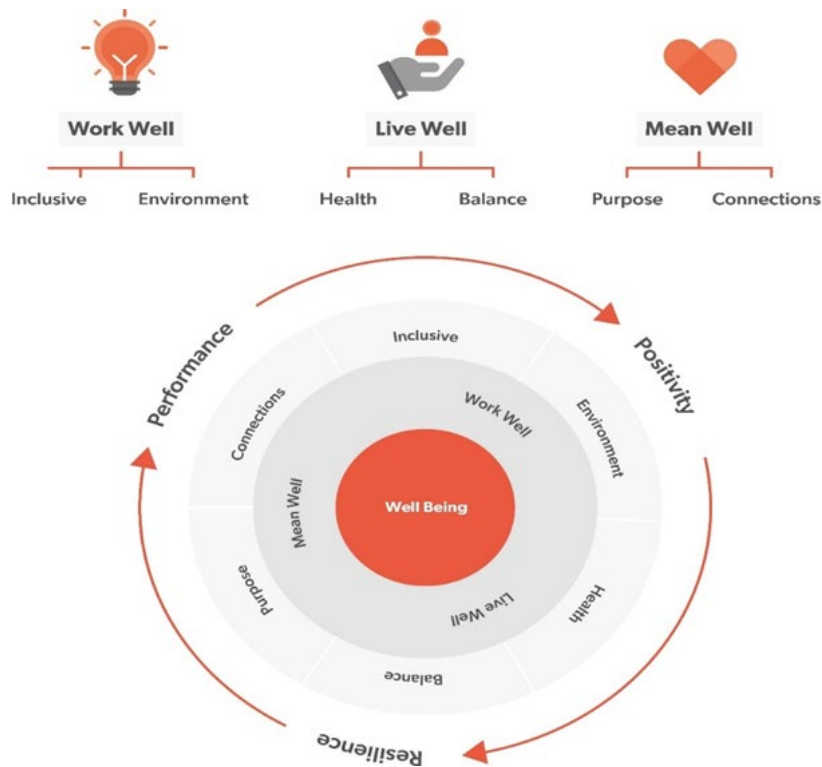
Finance Committee Annual Scrutiny of the Wales Audit Office

Further to your report - the *Annual scrutiny of the Wales Audit Office and the Auditor General for Wales* - we are writing to set out our responses to the Committee's recommendations.

We accept all of your recommendations and set out how we intend to address each one below:

Recommendation 1. The Committee recommends that Audit Wales provides details of its new 'Work Well, Live Well and Mean Well' Strategy and its implementation.

The Well-Being Strategy was approved by the Remuneration and HR Committee along with the underlying action plan in November 2021. The aim of the strategy is to "create and maintain a positive and resilient workforce whilst fostering an environment that supports and enables our people to be healthy and maintain a work life balance". There are six pillars that support Work Well, Live Well and Mean Well and the supporting action plan is based around these pillars.



We have appointed 17 Well-Being Champions from across the organisation, including a Board Champion, who are working with the Head of HR to implement the strategy. Each pillar has been assigned a Well-being Champion as a lead to co-ordinate the activities that are associated with the pillar and the pillar leads meet with the Head of HR regularly to identify areas that need to be joined up and have a strategic context. The implementation of the strategy, through the action plan, is tracked and monitored by the Executive Leadership Team and reported quarterly to the Board via the Remuneration and HR Committee.

Recommendation 2. The Committee recommends that Audit Wales includes details of its performance against the previous Key Performance Indicator target for employee engagement and employee experience alongside its revised targets in 2022-23.

We stated in our Annual Plan for 2022-23 that our target for employee engagement and employee experience would be at least the median benchmark score for the latest CSPS. We have just received the findings from the 2022 People Survey and are preparing our management response. The employee engagement score is 60%. We do not yet have the benchmark information from CSPS for 2022 and this is expected early in 2023. We have seen some areas of improvement across the other 11 themes, most notably in perceptions of inclusion and fair treatment, organisational objectives and purpose, and my team. Disappointingly we have seen drops in levels of satisfaction related to resourcing

and workload. The Board and ELT are preparing to engage more visibly across the whole organisation to get a deeper understanding of the underlying causes of changes in levels of engagement during quarter four of 2022/23.

Recommendation 3. When considering its future staff survey arrangements, the Committee recommends that Audit Wales considers retaining the Civil Service People Survey; assesses other tools to enhance its effectiveness and reports back to the Committee on alternative survey models evaluated.

We are currently developing our overview of requirements ahead of beginning a procurement exercise to assess how we can enhance our ability to gather, analyse and respond to feedback from staff. Within the overview of requirements, we have stated the need to maintain trend data relating to engagement and employee experience to provide continuity for both Audit Wales and the Committee. Depending on the outcome of the procurement exercise, we will make decisions on alternative models. We hope to have arrangements in place in early 2023-24 so that we can more frequently track the perceptions of staff and home in on, and address, areas of concern more rapidly.

Recommendation 4. The Committee recommends that Audit Wales provides further information on the work undertaken to improve audit quality, including details of the specific quality assurance activity undertaken since the 2021-22 score and the number of audits assessed for quality assurance.

Information about our audit quality is set out in our annual quality reports, available on the [Openness and Transparency](#) page of our website.

We summarise below key points from this report, which we would be happy to discuss further with the Committee.

Work undertaken to improve audit quality

Recent key initiatives include (references are to the Audit Quality Report):

- enhancing our audit approaches through:
 - the first-time application of standards / principles for performance audit issued by the International Organisation of Supreme Audit Institutions (INTOSAI) (paragraph 36);

- the introduction of a new far-reaching standard on audit risk assessment¹ for our 2022-23 audits (paragraph 38) (this work has been undertaken jointly with the Northern Ireland Audit Office to make more effective use of our collective resources);
- development of in-house, SharePoint-based audit platforms to increase consistency in documentation, application of audit approaches and to build in quality checks within our systems (paragraphs 43-45);
- ongoing investment in learning and development (paragraphs 46-52), which include significant initiatives to support the audit approach developments and audit platforms;
- ongoing development of our data analytics work to gain richer insights to support our audit work (paragraph 41);
- new initiatives to enhance the support we receive from external experts in complex areas, such as property valuations (paragraph 23);
- expansion of our external quality monitoring programmes, including extension of the regime to performance audit and increasing the numbers of files reviewed (Part 3);
- introduction of a new root cause analysis process to identify core learning needs where issues arise (paragraphs 52 and 81);
- development of a revised system of quality management (paragraphs 73 – 75); and
- investment in our ‘technical team’ to support our audit quality and the developments and initiatives outlined above (see the Adequacy of Resources section in the Independent Commentary – page 9).

Quality assurance arrangements

As our Audit Quality Report sets out, we use a three lines of assurance model to describe how we achieve audit quality.

The third line of assurance (pages 21-24) consists of those arrangements that provide independent assurance over the effectiveness of the first two lines of assurance and help to identify opportunities for continued improvement.

Those arrangements cover other quality activities other than those formally reported as part of our KPI reporting, including:

- unscored engagement quality reviews of audit files, or parts of audit files undertaken prior to the audit being completed (paragraphs 66 to 67);
- unscored themed reviews that look at particular issues across several audits (paragraphs 64 to 65);

¹ [ISA 315 Identifying and Assessing the Risks of Material](#)

- peer reviews of performance audit reports by other UK audit agencies (paragraph 63); and
- cold reviews of whole files after the audit work has been completed (paragraphs 55 to 63).

It is the cold reviews that are scored and captured in our formal KPI reporting. These reviews are cyclical and recently have followed the audit of accounts cycle. The outcomes of the most recent round of reviews based on 2020-21 accounts is reported in Part 3 of the Audit Quality Report. The next round of reviews (for 2021-22 accounts audits) has commenced in recent weeks (although as noted under recommendation 8, local government audits have yet to complete). The results of these reviews will be reported in our next audit quality report and in our annual plan KPIs.

Recommendation 5. The Committee recommends that the Auditor General formally notifies the Chair of the Finance Committee in writing if he is unable to complete an audit within the four-month statutory deadline.

We will notify the Chair of the Finance Committee in writing if we are unable to complete an audit within the four-month statutory deadline applicable to the accounts of the Welsh Government. We will also work with the Finance Committee and the Public Accounts and Public Administration Committee to develop a protocol for reporting in relation to late accounts of other organisations, where different statutory deadlines apply.

Recommendation 6. The Committee recommends that Audit Wales:

- **explains the rationale it intends to adopt regarding the sharing of the additional costs associated with the audit of the Welsh Government Consolidated Accounts 2020-21; and**
- **once the final position is determined, provides details of the total cost of the audit of the Welsh Government Consolidated Accounts 2020-21, including how much is additional to the fee estimate, how the additional costs have been shared and an explanation if the approach differs from the rationale.**

The audit of the 2020-21 Welsh Government accounts cost £161K more than the estimated fee. We will be issuing an additional invoice to the Welsh Government for just over half of this amount (£81K). This relates to additional staff time required to complete the audit. The remaining cost of £80k (for drafting of the Auditor General's Report) is funded from the WCF funding we have received for that purpose this year.

Recommendation 7. The Committee recommends that Audit Wales provides further details of how it is implementing change in the organisation and specifically on the outcome of the post-project learning exercise for the Travel Allowance changes, including how the lessons learned will be applied to the forthcoming Cardiff office relocation.

Audit Wales has a small, dedicated change programme team² that supports the implementation of major, cross cutting changes to ensure business benefits are realised. The team are all qualified change and project managers who work alongside senior managers and teams across the business. Following the implementation of the travel allowance changes, a post project learning exercise was carried out and the findings from this were used in shaping the implementation of the 'Our Future Workplaces' project and the deployment of the new Time and Resource Management system.

Key learnings highlighted:

- the importance of being clear on the reasons for change;
- having a timeline for the whole change process to ensure sufficient time is available for all elements including staff engagement;
- ensuring that plans are developed for different scenarios to retain focus on the desired outcome;
- being agile in execution, communication, and engagement;
- utilising all aspects of leadership across the organisation; and
- ensuring the Board is engaged in all aspects of the change process.

Each of these learning points has been incorporated into the approach for the Our Future Workplaces project.

All large change projects are governed through a Change Programme Board that considers business cases and resourcing implications, tracks progress and monitors the realisation of benefits.

Recommendation 8. The Committee recommends that Audit Wales provides further information on the technical issue concerning infrastructure assets and the potential impact on the delivery of its audit work.

Further information

² 4 members of staff

This is an issue that is impacting the accounts and audit of local government bodies in Wales, England and Scotland. It has resulted in Welsh Ministers making on 29 November 2022 [The Local Authorities \(Capital Finance and Accounting\) \(Wales\) \(Amendment\) Regulations 2022](#).

Paragraphs 4.3 to 4.5 of the Explanatory Memorandum to the Regulations (available through the link above) provide the following background:

“4.3 Until 2022, the accounting treatment of infrastructure assets has not generally been an issue. There has, however, been increased scrutiny of the audits of local authority accounts in recent years, particularly on the accounting for property, plant and equipment. As a consequence, there is an increased requirement for local authorities to provide auditors with evidence in respect of infrastructure assets, specifically in terms of how the replacement of a component of an infrastructure asset is accounted for. In accordance with proper practices, when a component of an infrastructure asset is replaced, an amount representing the remaining value of the replaced component should be removed (derecognised) from the balance sheet. This may be nil if there is no residual value.

“4.4 The issue is that, due to significant historical information deficits, many authorities are unable to provide sufficient evidence of the value of replaced components of infrastructure assets when they are derecognised. This is particularly the case in relation to roads. Some of these issues date back to 1994, when these assets were first brought onto local government balance sheets. Furthermore, the reporting requirements have not been consistent over time: it is only since 2010-11 that the Code has required all replacement costs to be capitalised and replaced components to be derecognised.

“4.5 This issue has contributed to delays in the completion of 2021-22 local authority audits as both local authorities and auditors have sought a resolution. Without resolution, there is a significant risk that many local authority financial statements could be subject to qualified audit opinions in this area, whereby the auditor is unable to give an opinion that the accounts are not misstated. It is anticipated that this may also lead to delays to future audits.”

Impact on audit delivery

The issue has had a significant impact on the completion of 2021-22 audit work, as CIPFA³ sought unsuccessfully to develop a remedy to address the issue. The Regulations outlined above, provide a short-term answer while CIPFA seeks to develop a longer-term solution.

Upon making these Regulations, the Welsh Government has suggested to local government bodies that they ‘...should seek to achieve publication of final audited accounts by 31st January 2023.’ This is two months later than the original 30 November 2022 target.

Unfortunately, late completion of 2021-22 audits will inevitably impact 2022-23 audits as they will be started later than would normally be the case.

We are taking steps to bring the reporting and audit timetable back to the historical position. These efforts are however complicated by the introduction of a new audit approach for 2022-23 audits in line with professional auditing standards⁴, which brings uncertainties in terms of the level of work effort and staff input required in the first year of implementation.

We are happy to keep the Committee updated on progress across the local government sector in bringing the accounts completion and auditing timetable back to the historical position.

Recommendation 9. The Committee recommends that Audit Wales provides a breakdown of the non-cash items within its resource baseline and a reconciliation between cash and resource baselines identified in Part 2 of the Estimate for its Welsh Consolidated Fund funding for 2023-24 and in future Estimates

As requested, please see below a summary of the movements between the first Supplementary Estimate for 2022-23 and our Estimate for 2023-24 in cash and resource terms including both revenue and capital expenditure and movements in working capital. We will include this additional analysis in future Estimates.

In carrying out this reconciliation we have identified an error in Part 1 of our Estimate in relation to the adjustments required for IFRS16. As a result of this

³ See for example: [Urgent Infrastructure Assets Task and Finish Group | CIPFA](#)

⁴ Please refer to paragraphs 47 to 51 of our publication ‘Supporting information for the Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2024’ (October 2022).

error, our net cash requirement was overstated by £280,000 (there is no change in resource requirement). A corrected Part 1 Estimate is provided alongside this letter.

	Cash £'000	Resource £'000
Estimate 2022-23	8,684	8,254
Increased staff costs (pay)	702	702
Increased staff costs (ISA315)	800	800
Reduced non-staff costs	-203	-203
NFI cyclical costs	-130	-130
IFRS16 impact	0	80
Increased fee income	-1,051	-1,051
Movements in working capital	-160	-
Estimate 2023-24	8,642	8,452

Recommendation 10. The Committee recommends, for all future Estimates, Audit Wales provides the same level of detail for the support it is seeking on a resource and cash basis, including information on its baseline position and any changes to its budgets

We will ensure that the breakdown of changes provided in future Estimate will be shown for both resource and cash.

Recommendation 11. The Committee recommends that Audit Wales considers how the presentation of the Estimate can be improved in future years to:

- **compare the resource and cash requested with the approved budget for the previous financial year, and where this is not the case, this should be clearly set out in the Estimate, with reasons to explain why it was not possible to do so;**
- **provide further detail and a breakdown of how increases in specific elements of funding will be spent.**

We will reflect on the presentation of the financial information in the Estimate to consider how we can clearly differentiate between changes in resource and cash budgets. Additional information on reasons for increases over and above that already provided will be included in future Estimates.

Recommendation 12. The Committee recommends that Audit Wales:

- **provides a breakdown of the £550,000 movements in working capital figure; and**
- **includes more information on movements in working capital in future Estimates, including detailing their purpose and to what each movement relates to.**

Movements in working capital included in the Estimate make provision for expected changes in year end balances on debtors, creditors and provisions. It is extremely difficult to estimate the actual movements 5 months before the end of the financial year and hence a notional requirement of £100,000 to £200,000 is generally allowed for in our Estimates. Any resulting cash balance is returned to WCF at year end by way of an administrative adjustment.

For 2022-23 this adjustment was increased to £710,000 to allow for the known movement in a provision for the Travel Allowance buy out included within our 2021-22 accounts.

For 2023-24 we have estimated a movement of £550,000 to allow for normal year end changes in debtors and creditors but also the requirement to utilise part of our provision for dilapidations (total £650,000) when we vacate our Cathedral Road offices. This amount is subject to commercial negotiation and hence cannot be disclosed in full at this point.

Recommendation 13. If Audit Wales wishes to pursue the proposed funding switch for local performance audit work, the Committee recommends that it:

- **provides further information on the queries raised by the Welsh Government and progress of those discussions, as these happen; and**
- **defers the proposal until the Estimate 2024-25.**

Accepted. We have had initial discussions Welsh Government Officials over the last few weeks regarding the proposed funding switch. These discussions centred mainly on their concerns about the level of fee increase next year and the steps we have been taking in recent years to reduce our cost base and secure efficiencies internally. We have agreed to continue these conversations in the New Year and will keep the Committee updated

Recommendation 14. The Committee recommends that Audit Wales considers further ways in which it could provide additional support for lower paid staff and/or staff who may experience difficulties as the effects of the increases in living costs are felt and takes steps to evaluate its package of support to ensure it reaches those who need it most.

We will be exploring with the Trade Unions through our pay negotiations potential underpins for lower pay bands and any other mechanisms that we could put in place to support lower paid staff. However, we have yet to receive their pay claim for 2023-24 and will consider this in due course.

A review of non-paid benefits has recently been undertaken and through that review we will be implementing support for all staff on money matters and cost of living impacts. The advice and support will be provided through the Cabinet Office and will be available for staff to access. In addition, financial well-being advice can be accessed through our Employee Assistance Programme. We also offer a staff shopping discount scheme through our benefits provider, Edenred, which we are proactively promoting to staff and encouraging them to use.

Recommendation 15. The Committee recommends that Audit Wales returns the unspent funding for National Insurance contributions from 2022-23 to the Welsh Consolidated Fund and adjusts the baseline for 2023-24 accordingly.

We have estimated that the savings related to changes in the National Insurance contributions will amount to £51,000 in 2022-23. We are working hard to realise our income projections for the year though this has been affected recently due to higher than anticipated levels of Covid-related sickness. It would be further affected if industrial action takes place before the year-end. With these caveats in mind, it is our intention to return this, along with any other unspent funds at the end of the financial year. As explained to the Committee, the timing of our Estimate for 2023-24 allowed us to reflect these changes in the Estimate that the Committee considered in November. This is reflected in the increase in staff costs shown in Exhibit 1 of Part 2 of the Estimate as follows:

	WCF £'000	Fees £'000	Total £'000
Provision for pay award	307	482	789
Other changes ⁵	22	37	59
Reduction in NI rates	(57)	(89)	(146)
Total	272	430	702

⁵ Staff increments and increased vacancy management savings

Recommendation 16. The Committee recommends that Audit Wales provides further detail on the feedback received on its performance work and updates it on the process of adopting international standards of best practice in this area, including its expectations of what this will deliver.

Currently, we do not disaggregate stakeholder feedback between audit of accounts and performance audit work. Figures in our 2021-22 annual report show that we perform well in terms of what stakeholders think about our work:

- 95% consider us to be an independent and authoritative communicator on the governance and stewardship of public money and assets.
- 96% thought our work provided useful insight that they would not have acquired otherwise.
- 91% believe our work has led to improvements in the provision of public services.

Performance audit encourages audited bodies to focus on their role as custodians of public money, spending it wisely on behalf of citizens and being held accountable for that. Our work promotes economy, efficiency and effectiveness, as well as accountability and transparency.

Our quality arrangements aim to ensure that all performance audit work seeks to achieve the benefits above. Adopting INTOSAI guidance will support us to do that and introduces a quality regime that puts more emphasis on impact rather than process compliance. For example, ensuring that:

- we pick the right topics to audit that add value and can achieve impact;
- audit teams have the skills needed and are appropriately supervised;
- clear objectives are established for the audit;
- audit evidence is robust and has been suitably challenged ;
- outputs meet our internal standards and are impactful;
- we think about how to maximise the impact and uptake of our outputs; and
- we reflect on our work, capture that information and feed it back into our performance audit practice.

We launched our new INTOSAI performance audit standards on 30 November 2022. We have designated December 2022 as a familiarisation month for colleagues. Throughout December we are providing compulsory training sessions to introduce the main changes. We expect all audits to begin following the new INTOSAI standards from January 2023. The transition to the new INTOSAI standards is a significant change and because of this we expect that it will take most of 2023 to embed the changes. We are supporting colleagues through this transition with a programme of learning and development activities that covers all of 2023.

Recommendation 17. Following the tendering for professional accountancy training, the Committee recommends that any surplus funds are returned to the Welsh Consolidated Fund and removed from the baseline

Any funding not required will be returned at the end of 2023-24 and reflected in the baseline for future Estimates.

Recommendation 18. The Committee recommends that Audit Wales provides further detail and a breakdown of how specific elements of its capital funding will be spent in 2023-24 and also includes the same level of detail in all future Estimates.

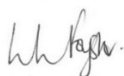
The funding for the remainder of our 5-year rolling capital programme is indicative at present, and more detail will be provided as we work through the delivery plan for our strategy in future Estimates.

Recommendation 19. The Committee recommends that Audit Wales provides an update on developments with the potential extension of duties associated with the Well-being of Future Generations (Wales) Act 2015, as and when it becomes apparent what the implications will be for Audit Wales

Audit Wales staff are engaged in dialogue with Welsh Government officials about the Welsh Government's next steps following its consultation. This includes providing information on the options and estimated costs associated with work to discharge the Auditor General's duties at any new bodies, with a particular focus on arrangements for discharging the duties during the remainder current reporting period (to early May 2025). As set out in our response to the consultation, we would also welcome further discussion with the Welsh Government about the Auditor General's section 15 responsibilities as part of the Welsh Government's planned post-legislative evaluation and with a view to enabling us to optimise the proportionality, economy and impact of our approach, especially in the context of a larger number of bodies being subject to the well-being duty. We hope that the Welsh Government's post-legislative evaluation work can proceed in time to enable reflection ahead of the next five-year reporting period. As we noted in our consultation response, ideally perhaps, this evaluation would have been undertaken in advance of or alongside consideration of extending the well-being duty.

Please do not hesitate to contact us if there is any further clarification we can helpfully provide.

Yours sincerely



LINDSAY FOYSTER
Chair, Wales Audit Office



ADRIAN CROMPTON
Auditor General for Wales



Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2024

October 2022

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

Lindsay Foyster

Chair, Wales Audit Office

Adrian Crompton

Auditor General for Wales

Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

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

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

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

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

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

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

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

Contents

Foreword	4
Budget Ambit 2023-24	6



Foreword

Audit Wales exists to give the Senedd and the people of Wales confidence in a high-performing and accountable public sector.

Our Estimate for 2023-24 is the Budget Ambit contained in this document. We will provide separate supporting information on the Estimate for Finance Committee to understand how we will use the funding requested.

The Minister for Finance and Local Government set out the continuing uncertainty around future spending in her letter of 14 July 2022. We recognise this; but are also cognisant of inflationary pressures most notably on staffing costs and the need to respond to a new auditing standard – ISA315 – which we expect to have a significant impact on the cost of our audit work and consequently the fees that we will need to charge for that work. It was recently announced that audit fees in England for local government bodies could rise by as much as 150%.

For these reasons, our Estimate allows for an increase in our call on WCF for Audit Wales of just under 3% but a more significant increase in our audit of accounts fees associated with the implementation of ISA315. Taken together our total budget for the year will increase by 5.4%.

Our wide-ranging programme of value for money work is vital to robust parliamentary accountability through the Senedd Public Accounts and Public Administration, Finance and other Committees. We audit the accounts and governance of over 800 public bodies across Wales, providing the principal means of assurance about how public money in Wales is being managed. From the Welsh Government itself to the smallest community council, through almost every area of public service delivery, the Auditor General can follow the public pound wherever it is spent.

We are acutely aware of our responsibility to other parts of the public sector to contain our own operating costs and the fees we charge, provided that does not risk audit quality and the assurance we can provide. Our supporting information sets out details of the savings we expect on our travel and accommodation costs which help to offset expected increases in staff costs.

For 2023-24 we have once again set challenging savings targets from both staff vacancy management and other areas of expenditure.

Our Annual Report and Accounts for 2021-22 sets out our record of achievement for the last financial year. In March this year we laid our Annual Plan for 2022-23 at the Senedd. This Estimate secures funding for our forward priorities for 2023-24 and provides indicative funding requirements to 2027-28. Our Annual Plan for 2023-24 will be laid before the Senedd before March 2023.

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



Lindsay Foyster

Chair, Wales Audit Office



Adrian Crompton

Auditor General for Wales

Budget Ambit 2023-24

Estimated budget requirements of the Wales Audit Office for the year ending 31 March 2024

- 1 Under Section 125 of the Government of Wales Act 2006, Ministers must move a Budget Motion in the Senedd to authorise the use of resources, retention of income and drawings of cash from the WCF for certain relevant persons, including the Wales Audit Office.
- 2 In respect of the services and purposes of the Wales Audit Office and the Auditor General in the year ending 31 March 2024, the Budget Motion will authorise:
 - the amount of resources which may be used in the financial year by the Wales Audit Office (in line with the budget for the year);
 - the amount of resources accruing to the Wales Audit Office in the financial year, which may be retained rather than being paid into the WCF; and
 - the amount which may be paid out of the WCF to the Wales Audit Office.
- 3 These requirements, which due to the variability of income streams can only be estimates, are summarised in **Exhibit 1**.
- 4 Details of how we propose to use this funding to deliver public audit in Wales in 2023-24 are set out in our supporting information.

Exhibit 1: summary of the estimated 2023-24 budget requirements

	£'000
Resources, other than accruing resources, for use by the Wales Audit Office on the discharge of the statutory functions of the Wales Audit Office and the Auditor General and on the administration of the Wales Audit Office:	
• Revenue	8,142
• Capital	310
Accruing resources from fees and charges for audit, grant certification and related services; other recoveries of costs associated with the functions of the Auditor General or Wales Audit Office; miscellaneous income such as from publications, conferences, provision of administrative, professional and technical services and recoveries of costs incurred for a third party – all for use by the Wales Audit Office on the discharge of the functions of the Auditor General and on related services and the administration of the Wales Audit Office.	16,133
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office.	8,642

- 5 **Exhibit 2** provides a reconciliation of the Wales Audit Office's total resource request with its net cash requirement for the year ended 31 March 2024.

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

	£'000
Net request for resources – revenue and capital	8,452
Non-cash adjustment – depreciation and interest charges	(640)
Lease rental payments	280
Non-cash adjustment – movements in working capital	550
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office	8,642



Audit Wales

24 Cathedral Road

Cardiff

CF11 9LJ

Tel: 029 2032 0500

Textphone: 029 2032 0660

We welcome telephone calls in
Welsh and English.

E-mail: info@audit.wales

Website: www.audit.wales