

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Annual Plan 2015-16

Including additional information
on our three-year priorities



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



Independent audit of the use of public funds is an essential component of democratic accountability. The public needs to be adequately informed about the activities of public bodies and how they use public money. And public bodies need to understand how to improve outcomes and succeed. They need to be able to access information which is timely, impartial, accurate, comprehensive and clear.

Together I, as Auditor General, and the staff of the Wales Audit Office independently examine and report on whether public money in Wales is being managed wisely and properly accounted for.

This Annual 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 my 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.

This Plan provides a blueprint of how we propose to prioritise and strengthen our programmes of work during 2015-16 and for the next three years so that they can add maximum value, thereby helping and encouraging the Welsh public sector to succeed.

Huw Vaughan Thomas
Auditor General for Wales



The Wales Audit Office enables the Auditor General to carry out his functions. We are committed to:

- providing the Auditor General with highly skilled resources to deliver his programme of work;
- being, and being seen to be, a well-run and efficient organisation;
- applying the principles of sustainable development to all that we do and the way that we do it;
- keeping a tight grip on costs, seeking further efficiencies and keeping audit fees as low as possible (without sacrificing the quality and level of independent audit assurance provided);
- further developing our workforce through a learning culture; and
- being a trusted organisation and great place to work.

In this document, we outline the actions we intend to take in 2015-16 and over the next three years to meet these commitments, as part of a longer term view of how the effectiveness of public sector audit in Wales can be enhanced.

When devising the Plan, we have 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.

By successful implementation of the Plan, we will help the people of Wales know whether public money is being managed wisely, and help public bodies in Wales understand how to improve.

Isobel Garner

Chair, on behalf of the Wales Audit Office

This Annual Plan of the Auditor General for Wales and the Wales Audit Office for the year ending 31 March 2016, which includes additional information on our three-year priorities, has been jointly prepared by the Auditor General for Wales and the Wales Audit Office under section 25(1) of the Public Audit (Wales) Act 2013.

It is laid before the National Assembly for Wales by the Auditor General for Wales and the Chair of the Wales Audit Office under section 26 of the Public Audit (Wales) Act 2013.

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

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Who we are

- 1 The Auditor General is the statutory external auditor of most of the Welsh public sector.
- 2 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.
- 3 The Wales Audit Office constitutes 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 currently employs nearly 250 staff.

See Appendix 1 – Wales Audit Office organisation chart

- 4 Together, the Auditor General and the staff of the Wales Audit Office independently examine whether public money in Wales is being managed wisely and is properly accounted for.
- 5 We undertake our work in accordance with the Auditor General's Code of Audit Practice. As laid out in the Code, alongside specific legal and professional requirements, five widely recognised principles underpin our audit work.

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.

What we do

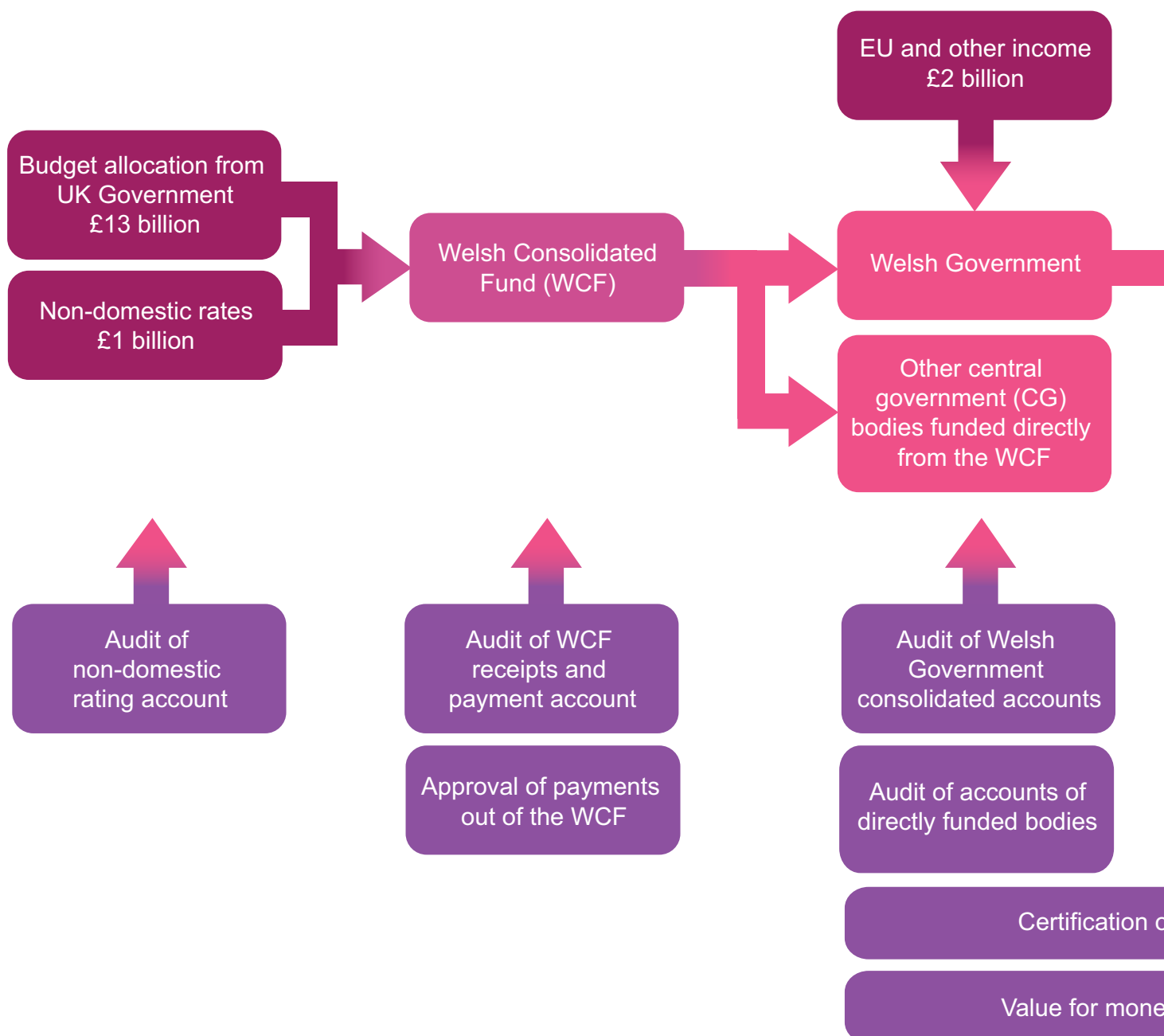
Public sector audit involves providing an opinion on the accounts and also covers issues such as regularity (whether public money is being used for approved purposes), propriety (how public business is being conducted) and value for money

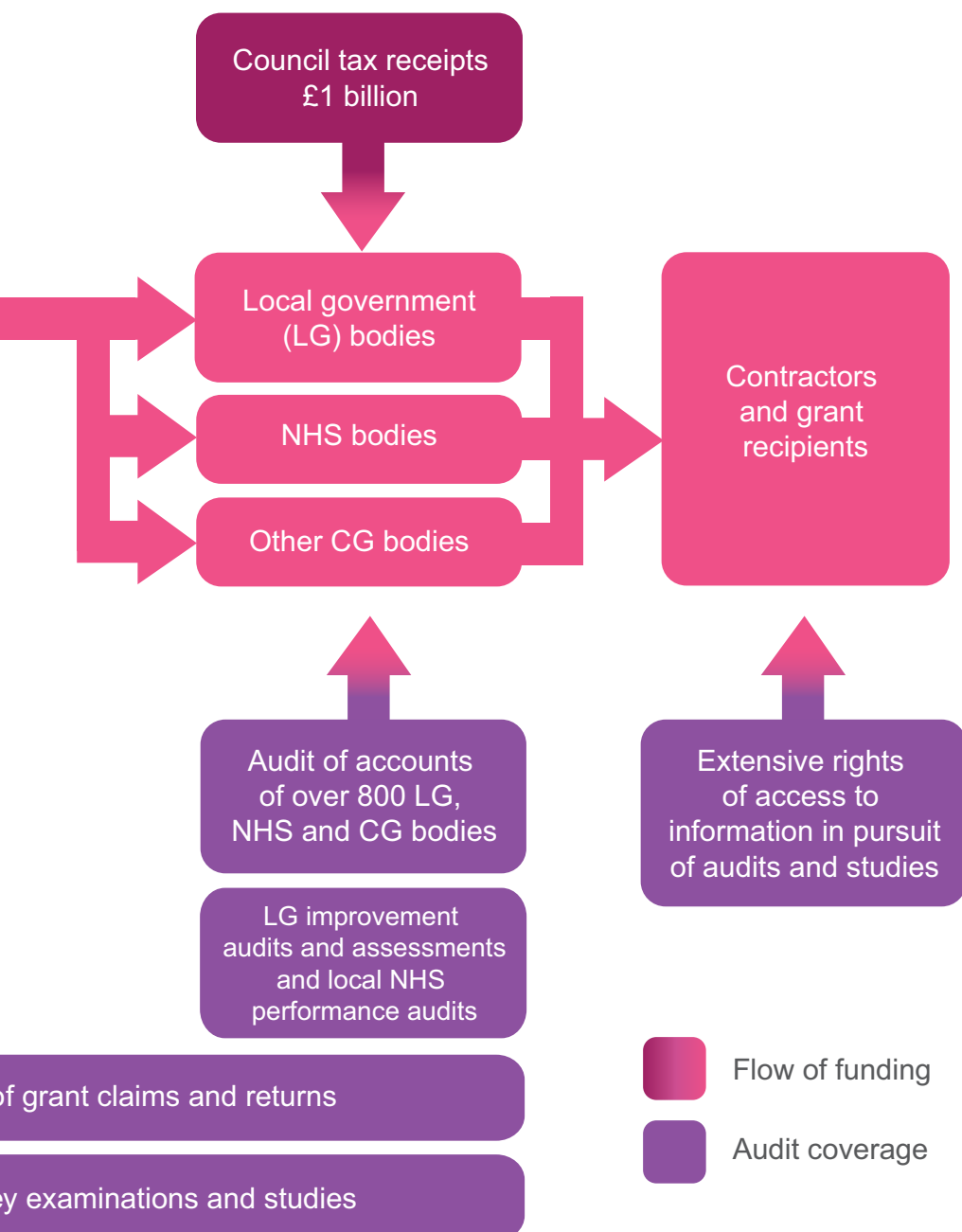
- 6 Each year the Auditor General, using resources provided by the Wales Audit Office delivers an extensive but proportionate programme of external audit work, alongside certain other functions. The Auditor General also retains a degree of flexibility in his programme in order that he can respond swiftly and effectively to any issues we encounter through our audit work or that are brought to his attention.
- 7 The Auditor General's functions apply across different types of bodies, to examine public spending irrespective of who delivers the services.
- 8 We identify good practice from across the full breadth of the Auditor General's audit work and disseminate this through the Good Practice Exchange (a free web-based resource) and other media, including shared learning seminars and webinars.

The aspects of value for money – economy, efficiency and effectiveness

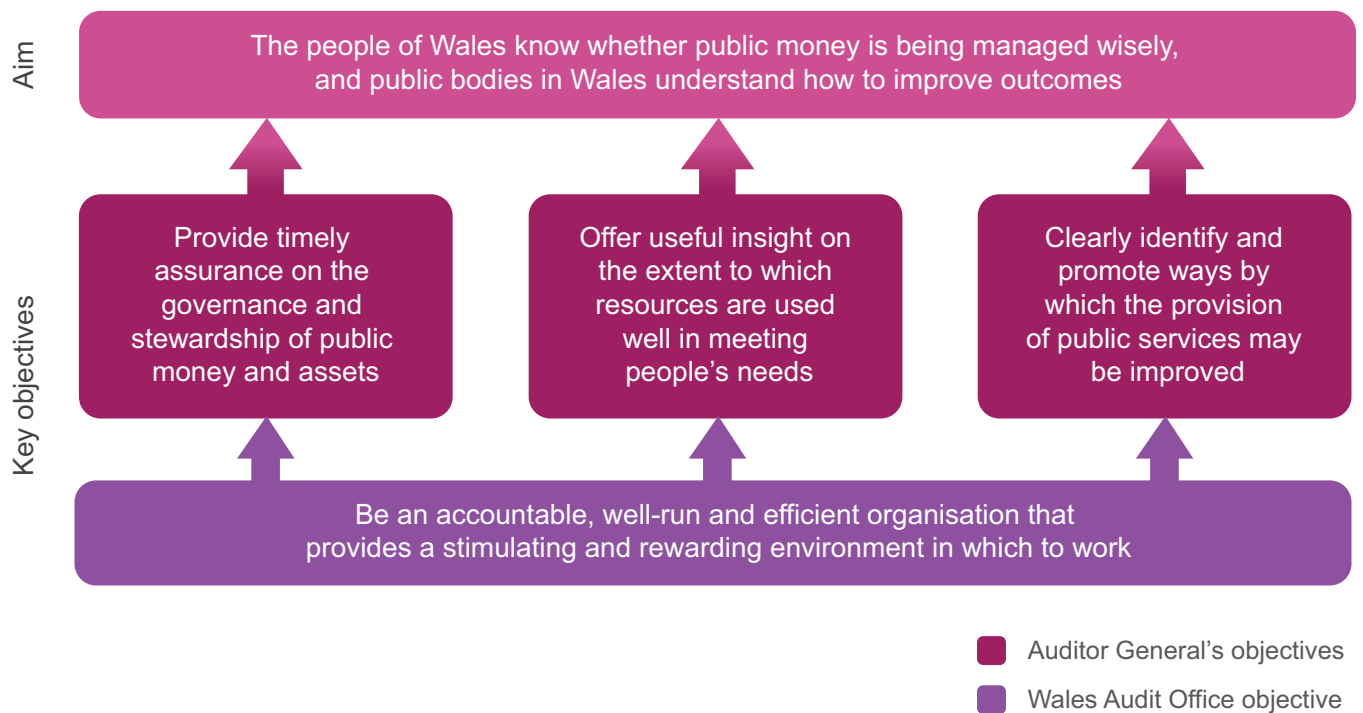


How we follow the public pound in Wales



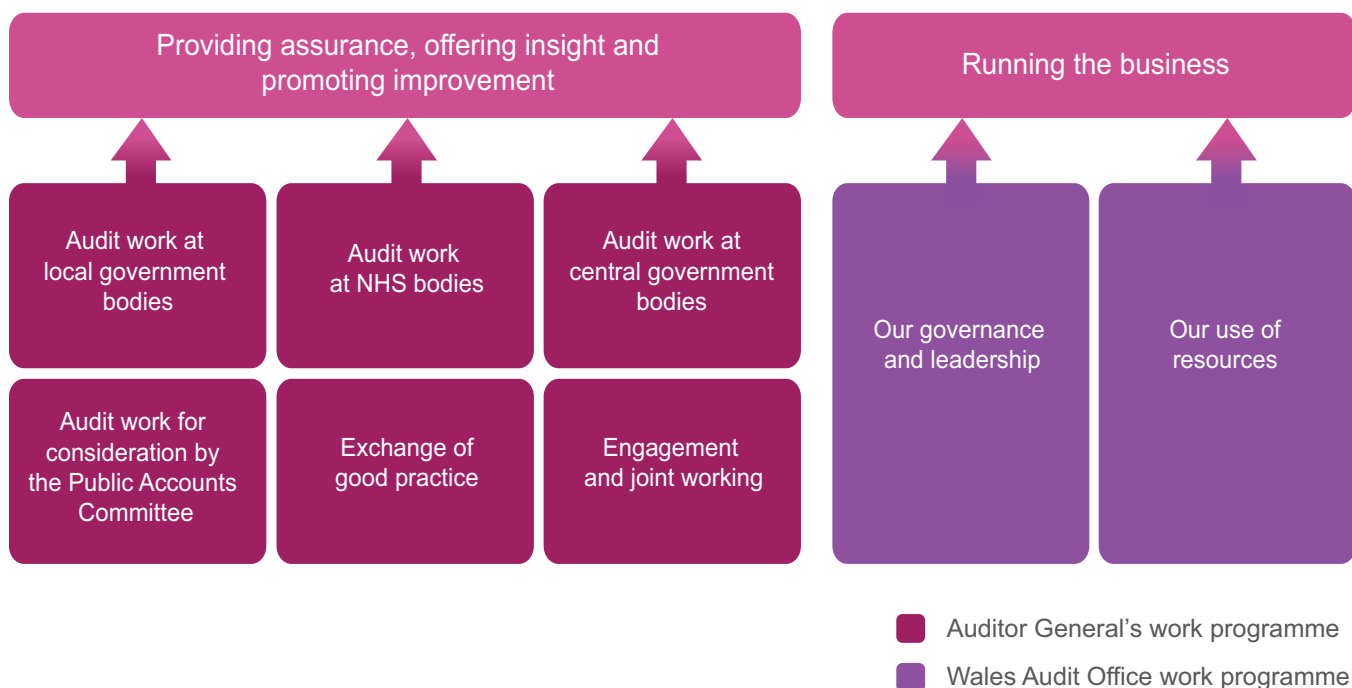


Our aim and objectives



- 9 Our aim is focused on informing the people of Wales and helping public bodies in Wales to succeed.
- 10 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



- 11 Public bodies throughout Wales, including ourselves, currently face a number of difficult challenges and need to find new and better ways of designing and delivering services.

See Appendix 2 – The key challenges facing Welsh public services

- 12 The Auditor General and Wales Audit Office will therefore prioritise and strengthen our programmes of work during 2015-16 and over the next three years so that we can add maximum value, thereby helping and encouraging the Welsh public sector to succeed.
- 13 The following pages constitute our Plan for responding to our operating environment and delivering our aim and key objectives, both in 2015-16 and for the three-year period 2015-2018. In the Plan detail is provided on the work programmes of the Auditor General and Wales Audit Office for 2015-16. The resources available, and which may become available to the Wales Audit Office, as per the approved Estimate of Income and Expenses for the Year Ended 31 March 2016, are to be used in delivering these work programmes. The Plan is divided into eight sections which are aligned with our objectives.

- 14 The first six sections of the Plan relate to the Auditor General's work programme. The referenced appendices in these sections outline the Auditor General's priorities for 2015-16 in exercising his functions. The tables in these sections outline further priority areas of improvement or other work that we intend to undertake over the next three years, alongside or as part of the Auditor General's statutory programme of audit work.
- 15 The remaining two sections of the Plan relate to the Wales Audit Office's work programme. The tables in these sections outline the Wales Audit Office's priorities for 2015-16 and for the next three years in exercising its functions.
- 16 While priority projects in the Plan are listed under headline areas, several touch on one or more of the areas. Each project is sponsored by a named individual from our executive management team and is supported by a project plan.

Audit work at local government bodies

- 17 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.

See Appendix 3 – The Auditor General's programme of audit work at local government bodies in 2015-16

- 18 Local government bodies in Wales currently face a number of significant challenges and risks. These include reductions in funding, weaknesses in governance, scrutiny and public reporting arrangements, increased demand for care and education services, an urgent need for many councils to improve standards in education, and the prospect of substantive reform and mergers in the future.

Three-year priorities	When	Management Committee Lead
Further enhance our local assessments of financial health and quality of financial planning and continue to provide an annual all-Wales overview	2015 and each year thereafter	Alan Morris Sector Lead, Local Government and Criminal Justice
Better integrate the planning and reporting of our local audit of accounts and performance audit work, particularly in relation to examining the effectiveness of governance arrangements, and further align our work with that of other external review bodies	2015-2016	Alan Morris
Prepare for the introduction of faster closure of local government accounts, and for the impact of changes to the grant funding regime in Wales, whether arising from new terms and conditions set by the Welsh Government or the introduction of Universal Credit by the Department for Work and Pensions	2015-2016	Anthony Barrett Assistant Auditor General and Head of Financial Audit
Modify our framework for the audit of town and community councils to provide more informative reporting on the effectiveness of governance arrangements	2016	Anthony Barrett
Examine local government bodies' preparedness and planning for reform and mergers	2016-2018	Alan Morris

Audit work at NHS bodies

- 19 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 Care 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.

See Appendix 3 – The Auditor General's programme of audit work at NHS bodies in 2015-16

- 20 Across the NHS in Wales (as elsewhere in the UK) some recent highly-publicised failures in corporate and clinical governance, together with associated quality and patient safety concerns, have served to dent public confidence in healthcare provision. In addition, the provisions of the NHS Finance (Wales) Act 2014 present a genuine opportunity to shift away from the short-term pressures of annual budgets and to focus instead on robust medium-term integrated delivery plans. The strengthening of the interface between health and social care will also be a key concern to NHS planners during the ongoing debates around the future shape of public services in Wales.

Three-year priorities	When	Management Committee Lead
Establish an NHS Expert Panel, including academics and health professional bodies, to advise on all aspects of our health audit programme	2015	Gillian Body Assistant Auditor General and Head of Performance Audit
Further enhance the content and impact of our reports for NHS bodies on the effectiveness of governance arrangements to better support both corporate and service improvement	2015	Gillian Body
Participate fully in applying the new protocol for identifying and responding to serious issues affecting service delivery, quality and safety of care and organisational effectiveness across NHS Wales	2015 and each year thereafter	Mike Usher Sector Lead, Health and Central Government
Draw on local audit work to present a national picture of relative financial and service performance by NHS bodies	2015 and each year thereafter	Mike Usher
Publish an audit review of the initial operation of three-year NHS integrated delivery plans	2017	Mike Usher

Audit work at central government bodies

- 21 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 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.

See Appendix 3 – The Auditor General’s programme of audit work at central government bodies in 2015-16

- 22 A particular challenge for the Welsh Government is the implementation of fiscal powers for Wales from April 2018, including the creation of the Welsh Revenue Authority and a Treasury function. Preparatory work has recently commenced on this complex change programme. A different set of strategic challenges will be posed by the impact of the outcome of the 2014 referendum on Scottish independence on the relationship between Wales and Westminster and the devolution settlement.

Three-year priorities	When	Management Committee Lead
Publish an annual overview report on the results of audit work undertaken within the central government sector	2015 and each year thereafter	Mike Usher
Explore with the Welsh Government the potential for undertaking a cyclical programme of governance and performance audit reviews across each of the Welsh Government departments and sponsored bodies	2015-2016	Mike Usher
Provide the National Assembly’s Finance Committee and Public Accounts Committee with an audit commentary on preparedness for the introduction of fiscal powers and on progress made throughout the planning and implementation stages	2015-2018	Mike Usher
Evaluate and prepare for the accounting and audit implications of the implementation of Welsh fiscal powers, together with the UK Government’s impending response to the ‘Silk 2’ report	2015-2018	Mike Usher

Audit work for consideration by the Public Accounts Committee

- 23 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 much of this programme support the work of the National Assembly's Public Accounts Committee and potentially other Assembly committees.

See Appendix 3 – The Auditor General's programme of audit work being undertaken during 2015-16 for consideration by the Public Accounts Committee

- 24 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. We look to support the Public Accounts Committee and, where relevant, other Assembly committees to help maximise the impact of their scrutiny inquiries.

Three-year priorities	When	Management Committee Lead
Put in place discrete arrangements to strengthen our forensic audit capacity and ensure timely responses to issues of public concern without detracting from our statutory audit work	2015-2016	Gillian Body
Increase the impact of, and engagement with, our public reporting through enhancing the design of our reports and broadening our communication channels	2015-2017	Gillian Body
Enhance our work that examines whole systems and the linkages between service providers, including in particular the interface between health and social care provision	2015-2018	Gillian Body
Better understand the expectations and requirements of the Public Accounts Committee, through surveying members on their views of our support for their scrutiny work, and seeking feedback on individual audit reports	2016-2017	Gillian Body
Raise awareness of the work of the Auditor General and Wales Audit Office amongst Assembly Committees, including through contributing to the induction of new Assembly Members after the 2016 Assembly elections	2016-2017	Huw Vaughan Thomas Auditor General and Chief Executive

Exchange of good practice

- 25 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.
- 26 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.

See Appendix 3 – Our programme of good practice work in 2015-16

Three-year priorities	When	Management Committee Lead
Encourage improvements in public services by capturing at least 50 pledges to action from an annual programme of 12 shared learning events, and monitor their translation into action	2015 and each year thereafter	Alan Morris
Develop programmes of good practice work on key challenges facing public services including governance, risk management, strategic financial management and planning for the long term.	2015 and each year thereafter	Alan Morris
Invest in developing and supporting self-sustaining 'communities of interest' amongst public bodies to build upon the momentum generated by our good practice and shared learning activity	2015 and each year thereafter	Alan Morris
Increase the proportion of audit projects that incorporate good practice and shared learning activity and outputs	2015 and each year thereafter	Alan Morris

Engagement and joint working

- 27 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. In 2015-16 and over the next three years we will actively seek to increase awareness of and engagement with the Auditor General's work, particularly through more effective use of information technology, including web-based applications and social media.
- 28 We are also committed to working closely with the other UK audit agencies through the Public Audit Forum, 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. On occasion, we represent Wales on the international audit stage.
- 29 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.

See Appendix 3 – The Auditor General's programme of joint working activity in 2015-16

Three-year priorities	When	Management Committee Lead
Put in place arrangements for more effective management of correspondence received from the public or other interested parties about matters relevant to the Auditor General's functions, including providing swifter and more substantive responses	2015	Kevin Thomas Director of Corporate Services
Further enhance our sector understanding and relationships with audited bodies to both better inform our work programme and contribute to developments and improvements across the public sector	2015 and each year thereafter	Huw Vaughan Thomas
Engage more effectively with the public, their representatives and other stakeholders to gauge the impact of our work, assess our performance and measure our success	2015 and each year thereafter	Huw Vaughan Thomas
Encourage participation in the National Fraud Initiative from a greater range of bodies in receipt of public funding, and expand the information used in the data matching exercise	2015-2016	Anthony Barrett
Further enhance the efficiency and effectiveness of audit, inspection and regulation in Wales through working with other external review bodies to streamline our reviews and strengthen joint working and the sharing of intelligence and resources	2015-2018	Huw Vaughan Thomas

Our governance and leadership

30 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.

See Appendix 4 – Roles and responsibilities of the Wales Audit Office Board

31 The key aspects of the Wales Audit Office's programme of work for 2015-16 and for the next three years will be to:

- a ensure that our new governance arrangements are embedded in the organisation with strong and accountable leadership;
- b provide the Auditor General with the resources needed for delivering the Auditor General's work;
- c make sure that the Wales Audit Office is a well-run and efficient organisation; and
- d monitor the delivery of this Plan.

32 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.

Three-year priorities	When	Management Committee Lead
Strengthen our workforce strategy to meet current demand and ensure we are able to anticipate and respond to future legal, environmental and professional developments, including through effective succession planning	2015-2016	Steve O'Donoghue Director of Finance
Strengthen leadership capability, including through the use of 360° performance reviews for senior staff and supporting reviews of Board effectiveness	2015-2018	Huw Vaughan Thomas
Monitor the evolution of our unique governance arrangements, with a view to sharing knowledge, learning and experience	2015-2018	Huw Vaughan Thomas
More effectively use external benchmarking and comparison to assess our performance and measure our success and impact	2015-2018	Kevin Thomas

Our use of resources

- 33 In 2015-16 and over the next three years we will build on our effective working relationship with the National Assembly's Finance Committee. The Finance Committee scrutinises our use of resources, including through consideration of our estimate, fee scheme, annual plan, interim report(s) and annual report and accounts.

See Appendix 5 – Our estimate of income and expenditure for 2015-16

- 34 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. The Welsh Government's commitments, as laid out in the Well-being of Future Generations Bill, will require us to make further progress in this area.
- 35 Approximately two thirds of Wales Audit Office funding comes from fees charged to audited bodies in accordance with a scheme of fees approved by the National Assembly. In November 2014, the Assembly's Finance Committee recommended that the Public Audit (Wales) Act 2013 be amended to further clarify audit fee charging requirements. In the meantime we will take steps to ensure we have a mutual understanding with audited bodies about what is required.
- 36 Most of the remainder of Wales Audit Office funding comprises approved financing from the Welsh Consolidated Fund. In these times of significant financial restraint, cost efficiency continues to be a priority and we have launched an efficiency and effectiveness programme to support this across the business.

See Appendix 6 – Our relative expenditure

Three-year priorities	When	Management Committee Lead
Make better use of technology and information management to rationalise and streamline our business systems and processes, through implementation of a rolling three-year ICT plan	2015-2018	Kevin Thomas
Make further arrangements to establish the Wales Audit Office as a recognised training ground for pan-public sector accountants	2015-2017	Anthony Barrett
Keep a tight grip on costs, seek further efficiencies and keep fees as low as possible	2015-2018	Steve O'Donoghue
Make better use of our physical and information assets to support the delivery of our objectives	2015-2018	Kevin Thomas
Demonstrate our corporate social responsibility through our work on: - improving environmental stewardship; - promoting a healthy lifestyle and good work-life balance amongst our staff; - advancing equality of opportunity, eliminating discrimination and fostering good relations; and - promoting use of the Welsh language and meeting the new Welsh language standards	2015-2018	Kevin Thomas

Measuring and reporting on our performance

- 37 In 2015-16 and over the next three years we will use a combination of methods to report and reflect on our performance and risks. This will include regular reporting to our Management Committee and Board on progress made on delivering our priorities and achieving our key performance measure targets. It will also include internal audit reports to our Audit and Risk Assurance Committee. We will place particular emphasis on evaluating our direction of travel and pace of improvement, alongside comparison with appropriate benchmarking.
- 38 We will report on our performance externally through our annual report and accounts and interim report(s), and by providing evidence at meetings of the National Assembly's Finance Committee.
- 39 Our framework of key performance measures is centred on the following themes and questions about our activities. 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.

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

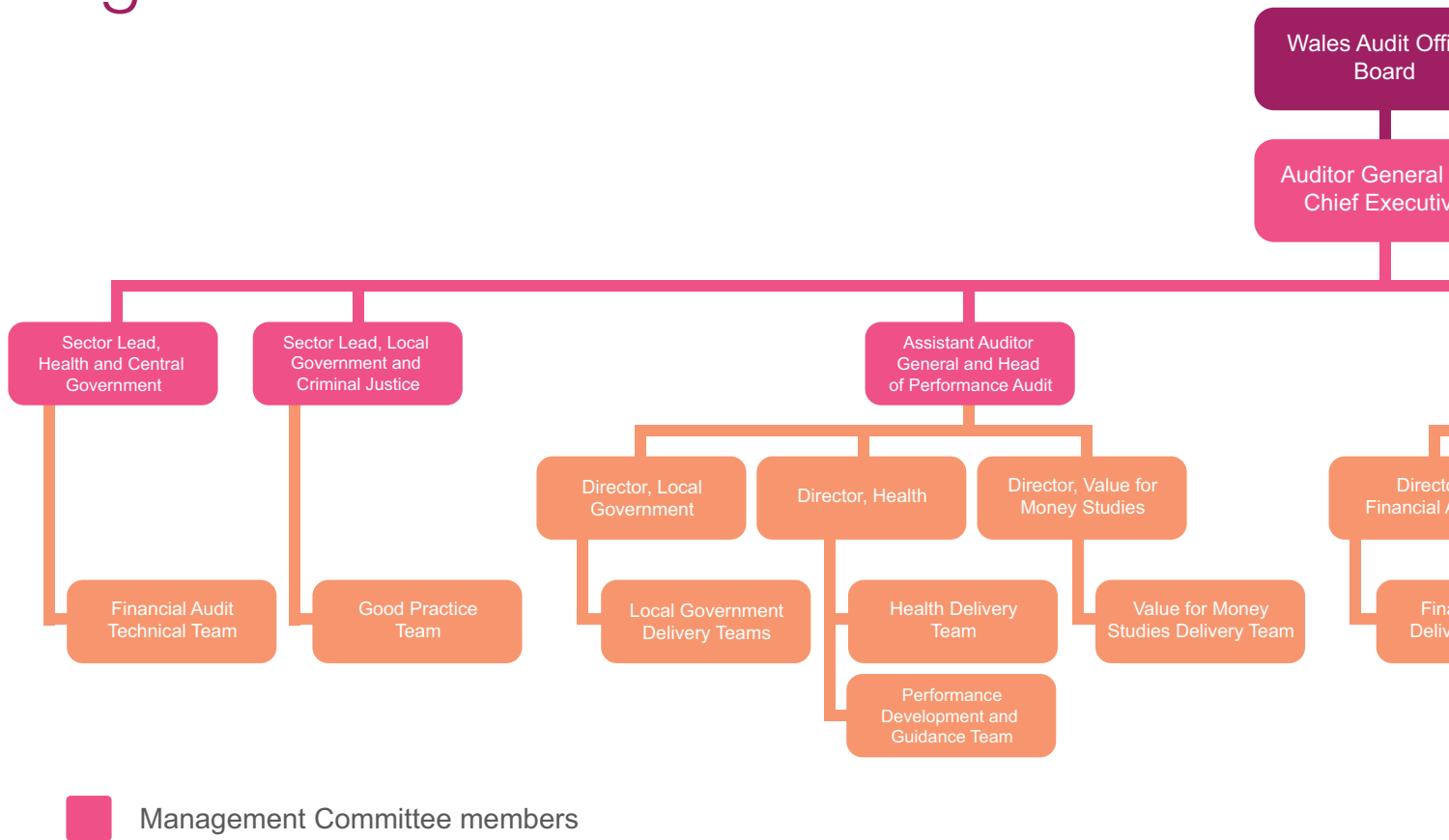
How well are we managing our impact on the environment?

Communication

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

See Appendix 7 – Key performance measures and targets

Appendix 1 - Wales Audit Office organisation chart

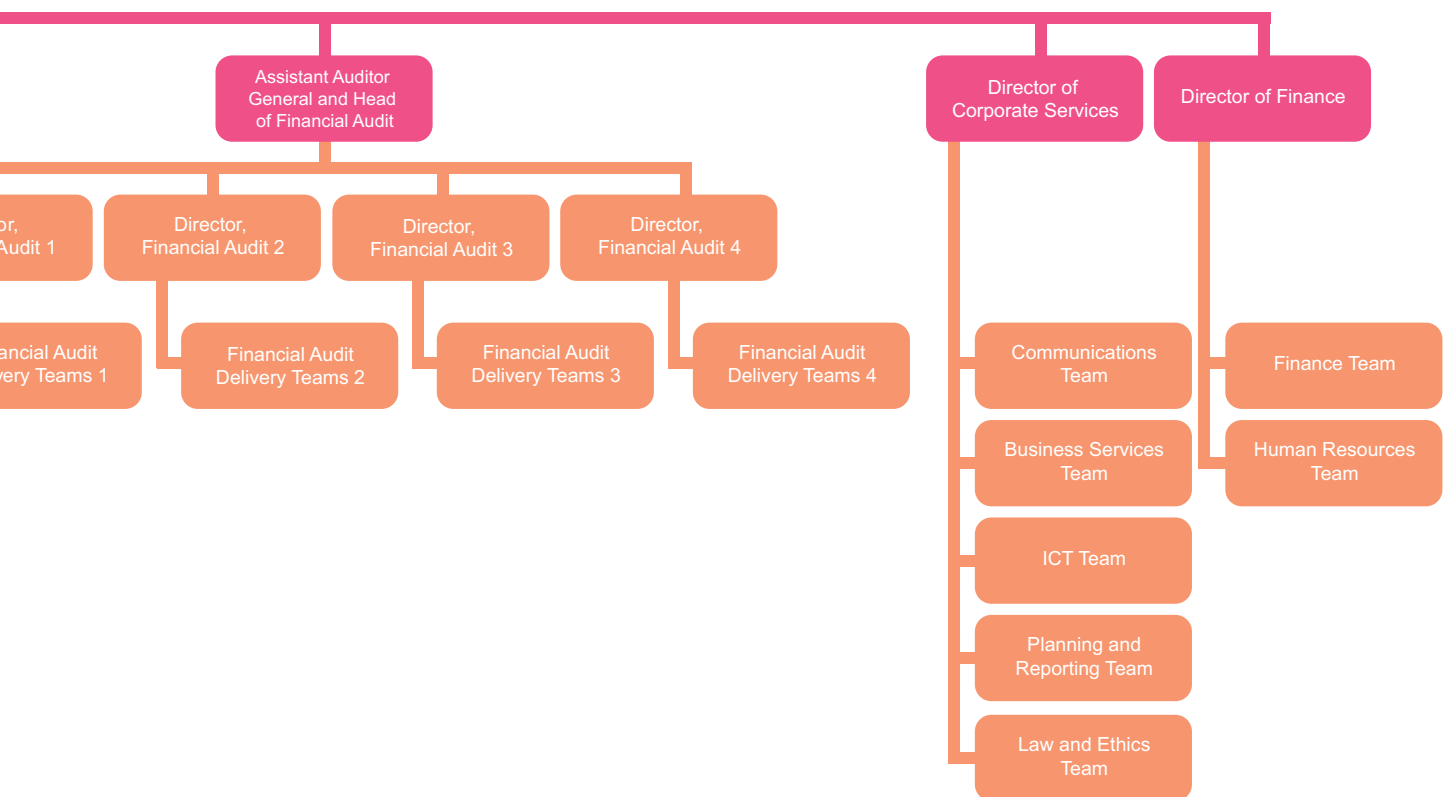


Notes:

- 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

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Appendix 2 - The key challenges facing Welsh public services

The likelihood that austerity will continue to 2020 and beyond has created something of a perfect storm for Welsh public services. Those charged with delivering public services are facing continued real-terms reductions in annual budgets, while seeking to meet rising public expectations and demands and address a range of acknowledged service deficiencies.

The Welsh Government has also outlined its commitment to place further requirements on the public sector in Wales to strengthen governance arrangements in accordance with the principles of sustainable development, through the Well-being of Future Generations (Wales) Bill. Increasingly our consideration of financial resources, and the way in which public bodies account for their use, will need to be integrated with a consideration of their stewardship of human and natural resources.

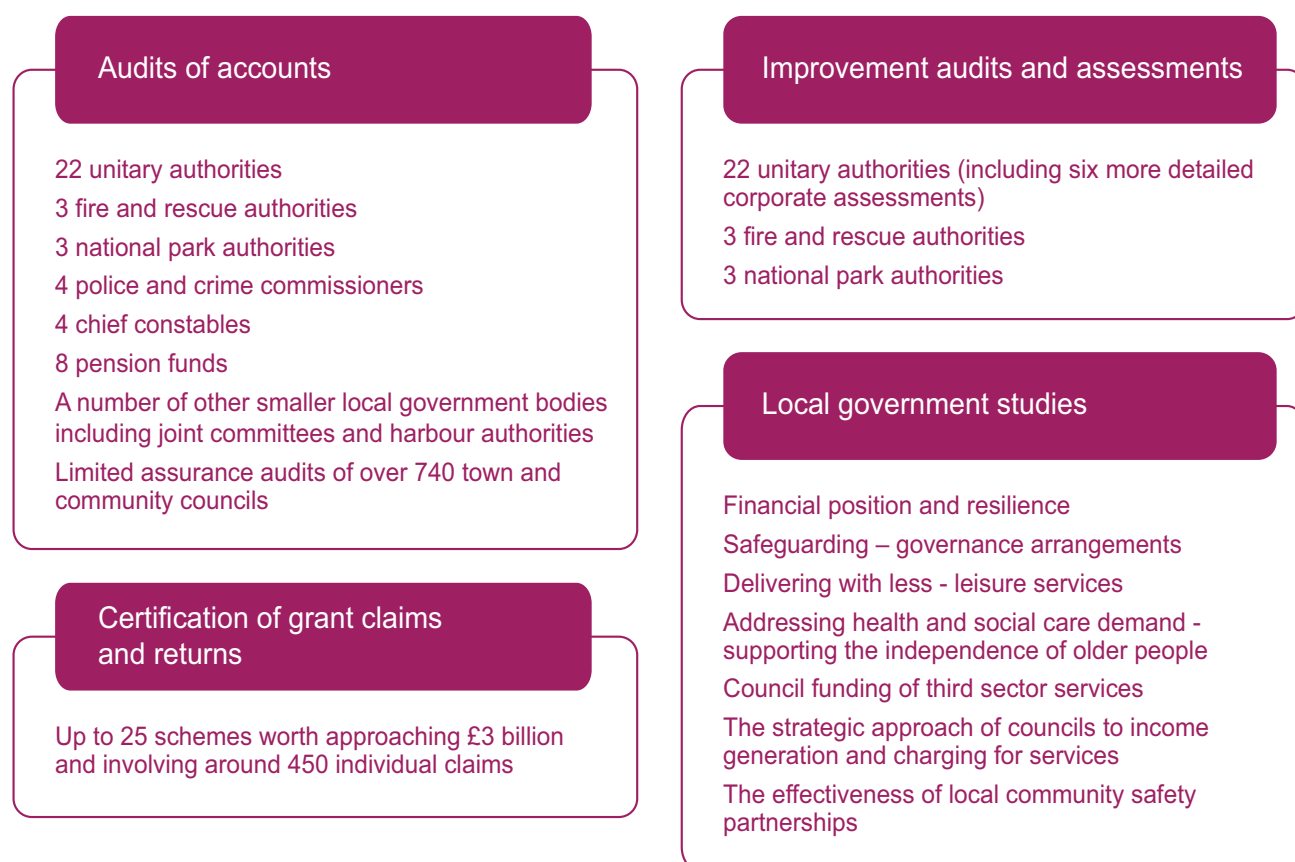
In addition, the responses of the Welsh Government and local government to the report of the Commission on Public Service Governance and Delivery will have a significant impact on the future shape of public services in Wales, and on the bodies that deliver them. The Welsh Government has already published a statement of intent White Paper about the future of local government in Wales, including substantive proposals for reform.

And, the implementation of the recommendations of the Commission on Devolution in Wales, many of which are given effect through the Wales Act 2014, will significantly alter the operation of the devolution settlement in Wales.

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Appendix 3 - Programmes of work for 2015-16

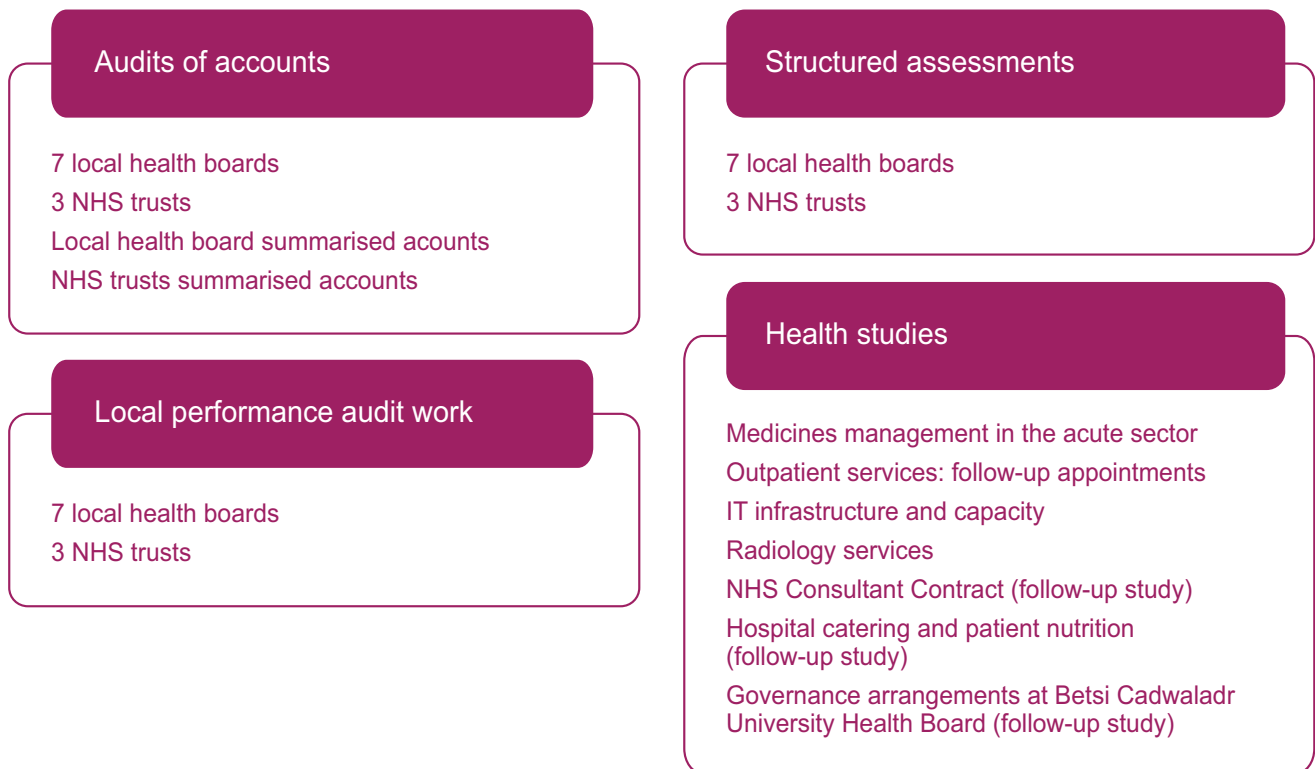
The Auditor General's programme of audit work at local government bodies in 2015-16



The Auditor General's 2015-16 programme of improvement audits and assessments will have a particular focus on the themes of financial management, governance and performance management and will take account of any mergers or changes emerging in this time frame from the Local Government Reform programme.

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The Auditor General's programme of audit work at NHS bodies in 2015-16



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The Auditor General's programme of audit work at central government bodies in 2015-16

Welsh Government accounts

Welsh Government Consolidated Accounts
Non-Domestic Rating Account
Welsh Consolidated Fund receipts and payment account
Whole of Government Accounts
Approval of payments out of the Welsh Consolidated Fund

Accounts of Welsh Government sponsored bodies

Arts Council of Wales
Arts Council of Wales Lottery Fund
Care Council for Wales
Higher Education Funding Council for Wales
National Library of Wales
National Library of Wales Pension Fund
National Museums and Galleries of Wales
Natural Resources Wales
Sports Council for Wales Main and Trust Accounts
Sports Council for Wales Lottery Fund
Local Democracy and Boundary Commission for Wales

National Assembly for Wales accounts

National Assembly for Wales Commission
Assembly Members Pension Fund

Accounts of commissioners, inspectors and regulators

Children's Commissioner for Wales
Older People's Commissioner for Wales
Public Services Ombudsman for Wales
Welsh Language Commissioner
Estyn
General Teaching Council for Wales

Certification of grant claims and returns

European structural fund claims from the Welsh Government and its sponsored bodies worth around £300 million

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The Auditor General's programme of audit work being undertaken during 2015-16 for consideration by the Public Accounts Committee

The Auditor General is committed to delivering 10 to 12 reports and other outputs for consideration by the Committee each year including, where relevant, local government study reports.

Value for money studies

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

Summary reports

- Orthopaedic services
- Medicines management

Reactive examinations

- Regeneration Investment Fund for Wales
- NHS waiting lists and private practice
- Wales Life Sciences Investment Fund

Much of the work listed above is already in progress and is due to be reported on in 2015-16. However, 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.

In early 2015-16 the Auditor General will consider and consult on potential topic areas for future value for money studies to start, and potentially in some cases to be reported, in 2015-16. There may also be additional outputs in 2015-16 arising from examinations undertaken in response to issues of public concern or from local programmes of audit work where there are issues or learning of wider relevance.

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Our programme of good practice work in 2015-16

Shared learning seminars

NHS waiting times
Patient experience
The voice of the child in public services
Independence of older people
Trust during major organisational change
Physical activity, leisure, health and well-being
Trustees and governance of third sector activities
Broadband, accessibility and digital inclusion
Governance of public sector bodies
Health and social care
Invest to Save

Shared learning webinars

Faster closure of accounts
Staff involvement and engagement
Clinical data coding
Fraud and corruption

Good practice guides

Governance
Staff involvement and engagement

External facilitation of shared learning and community support

Academi Wales summer school
NHS Wales Finance Directors Network
Working With Not To co-production practitioner groups
Good Practice Wales
Sustainable Futures Commissioner
Public Health Wales

More information on our programme of good practice work, including our case studies library, can be found on our website.

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The Auditor General's programme of joint working activity in 2015-16

Joined up delivery

National Fraud Initiative with other UK audit agencies

Providing assistance to Estyn on inspections of local authority education services

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 Glamorgan

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

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

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Appendix 4 - Roles and responsibilities of the Wales Audit Office Board

Wales Audit Office



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

Board



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

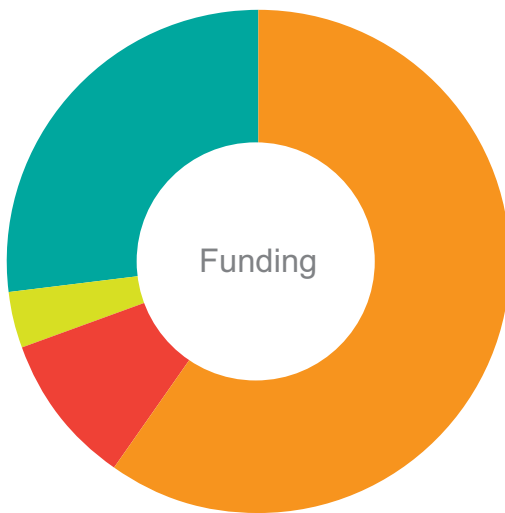
ise of the Auditor General's functions

e Auditor General

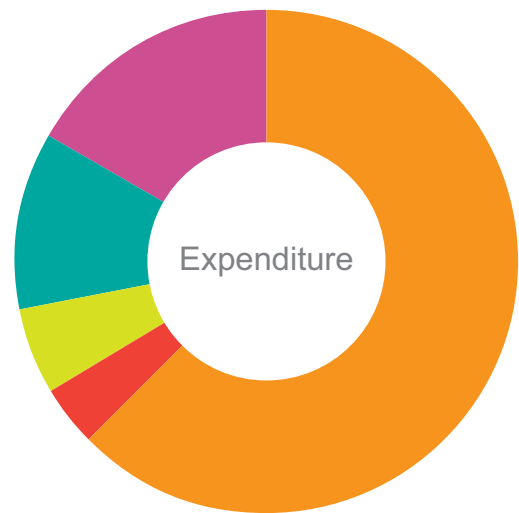
n and estimate of income and expenses

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Appendix 5 - Our estimate of income and expenditure for 2015-16



- Audit fees (£14.1 million)
- Grant certification fees (£2.3 million)
- Improvement grant (£0.9 million)
- Welsh Consolidated Fund (£6.3 million)



- Staffing (£14.8 million)
- Contractor staff (£0.9 million)
- Travel (£1.3 million)
- Audit firms (£2.7 million)
- Other support costs (£3.9 million)

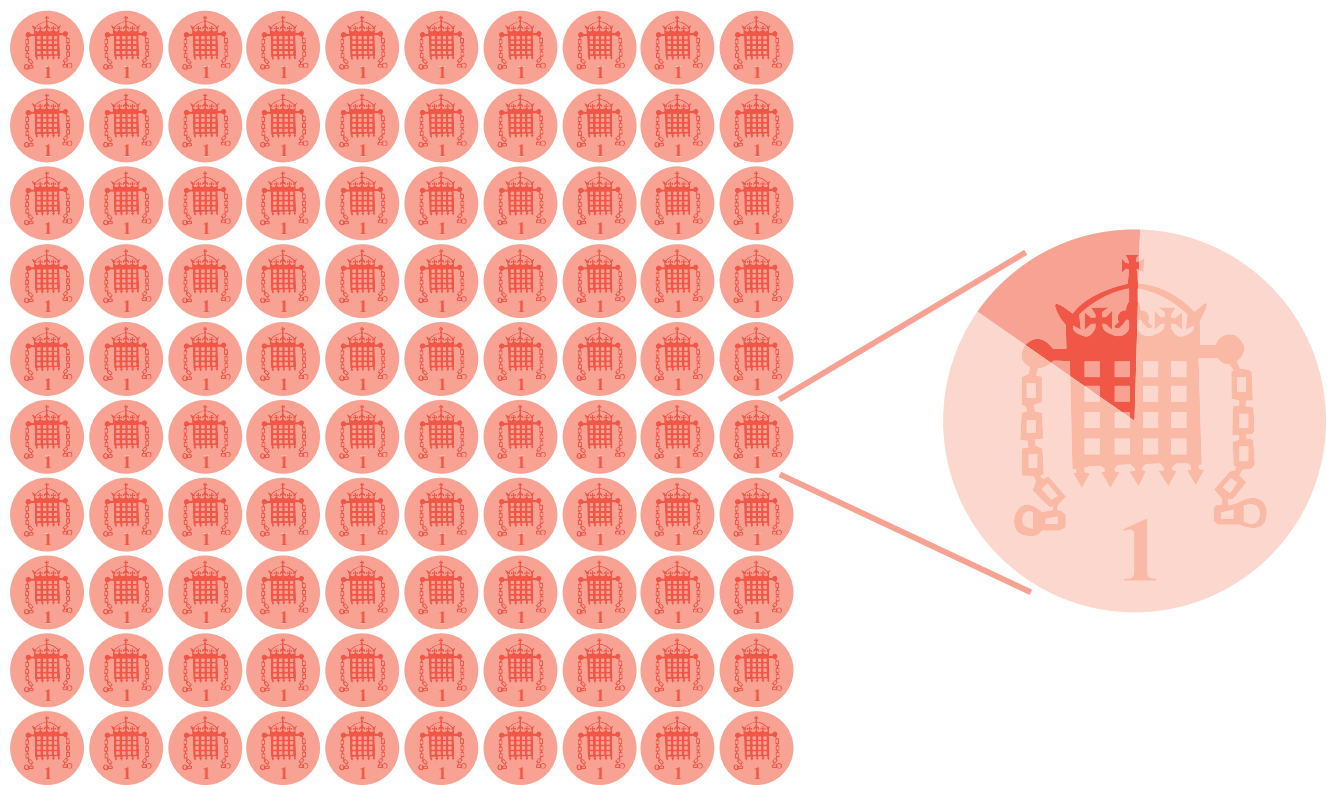
In 2015-16, £16.8 million of the resources will be made available to the Auditor General to carry out his work programme, and £6.8 million of resources are required to support the Wales Audit Office's programme. The maximum amount of the resources available, and which may become available, that it is anticipated will be allocated by the Wales Audit Office to the Auditor General for the purpose of undertaking the Auditor General's programme, is £16.8 million.

More information on our estimate of income and expenditure for the year ending 31 March 2016 can be found on our website

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Appendix 6 - Our relative expenditure

Our expenditure in 2015-16 equates to less than one fifth of one penny of every pound of the funds that are voted annually by the National Assembly.



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Appendix 7 - Key performance measures and targets

Impact

No.	Indicator	Description	Target
I1	Accepted recommendations	Proportion of recommendations or proposals for improvement that are fully accepted for implementation by audited bodies	90 per cent
I2	Savings identified	Value of potential savings identified through our work	£24 million during 2015-2018 and at least £6 million in 2015-16
I3	Credibility	Proportion of stakeholders who consider the Auditor General to be an independent and authoritative commentator on the governance and stewardship of public money and assets	At least 90 per cent
I4	Insight	Proportion of stakeholders who said that through our work, they gained useful insight that they would not have acquired otherwise	At least 80 per cent
I5	Improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services	At least 80 per cent

Delivery

No.	Indicator	Description	Target
D1	On time	Proportion of audit products delivered on time	95 per cent
D2	National reports	Number of national reports published	14 per annum
D3	Good practice	Number of good practice products delivered, including seminars and webinars	20 per annum
D4	Quality	Proportion of audits that are delivered in accordance with required quality standards	100 per cent of annual sample
D5	Approval of payments	Proportion of requests to draw from the Welsh Consolidated Fund that are processed within 24 hours of receipt of required information	100 per cent

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Leadership

No.	Indicator	Description	Target
L1	Confidence	Proportion of stakeholders that said they have confidence in our work	At least 90 per cent
L2	Engagement	Proportion of staff that feel they understand and are engaged with our strategic approach as set out in this Plan	At least 80 per cent
L3	Trust and motivation	Proportion of staff that feel they are trusted to carry out their job effectively, feel recognised when they have done their job well, and feel their manager motivates them to be more effective in their job	At least 80 per cent
L4	Continuous improvement	Proportion of staff that believe they would be supported if they try a new idea, even if it may not work, and feel encouraged to come up with new and better ways of doing things	At least 80 per cent
L5	Performance management	Proportion of staff that agree their performance is evaluated fairly	At least 95 per cent

Financial

No.	Indicator	Description	Target
F1	Income	Variance between actual and budgeted income as per the approved annual Estimate	Less than one per cent at year end
F2	Expenditure	Variance between actual and budgeted expenditure as per the approved annual Estimate	Less than two per cent underspend at year end
F3	Debt recovery	Value of aged debts aged over 60 days	Less than £300,000
F4	Cost savings	Value of cost savings generated throughout the business	£760,000 in 2015-16 (3 per cent of budgeted expenditure)
F5	Efficiency of estate	Costs including for rent and rates per whole-time equivalent	Less than £3,300 in 2015-16

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Social

No.	Indicator	Description	Target
S1	Sickness absence	Average working days lost per member of staff per annum	Less than 6.5 days
S2	Learning and development	Proportion of staff that feel they are able to access appropriate learning and development opportunities when they need to	At least 80 per cent
S3	Inclusion and fair treatment	Proportion of staff that feel they are treated fairly and with respect, feel valued and feel the organisation respects individual differences	At least 80 per cent
S4	Work-life balance	Proportion of staff that feel they have an acceptable workload and are able to strike a good balance between their work and private life	At least 80 per cent
S5	Welsh language scheme compliance	Proportion of our outputs that are compliant with our Welsh-language scheme	100 per cent

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Environmental

No.	Indicator	Description	Target
E1	Environmental management	Level of Groundwork Wales Green Dragon Environmental Standard accreditation	Level 5 (highest level) by 2016-17 and maintain at Level 4 in 2015-16
E2	Greenhouse gas emissions	Total CO ₂ equivalent emissions from sources that we own or control, from consumption of purchased electricity, or that are produced indirectly as a consequence of our activities	Less than 530 tonnes in 2015-16
E3	Waste	Total waste produced	Less than 50 tonnes by 2018 and less than 60 tonnes in 2015-16
E4	Reused, recycled or composted	Proportion of our total waste produced that is reused, recycled or composted	70 per cent by 2018 and 60 per cent in 2015-16
E5	Paper	Paper consumption	Less than 2,200 reams in 2015-16

Communication

No.	Indicator	Description	Target
C1	Website	Number of page views	750,000 per annum
C2	Press coverage	Proportion of media articles published about our work that have positive or neutral sentiment	At least 70 per cent
C3	Social media	Klout score – a measure of our social media influence by analysing our Twitter account activity	Score of 45 out of 100 in 2015-16
C4	Shared learning seminars	Number of attendees at our shared learning seminars	600 per annum
C5	External events	Number of instances where our staff are invited to present audit learning at externally hosted conferences and events	25 per annum

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