

# Interim Report

An assessment  
of progress made  
against our 2016-17  
Annual Plan during the  
period 1 April to  
30 September 2016



This Interim Report covers the period from 1 April to 30 September 2016 and 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 the requirements of the Public Audit (Wales) Act 2013.

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

- the exercise of the functions of both the Auditor General and the Wales Audit Office has been consistent with the Annual Plan prepared for 2016-17 under section 25 of the Public Audit (Wales) Act 2013;
- progress has been made towards achieving the priorities set out in the Plan; and
- progress has been made towards achieving our key performance measure targets.

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

We treat the English and Welsh languages on an equal basis.

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# Contents

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

### Overview

- 5 During the period 1 April to 30 September 2016, the exercise of the functions of the Auditor General for Wales and Wales Audit Office has been consistent with our 2016-17 Annual Plan
- 6 There has been no need to deviate significantly from the planned work programmes of the Auditor General and Wales Audit Office for 2016-17
- 7 We are continuing to make good progress towards achieving our three-year priorities

### Performance analysis

- 8 We made good progress towards achieving our key performance measure targets

### Appendices

- 13 Appendix 1: Detailed information on the programmes of work carried out by the Auditor General and the Wales Audit Office from 1 April to 30 September 2016
- 19 Appendix 2: Commentary on the progress we have made during the reporting period towards achieving each of our three-year priorities

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

This Interim Report describes the progress we have made to date towards delivering our [Annual Plan for 2016-17](#).

Over the last six months, there has been no need to deviate significantly from the work programmes laid out in our Plan, which are underpinned by four high level strategic themes:

- Continue to undertake our audit work with an austerity emphasis
- Report more comprehensively on the effectiveness of governance arrangements
- Strengthen our workforce strategy so we can better respond to future developments
- Make more effective use of data and information technology

All planned work has either been delivered, or is progressing to plan, which is a credit to the professionalism, dedication and hard work of the staff of the Wales Audit Office.

We have also made good progress since publishing our [Annual Report and Accounts for 2015-16](#) towards achieving our three-year priorities and key performance measure targets, which are aimed at enhancing the effectiveness of public sector audit in Wales.

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. Most of the remainder of Wales Audit Office funding comprises approved financing from the Welsh Consolidated Fund, as laid out in our [Estimate for 2016-17](#). In these times of significant financial restraint, cost efficiency continues to be a priority and we continue to operate an efficiency and effectiveness programme to support this across the business.

**Huw Vaughan Thomas**  
Auditor General for Wales

**Isobel Garner**  
Chair, on behalf of the Wales Audit Office

# Overview

During the period 1 April to 30 September 2016, the exercise of the functions of the Auditor General for Wales and Wales Audit Office has been consistent with our 2016-17 Annual Plan

In response to our operating environment, our Plan for delivering our programmes of work during 2016-17, and for the three-year period 2016-2019, is underpinned by four high-level strategic themes. In the following exhibit, we provide some examples of how, during the period 1 April to 30 September 2016, the exercise of the respective functions of the Auditor General for Wales and of the Wales Audit Office has been consistent with those themes.

## **Continue to undertake our audit work with an austerity emphasis**



In August 2016, we published the results of a review of the financial resilience of local authorities in Wales.

We are also currently undertaking a study in which we consider the overall financial standing of the further education sector in Wales, as well as the impact of recent structural changes across the sector and reductions in Welsh Government funding.

## **Report more comprehensively on the effectiveness of governance arrangements**



We have recently commenced a thematic review of governance across the local government sector, as well as our annual structured assessment governance work at NHS bodies.

The Auditor General has, following consultation, invited public bodies to work with him to develop and test the approach for discharging his duty under the Well-being of Future Generations (Wales) Act 2015.

## **Strengthen our workforce strategy so we can better respond to future developments**



We have strengthened our workforce strategy and are developing our workforce planning arrangements to ensure we can meet current demand and respond to future developments in our operating environment.

We also published an action plan in our Equality Report for 2015-16 aimed at narrowing our overall gender, age and ethnicity pay gaps and increasing workforce diversity.

## **Making more effective use of data and information technology**



In April 2016, we launched an internal programme of work to facilitate strategic transformation of audit, with an initial focus on our use of data and technology.

We have also started work on a study that will take a whole-system look at the planning, delivery and management of national clinical ICT systems across Wales.

## There has been no need to deviate significantly from the planned work programmes of the Auditor General and Wales Audit Office for 2016-17

All of our planned work for 2016-17, as laid out in Appendix 1 of our [Annual Plan](#), has either been delivered, or is progressing to plan.

### **Appendix 1 – Detailed information on the programmes of work carried out by the Auditor General and the Wales Audit Office from 1 April 2016 to 30 September 2016**

Some highlights are:

Audits of the accounts of over 800 public bodies, and providing timely audit opinions on the 2015-16 accounts of all NHS, central government and principal local government bodies.

Improvement audits and assessments of 28 local government bodies, and the publishing of 14 annual improvement reports and two more detailed corporate assessments.

Certification work on local government grant schemes worth approaching £3 billion and involving around 420 individual claims.

A rolling programme of local government and NHS studies, and the publishing of a national report on financial resilience in local government and an all-Wales summary of performance reporting to local health boards.

Local performance audit and structured assessment work at all 10 NHS bodies, and the publishing of two structured assessment reports.

An ongoing programme of value for money studies and reactive examinations that delivered five outputs during the reporting period for consideration by the Public Accounts Committee.

A programme of good practice work that included the delivery of nine shared learning seminars and webinars, and the publishing of a leaflet for NHS board members to support ongoing scrutiny of orthopaedic services.

In the Plan, we indicated that the programme of audit work undertaken for consideration by the Public Accounts Committee retains a degree of flexibility to respond to changing circumstances, priorities and risks, and that the plans for certain value for money studies were under review.

Since publishing our Plan, we have changed the title of some studies as the scope of the work has become more clearly defined.

In July 2016, the Auditor General presented a [memorandum paper to the Public Accounts Committee](#) which provided:

- an update on work in progress that could support the Committee's own work programme between July 2016 and summer 2017, including estimated timescales for reporting; and
- an overview of some of the impacts of our recent audit work.

The Auditor General informed the Public Accounts Committee that, following the establishment of a new Welsh Government and programme for government, and taking account of the implications of the result of the referendum on EU membership, we intend to do further work to develop proposals for future studies in light of current opportunities and risks to delivery and value for money across the Welsh public sector. We will report back to the Committee by early 2017 with an updated set of possible topics for future studies for further discussion.

During the period we have also been undertaking a range of work in response to issues of public concern raised through correspondence. In particular, we published a report on our review of the events leading to a start-up business called Kancoat Ltd, which received a package of financial support from the Welsh Government, going into administration.

## We are continuing to make good progress towards achieving our three-year priorities

As of 30 September 2016, we are on track to achieve or have completed, work towards achieving each of our 36 three-year priorities, as set out in our Annual Plan for 2016-17. We have already completed work on two of these priorities, which relate to our handling of correspondence and to our delivery of the National Fraud Initiative respectively.

The priorities are grouped in alignment with the eight sections of our Plan. The first six sections of the Plan relate to the Auditor General's work programme, and the two remaining sections relate to the Wales Audit Office's work programme

### **Appendix 2 – Commentary on the progress we have made during the reporting period towards achieving each of our three-year priorities**

# Performance analysis

## We made good progress towards achieving our key performance measure targets

A framework of key performance measures, centred on seven themes and questions about our activities, was included in our Annual Plan for 2016-17. A suite of targets was also developed with reference to levels of performance at the end of 2015-16 and appropriate benchmarks.

The overall position as of 30 September 2016 in terms of achieving our 35 key performance measure targets is summarised in the remainder of this section.

Where appropriate, we assess our level of performance on a rolling annual basis. For performance measures where this applies, the figures describe our performance for the period 1 October 2015 to 30 September 2016.

We will be undertaking our 2016-17 staff survey during the third quarter of the year. Consequently, our performance in terms of staff survey related targets is based on the measure descriptors published in our 2015-16 Annual Plan, which were slightly amended for our 2016-17 Plan. In advance of undertaking the survey this year, the survey questions are being further reviewed to facilitate improved benchmarking.

## Impact

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



For performance measures where we have yet to achieve our targets, we have provided an assessment of the risk of us not being able to achieve the target by 31 March 2017

## Delivery

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



**100%**

of requests to draw funds from the WCF were **processed within 24 hours**



**92%**

of audit products were **delivered on time**



**100%**

of audits were delivered in accordance with **quality standards**



**23**

**good practice** products were **delivered**



**16**

**National reports** were published



## Leadership

Are our governance and leadership arrangements operating effectively?



**97%**

of stakeholders said they have **confidence in our work**



**98%**

of staff agree that their **performance is evaluated fairly**



**69%**

of staff feel **encouraged** to come up with new and better ways of doing things



**75%**

of staff feel **trusted** to carry out their job **effectively**



**64%**

of **staff feel engaged** with our strategic approach



On target



Low risk



Medium risk

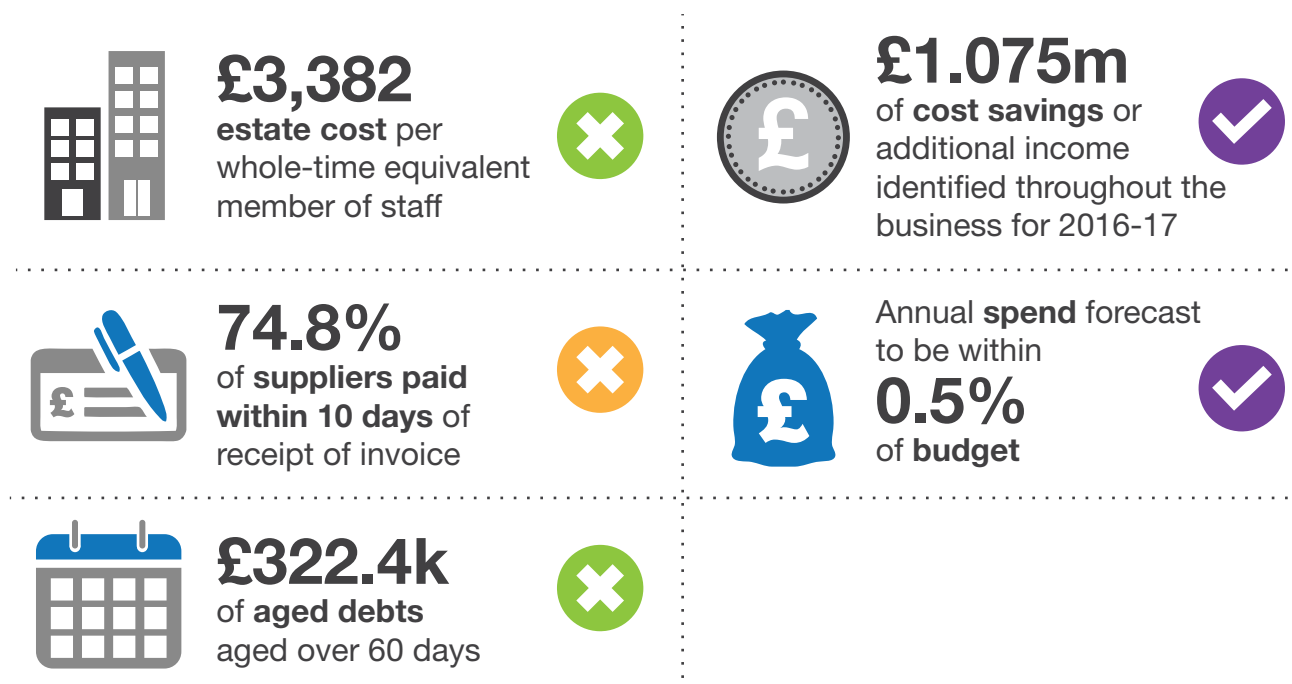


High risk

For performance measures where we have yet to achieve our targets, we have provided an assessment of the risk of us not being able to achieve the target by 31 March 2017

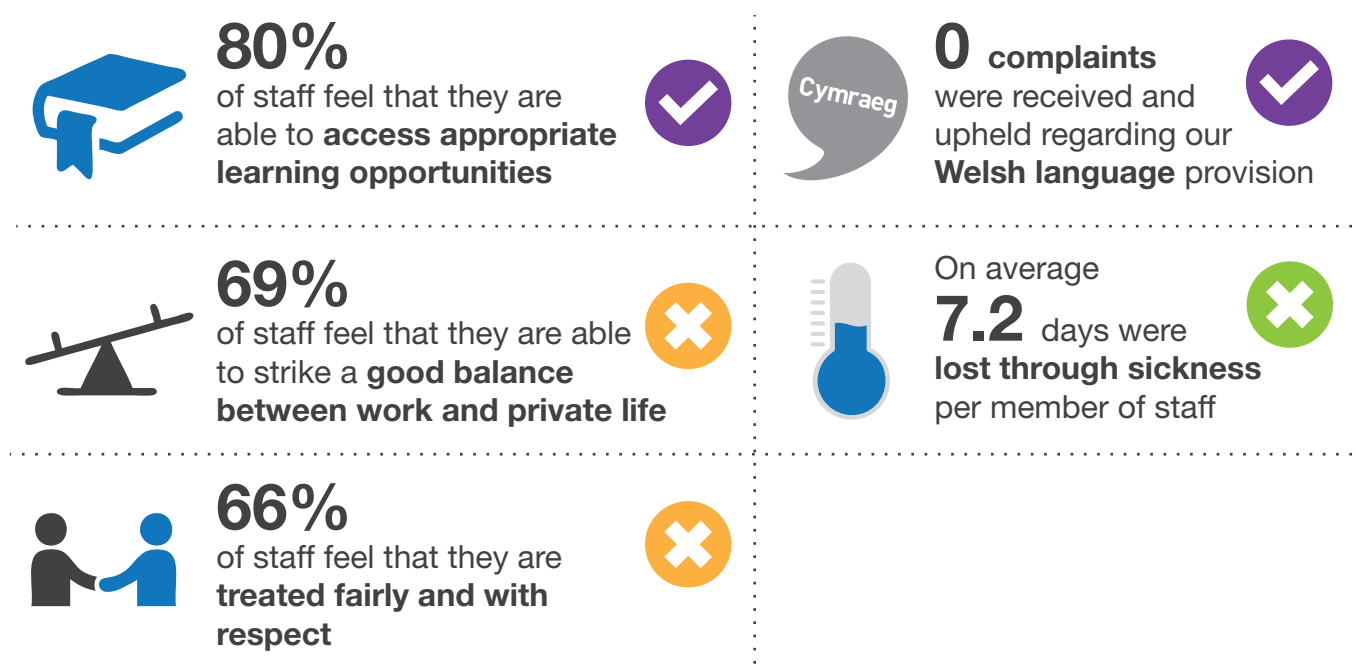
## Financial

How well are we managing our finances and assets?



## Social

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



✓ On target

✗ Low risk

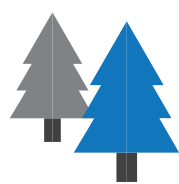
✗ Medium risk

✗ High risk

For performance measures where we have yet to achieve our targets, we have provided an assessment of the risk of us not being able to achieve the target by 31 March 2017

## Environmental

How well are we managing our impact on the environment?



Accredited at  
**Level 4**  
of Green Dragon  
Environmental  
Standard



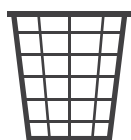
Produced  
**536**  
tonnes of CO<sub>2</sub>  
equivalent **emissions**



**69%**  
of our waste  
was **reused,**  
**recycled or composted**



Consumed  
**2,120**  
reams of **paper**



Produced  
**53.8**  
tonnes of **waste**



## Communication

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



**1,101**  
people **attended**  
our **shared**  
**learning seminars**



**94%**  
of **media articles** published  
about our work with **positive**  
or **neutral sentiment**



Klout  
score of  
**53**



Staff were **invited to**  
**present** audit learning at  
**31** externally hosted  
**conferences and events**



**180k**  
website **page**  
**views**



On target



Low risk



Medium risk



High risk

For performance measures where we have yet to achieve our targets, we have provided an assessment of the risk of us not being able to achieve the target by 31 March 2017

The background is a solid blue color with two curved, darker blue shapes. One shape starts from the left edge and curves upwards towards the top right. Another shape starts from the bottom right corner and curves upwards towards the center. The word "Appendices" is written in white, sans-serif font, centered horizontally and positioned in the upper half of the page.

# Appendices

# Appendix 1: Detailed information on the programmes of work carried out by the Auditor General and the Wales Audit Office from 1 April to 30 September 2016

## Audit work carried out 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.

### Audits of accounts

- 22 unitary authorities
- 3 fire and rescue authorities
- 3 national park authorities
- 4 police and crime commissioners
- 4 chief constables
- 8 pension funds
- A number of other smaller local government bodies including joint committees and harbour authorities
- Limited assurance audits of over 740 town and community councils

### Certification of grant claims and returns

Up to 25 schemes worth approaching £3 billion and involving around 420 individual claims

### Studies completed or substantially completed

- Financial resilience of local authorities in Wales 2015-16
- Charging for services and generating income by local authorities
- Community safety in Wales

### Improvement audits and assessments

- 22 unitary authorities (including six more detailed corporate assessments)
- 3 fire and rescue authorities
- 3 national park authorities

### Ongoing studies

- Council funding of third sector services
- Fit for the future (themed reviews) of financial resilience, good governance and transformational change
- How local government manages demand - homelessness services
- Strategic commissioning of learning disability services by local authorities
- Improving wellbeing through housing adaptations

## Audit work carried out 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 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.

### Audits of accounts

7 local health boards  
3 NHS trusts  
Local health board summarised accounts  
NHS trusts summarised accounts

### Structured assessments

7 local health boards  
3 NHS trusts  
All-Wales summary of performance reporting to local health boards

### Local performance audit work

7 local health boards  
3 NHS trusts

### Studies completed or substantially completed

NHS Consultant Contract (follow-up study)  
Emergency ambulance services commissioning arrangements

### Ongoing studies

Radiology services  
GP Out of Hours services  
Discharge planning

## Audit work carried out 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 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 sits within his programme of value for money studies.

### 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 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
- Qualifications 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
- Education Workforce Council
- Future Generations Commissioner

### Welsh Government companies

- Hybu Cig Cymru
- Careers Wales
- Life Sciences Hub
- Sector Development Wales

## Audit work undertaken 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 much of this programme support the work of the National Assembly's Public Accounts Committee and potentially other Assembly committees.

### Value for money studies, summary reports or reactive examinations completed

Welsh Government funding for Kancoat Ltd  
Coastal flood and erosion risk management  
National Fraud Initiative 2014-15  
Rail services  
Hospital catering and patient nutrition, a review of progress - memorandum for the Public Accounts Committee

### Summary reports in progress

Medicines management  
Outpatient follow-up

### Ongoing value for money studies

Welsh Government oversight of further education institutions' finances and delivery  
Regional education consortia follow-up – memorandum for the Public Accounts Committee  
Preparedness for the introduction of fiscal powers  
Waste management  
School places and capital investment in schools  
Public procurement – landscape review  
Implementation of the NHS Finance (Wales) Act 2014  
Supporting People programme  
NHS Wales informatics services  
Access to public services with the support of specialist interpretation and translation

### Ongoing reactive examinations

Governance review of the National Library of Wales  
Governance and oversight of arms-length bodies

## Good practice work

Our approach to knowledge exchange has been developed and applied with increasing success over recent 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.

### Shared learning seminars delivered

- Future wellbeing of internal audit
- Embracing complaints: opportunities to improve your organisation
- The future of governance: effective decision making for current and future generations
- Redesigning public services: the strategic importance of digital

### Shared learning webinars delivered

- Open data

### Good practice guides delivered

- Leaflet for NHS board members to support their ongoing scrutiny of orthopaedic services

### External facilitation of shared learning and community support

- Academi Wales summer school
- Cardiff University
- Centre for Public Scrutiny (Wales)
- Effective Services for Vulnerable Groups programme
- Future Generations Commissioner
- Good Practice Wales
- Nesta
- NHS Wales Shared Services Partnership
- Office for National Statistics
- Open Data Institute
- Public Health Wales
- Public Services Ombudsman for Wales
- Sport Wales
- Wales Centre for Behaviour Change, Bangor University
- Wales Council for Voluntary Action
- Welsh Local Government Association

## Joint working activity

Over the reporting period, the Auditor General and Wales Audit Office have continued to exercise their commitment to effective stakeholder engagement to inform the development, maximise the relevance, and extend the reach and impact of the Auditor General's work. Consistent with our Plan, we have also worked closely with the other UK audit agencies and with the other main external review bodies in Wales to enhance the collective impact of our work, and have undertaken a small amount of commissioned audit work.

### Joined up delivery

National Fraud Initiative with other UK audit agencies  
Working with Estyn to undertake inspections of the Regional Education Improvement Consortia  
Annual certification of the accounts of the European Agricultural Guarantee Funds  
Follow-up joint review with Healthcare Inspectorate Wales of governance arrangements at Betsi Cadwaladr University Health Board  
Development of a memorandum of understanding with the Future Generations Commissioner

### Membership of external working groups

These include:  
EURORAI  
International Integrated Reporting Council's Public Sector Integrated Reporting Network  
Public Audit Forum  
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

### Commissioned audit work

A range of charity audits  
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

These include:  
Partnership Council for Wales  
Welsh Revenue Authority 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  
Financial Reporting Council Public Sector Advisory Group  
NHS Wales Efficiency, Healthcare Value and Improvement Group

## Appendix 2: Commentary on the progress we have made during the reporting period towards achieving each of our three-year priorities

Commentary on the progress made towards achieving our priorities for local government audit work

| Three-year planned priorities                                                                                                                                                             | When                          | Progress | Commentary                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Undertake local assessments and provide all-Wales overviews of the corporate capacity of local government bodies to deliver transformation and change programmes                          | 2016 and each year thereafter | On track | Our 2016-17 programme of local government performance audit work includes three 'fit for the future' thematic reviews. The reviews will separately focus on examining: governance arrangements; financial resilience; and transformational change programmes. Delivery of the reviews is planned for the remainder of 2016-17.              |
| 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 | 2016                          | On track | We are in the early stages of developing and testing our approach for discharging the Auditor General's duties under the Well-being of Future Generations (Wales) Act 2015. This work is likely to lead to better integration of the planning and reporting of our local audit of accounts and performance audit work from 2017-18 onwards. |
| Prepare, including through working with relevant stakeholders, for the introduction of faster closure of local government accounts                                                        | 2016-2018                     | On track | Accounts opinions for three unitary authorities were delivered much earlier this year than in previous years. The post project learning from these audits will further inform our preparations for the formal introduction of faster closure of local government accounts.                                                                  |
| Develop and pilot an outcome-based approach to grant certification for local government accounts                                                                                          | 2016-17                       | On track | Development work on our new outcome-based approach to grant certification work is now complete. The approach will be piloted at two unitary authorities during the autumn of 2016. Evaluation of the pilot will then be undertaken in spring 2017 with a view to rolling out the approach across other authorities later that year.         |
| Provide more informative reporting on the effectiveness of governance arrangements through our modified framework for the audit of town and community councils                            | 2016                          | On track | We applied our modified framework to the audit of 2015-16 accounts of town and community councils, and intend to publish our first summary report on the effectiveness of their governance arrangements in autumn 2016.                                                                                                                     |

## Commentary on the progress made towards achieving our priorities for NHS audit work

| Three-year planned priorities                                                                                                                                                                                | When                          | Progress | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Undertake comparative assessments of governance arrangements in NHS bodies with a view to identifying and sharing good practice in specific areas that NHS bodies have found difficult and problematic       | 2016                          | On track | Through our 2016 structured assessment work at NHS bodies, we will be undertaking comparisons of board assurance frameworks, approval and monitoring arrangements for Integrated Medium Term Plans, and finance report content. The areas selected for comparative examination were chosen following engagement with the all-Wales Board Secretary group and individual NHS bodies. Delivery of this work is planned for the remainder of 2016-17.                                                                                                                                          |
| Participate fully in the escalation intervention protocol to identify and respond to serious issues affecting service delivery, quality and safety of care and organisational effectiveness across NHS Wales | 2016 and each year thereafter | On track | The Wales Audit Office continues to participate fully in the escalation and intervention meetings involving ourselves, Healthcare Inspectorate Wales and Welsh Government officials. At the most recent round table meeting on 21 July 2016, it was agreed that Welsh Government would escalate three health boards to 'targeted intervention' – Abertawe Bro Morgannwg University Health Board, Cardiff and Vale University Health Board and Hywel Dda Local Health Board; and to de-escalate the Welsh Ambulance Services NHS Trust from 'enhanced monitoring' to 'routine arrangements'. |
| Publish an audit review of the initial operation of three-year NHS integrated delivery plans                                                                                                                 | 2016-2017                     | On track | Fieldwork for this review is currently underway. We are focused primarily on the financial benefits of integrated medium-term planning identified in the Explanatory Memorandum to the NHS Finances (Wales) Act 2014. We are also taking account of the wider planning issues involved in linking financial and service plans and intend to draw on our 2016 structured assessment work to look at aspects of local planning under the Act.                                                                                                                                                 |

## Commentary on the progress made towards achieving our priorities for central government audit work

| Three-year planned priorities                                                                                                                                                                           | When                          | Progress        | Commentary                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Publish an annual overview report on the results of audit work undertaken within the central government sector                                                                                          | 2016 and each year thereafter | On track        | We will be publishing our first annual overview report on the results of audit work undertaken within the central government sector towards the end of 2016.                                                                                                                     |
| 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   | 2016-17                       | Yet to commence | Work on this priority will be undertaken in conjunction with our work on developing the Auditor General's approach to discharging his responsibilities under the Well-being of Future Generations (Wales) Act 2015.                                                              |
| Provide the National Assembly's Finance Committee with an audit commentary on preparedness for the introduction of fiscal powers and on progress made throughout the planning and implementation stages | 2016-2019                     | On track        | Scoping work on the Auditor General's initial preparedness review has commenced, which is planned for publication in November 2016. A further review is intended for publication in September 2017, prior to the introduction of fiscal powers in April 2018.                    |
| Evaluate and prepare for the accounting and audit implications of the implementation of Welsh fiscal powers                                                                                             | 2016-2019                     | On track        | We are liaising closely with Welsh Government and National Audit Office officials on all aspects of fiscal devolution to Wales, and are preparing for the accounting and audit implications of Ministerial policy decisions and associated UK/Welsh legislation as these emerge. |

## Commentary on the progress made towards achieving our priorities for Public Accounts Committee audit work

| Three-year planned priorities                                                                                                                                                                                    | When      | Progress | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Increase the impact of, and engagement with, our public reporting through enhancing the design of our reports and broadening our communication channels                                                          | 2016-2017 | On track | We have made efforts in 2016 to raise awareness and provide training to staff on the importance of conveying audit findings with visual impact and simplicity. In particular, this has served to help us ensure that our design content can be adapted for social media channels to further enhance our communication and engagement. We are increasingly seeing the media placing infographics from our reports on their online channels.                             |
| Enhance our work that examines whole systems and the linkages between service providers, including in particular the interface between health and social care provision                                          | 2016-2018 | On track | We are adopting a more co-ordinated approach in our current whole system review of housing adaptations and discharge planning arrangements. Through aligning the timetables for information and data requests, and by undertaking joint interviews with NHS bodies, local authorities and registered social landlords, we will be better placed to identify issues at the service interface.                                                                           |
| Following the 2016 Assembly elections, develop a constructive relationship with the new Public Accounts Committee and identify ways to further enhance support for their scrutiny work                           | 2016-2018 | On track | A constructive relationship is being established with the new Public Accounts Committee. Our staff maintained communication with the clerking team during the first quarter of the financial year, and provided the Committee with a memorandum summarising our core programmes of work. In September 2016, our staff met with Committee members to discuss in more detail the work of the Auditor General and Wales Audit Office and the Committee's ways of working. |
| 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 | On track | Wales Audit Office staff contributed to the preparation of an Inspection Wales briefing for Assembly Members and their advisors on the role and remit of the four partners. Our memorandum for the Public Accounts Committee has been shared with the wider committee support teams and Wales Audit Office staff are taking forward personal contact with clerks and researchers to further develop relationships.                                                     |

## Commentary on the progress made towards achieving our priorities for facilitating the exchange of good practice

| Three-year planned priorities                                                                                                                                                                                                                  | When                          | Progress | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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                                                          | 2016 and each year thereafter | On track | We have captured pledges to action at the end of each of the nine shared learning events held 2016-17. We are also continuing to pilot the 'Randomised Coffee Trials' approach, through which we facilitate follow-up conversations between delegates on how they are implementing their pledges. So far, 97 of this year's delegates have signed up to take part in Randomised Coffee Trials and we are continuing to evaluate the impact of this approach. |
| Develop programmes of good practice work on key challenges facing public services including governance, planning for the long term, public service transformation, making more effective use of data and information technology, and austerity | 2016-17                       | On track | Through our recent good practice work, we have paid particular attention to raising awareness and understanding of the principles and implications of the Well-being of Future Generations (Wales) Act 2015, while ensuring other key challenges facing public services are also reflected. In addition, our 2016-17 programme of work has been designed with flexibility to respond to emerging key challenges.                                             |
| 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                                                     | 2016 and each year thereafter | On track | We are currently undertaking a review of approaches to behaviour change across public services, including through placing a strong focus on the development of communities of practice. Behaviour Change Festivals, held in partnership with Bangor and Swansea Universities, have also been successful in promoting the establishment of new networks, particularly involving the academic sector.                                                          |
| Provide opportunities for staff from across the organisation to share and develop skills through participation in good practice work and shared learning activities                                                                            | 2016 and each year thereafter | On track | During the first two quarters of 2016-17, 22 staff from our financial audit, performance audit and corporate enabler teams have been involved in the delivery of shared learning activities, including in relation to internal audit, digital complaints handling and behaviour change festivals.                                                                                                                                                            |

## Commentary on the progress made towards achieving our priorities for joint working

| Three-year planned priorities                                                                                                                                                                                                                                                                   | When                          | Progress | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| Embed arrangements for more effective management of correspondence received from the public or other interested parties about matters relevant to the Auditor General's functions                                                                                                               | 2016                          | Complete | We have now embedded improved arrangements for managing correspondence. In particular, we have recently enhanced our internal reporting arrangements to ensure senior management are fully sighted of progress made on live correspondence and on the timeliness of our responses. We will report publicly on how we have performed in this area in our Annual Report and Accounts for 2016-17.                                         |
| Make use of the results of our stakeholder feedback to further 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                                                 | 2016 and each year thereafter | On track | Since our stakeholder survey was completed in early 2016, the Auditor General has met with a number of individuals to explore and discuss in more detail the issues raised in their responses to the survey.                                                                                                                                                                                                                            |
| Further enhance our engagement with the public, their representatives and other stakeholders to gauge the impact of our work, assess our performance and measure our success                                                                                                                    | 2016 and each year thereafter | On track | Following on from the success of our presence at last year's Royal Welsh Show, we exhibited again at this year's Show in July 2016. We jointly exhibited with our Inspection Wales partners to raise awareness of and increase engagement with our work.                                                                                                                                                                                |
| 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                                                                                                             | 2016                          | Complete | The next NFI exercise will commence in October 2016. In advance of that exercise, we wrote to 34 other bodies in receipt of public funding (sponsored bodies, registered social landlords and universities) inviting them to participate, with a positive response from eight of those bodies. The information to be used in the data matching exercise has now been expanded to include housing waiting list and Companies House data. |
| Further enhance the efficiency and effectiveness of audit, inspection and regulation in Wales through working closely with Inspection Wales partners to realise more efficient working practices and achieve greater impact through joint working and the sharing of intelligence and resources | 2016 and each year thereafter | On track | We continue to work closely with our Inspection Wales partners to achieve greater impact and realise more efficient working practices. During the reporting period we commenced some scoping work with a view to undertaking, during the next financial year, a thematic review to be delivered with Inspection Wales partners on a collaborative basis.                                                                                |

## Commentary on the progress made towards achieving our priorities for our governance and leadership

| Three-year planned priorities                                                                                                                                                                 | When      | Progress | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| Implement a programme of work to facilitate strategic transformation of audit with an initial focus on making more effective use of data and information technology                           | 2016      | On track | A strategic transformation project team was established during summer 2016. The team started work in September 2016 and is due to report back to the Board by the end of the financial year.                                                                                                                                                                                                                                                                                                                   |
| Strengthen leadership capability, through a leadership development programme and the continued use of 360° performance reviews for senior staff and supporting reviews of Board effectiveness | 2016-2019 | On track | Following a tender exercise, the Civil Service College has been selected to work with the Wales Audit Office Senior Leadership Team on strengthening leadership capability, with the first session scheduled for October 2016.                                                                                                                                                                                                                                                                                 |
| Strengthen our workforce planning arrangements, including through more effective succession planning and more detailed modelling of future demand scenarios                                   | 2016-2019 | On track | During the reporting period, we have undertaken extensive modelling of the workforce planning implications of the factors we consider will have the greatest influence over the way we deliver our work in the next three to five years.                                                                                                                                                                                                                                                                       |
| Monitor the development of our unique governance arrangements working collaboratively with other UK audit bodies, with a view to sharing knowledge, learning and experience                   | 2016-2019 | On track | The Board continues to assess its own effectiveness, alongside that of its committees, on an annual basis. To support that work, the Board has engaged an external consultant to undertake a Board effectiveness review. The purpose of the review is to help the Board optimise the collective and individual effectiveness of its members to support delivery of its strategic aims and objectives. Work is substantially complete, and the consultant's final report is due to be published in autumn 2016. |
| More effectively use external benchmarking and comparison, working collaboratively with other UK audit bodies, to assess our performance and measure our success, and improve our impact      | 2016-2019 | On track | We are currently working with the other UK audit agencies to further develop our use of benchmarking to assess the performance of our corporate services. In addition, we will shortly be undertaking an assessment of our approach to measuring and reporting on the impact of our work, and of how we might further increase our impact.                                                                                                                                                                     |

## Commentary on the progress made towards achieving our priorities for our use of resources

| Three-year planned priorities                                                                                                                                                                         | When      | Progress | Commentary                                                                                                                                                                                                                                                                                 |
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| 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                    | 2016-2019 | On track | We have recently revisited and updated our three-year ICT plan; a summary of the revised plan will be published in our Estimate for 2017-18. The bid for funding will support a range of work, including extending our use of the cloud, and laptop and desktop videoconferencing.         |
| Expand and enhance our existing graduate trainee programme including through establishing a collective programme under which our trainees will spend time working in the wider public sector in Wales | 2016-2018 | On track | Our first secondments under our new expanded arrangements will commence in late 2016-17.                                                                                                                                                                                                   |
| Keep a tight grip on costs, seek further efficiencies and keep fees as low as possible                                                                                                                | 2016-2019 | On track | A new travel scheme was implemented from 1 April 2016, which will realise savings of around £125,000 per annum following a period of transition. A consultation on our fee scales for 2017-18 is currently underway, which includes a proposal for a cash-terms freeze in our fee rates.   |
| Develop proposals for simplifying and improving the cost-effectiveness of the funding arrangements of the Wales Audit Office, for consideration by the Assembly's Finance Committee                   | 2016-17   | On track | We have commenced work on quantifying the impact of the current regime, both in terms of the cost of the necessary administrative processes, and knock-on behavioural impacts, with a view to developing our proposals.                                                                    |
| Make better use of our estate to minimise cost and assist flexible audit delivery                                                                                                                     | 2016-2019 | On track | We completed the relocation of our North Wales office in June 2016. This move will lead to cost savings, alongside improved environmental performance, and more efficient use of office space. We are continuing to explore other options to make best use of the remainder of our estate. |

| Three-year planned priorities                                                                                                                                                                                                                                                                                                                                                                                                      | When      | Progress | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| <p>Demonstrate our corporate social responsibility through our work on:</p> <ul style="list-style-type: none"> <li>• improving environmental stewardship;</li> <li>• promoting the well-being of our staff;</li> <li>• advancing equality of opportunity, eliminating discrimination, and fostering good relations; and</li> <li>• promoting the use of the Welsh language and meeting the new Welsh language standards</li> </ul> | 2016-2019 | On track | <p>We are continuing to work towards achieving our objective of Level 5 Green Dragon Environmental Standard accreditation during 2016-17. We have already taken steps to increase the proportion of our waste that is reused, recycled or composted, and to improve the accuracy of our waste and emissions reporting.</p> <p>A staff health and well-being screening service was launched in September 2016, which offers comprehensive health and fitness assessments, alongside providing lifestyle advice.</p> <p>In September 2016, we published our annual Equality Report for 2015-16, which provides detail on our recent progress in this area. Since the publication of the report, we have joined the Stonewall Diversity Champion's programme, and have begun to implement our planned actions for reducing our overall pay gaps.</p> <p>We have recently updated our information on staff language skills, and continue to offer regular basic Welsh training courses to staff. In July 2016, we received our compliance notice from the Welsh Language Commissioner, and are currently reviewing how we can ensure compliance with the new Welsh language standards.</p> |

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