



# Annual Report and Accounts 2023-24

The Annual Report for the year ended 31 March 2024 has been jointly prepared by the Auditor General for Wales and the Chair of the Wales Audit Office. It is laid before the Senedd in accordance with Schedule 2 of the Public Audit (Wales) Act 2013 and contains matters as directed by HM Treasury.

The Accounts for the year ended 31 March 2024 have been prepared by the Auditor General for Wales, as the Accounting Officer for the Wales Audit Office, in accordance with Schedule 1 of the Public Audit (Wales) Act 2013 and in a form directed by HM Treasury.

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

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

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

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

# Snapshot of the year

## April

Held a symposium for staff, with guest speakers from audited bodies and the wider audit profession, to discuss how we can deliver greater quality and impact.

Ran extensive and successful recruitment campaigns for senior auditor positions to fill vacancies across our financial audit workstreams.



## May

Shared an indicative medium-term programme of performance audit work that sits alongside our annual audits of accounts at over 800 public bodies in Wales.

Provided a feature article for the Association for Public Service Excellence magazine on the five areas impacting the flooding sector and how flood risk management works in Wales.

## June

Published a report looking at whether Wales was on track to maximise its use of the remaining available European funding.

In partnership with the Future Generations Commissioner and Welsh Language Commissioner, shared insight on how public bodies are working to promote and protect culture, heritage and the Welsh language.

# Cym

## July

Ran a call for evidence for a study looking at whether the Welsh Government is making good use of its resources to achieve its affordable housing target.

Finalised local and national reports looking at the challenges faced by National Park Authorities in pursuing new income streams.



## August

Posted a podcast episode looking at community resilience, some of the factors that cause poverty in Wales, and the value provided by social enterprises.

Highlighted major concerns about the implementation of the new system for ensuring Building Safety.

## September

Published an NHS workforce data briefing to help illustrate the challenges being faced, and an updated data tool showing trends in NHS finances drawing attention to wider financial pressures.

Proud to be named as a Top Ten Employer for Working Families in 2023



**October**

Wrote to the Senedd Public Accounts and Public Administration Committee setting out the findings from follow-up audit work on covering teachers' absence.

Highlighted inconsistencies in the way Wales' three Fire and Rescue Authorities are managing false fire alarms.



**December**

Ran a Defnyddia dy Gymraeg (Use your Welsh) campaign to promote Welsh language learning opportunities within the organisation.

Hosted a panel discussion on integrity in the public sector, featuring contributions from The Office of the Auditor General New Zealand, ICAEW and CIPFA.



**November**

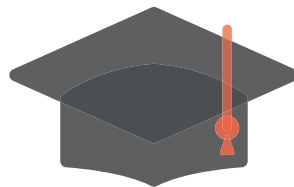
Reported significant concerns about governance arrangements relating to an employment dispute at Amgueddfa Cymru.

Provided a commentary on progress made by the four Corporate Joint Committees on meeting their statutory obligations and strengthening regional collaboration.

**January**

Concluded that brownfield site regeneration could be increased significantly with a more systematic and collaborative approach.

Published several local reports looking at how Councils gather and use information on the outcomes of their activities and the perspectives of service users.



**March**

Reported that the Welsh Government had worked well with partners in difficult circumstances to accommodate and support Ukrainians fleeing the war, but with lessons to be learned for any similar schemes in future.

Shared a podcast discussing the importance of digital to organisational strategy, and the opportunities and risks posed by Artificial Intelligence.



**February**

Called for a bold vision for public services in Wales to shift from a spiral of short-term firefighting to future proofing.

Celebrated Apprenticeship Week by sharing stories from our current apprentices, alongside blogs, testimonials and videos about our apprenticeship scheme.

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# Performance Report

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A review of our work in 2023-24, including an analysis of our delivery and performance, and our position at the end of the year.

Adrian Crompton

Auditor General for Wales and Accounting Officer

5 August 2024

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# Performance overview

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## Who we are and what we do

- 1 The Auditor General for Wales is the statutory external auditor of the Welsh public sector. The Auditor General is responsible for the audit of most of the public money spent in Wales.
- 2 The Wales Audit Office provides resources, such as staff, for the exercise of the Auditor General's functions, and monitors and advises the Auditor General. The Wales Audit Office currently employs around 290 staff.
- 3 Together, as Audit Wales, we audit around £27 billion of income and expenditure.

## Our purpose is to



Assure people that public money is being managed well



Explain how that money is being spent



Inspire the public sector to improve

## We undertake local and national audit work across a broad range of public bodies

- 4 Our latest Annual Plan provides more detail on the range of bodies that we audit and how we follow the public pound in Wales. Our work supports the effective scrutiny of public money by the Senedd and locally elected representatives.
- 5 Our planned programmes of work retain a degree of flexibility to respond to changing circumstances and priorities, and new issues of public or parliamentary concern.
- 6 We identify good practice from across the full breadth of our audit work and disseminate this through a range of media, including reports, blogs, podcasts and shared learning seminars and webinars.



## Our core work



Undertaking local audit work at over 800 public bodies, including:

- Audits of accounts
- Local performance audit work
- Sustainable development principle examinations



Delivering a programme of national studies



Certifying grant schemes worth approaching £1.5 billion



Supporting effective scrutiny including the work of the Senedd committees



Sharing good practice and audit learning to support public service delivery



Facilitating the detection of fraud and error through the National Fraud Initiative



Approving around £2 billion of payments out of the WCF every month

## We operate independently from government

- 7 The Auditor General and [our Board](#) are responsible for setting and overseeing the strategic direction of the organisation.
- 8 The Board holds the Auditor General to account in his role as Chief Executive of the Wales Audit Office and supports him in the discharge of his role as Accounting Officer. As Accounting Officer, the Chief Executive answers personally to the Senedd Finance Committee on matters such as compliance with [Managing Welsh Public Money](#).
- 9 Our Executive Leadership Team advises the Auditor General, including in his capacity as Chief Executive and Accounting Officer.
- 10 Our [Publication Scheme](#) includes a diagram showing our organisational structure. More detailed information on our governance arrangements can be found in the Corporate Governance Report section of this Report.

## Our strategic vision and areas of focus

### Our vision is to increase our impact by:

Fully exploiting our unique perspective, expertise and depth of insight

Strengthening our position as an authoritative, trusted and independent voice

Increasing our visibility, influence, and relevance

Being a model organisation for the public sector in Wales and beyond

- 11 In our [Strategy for 2022 to 2027](#), we have identified three areas of focus where we are prioritising actions to help Audit Wales achieve its overall vision.

### Our areas of focus



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

- 12 Our latest [Annual Plan](#) provides more detail on:
- a what we consider to be important elements of our current operating environment, including a range of factors which can influence the delivery of our work to varying degrees.
  - b the key areas within which risks can arise and threaten successful delivery of our work.
  - c how we measure and report on our performance.
- 13 Further information on our risk profile during 2023-24 and how those risks changed and were mitigated can be accessed in the Corporate Governance Report section of this Report and via our published [Board minutes](#).

## Statement from the Auditor General on our performance in 2023-24

Rydym yn falch o gyflwyno ein Adroddiad Blynyddol a Chyfrifon ar gyfer 2023-24.

We are pleased to present our Annual Report and Accounts for 2023-24.

Alongside our financial and accountability statements, this Annual Report and Accounts provides a summary of the progress we made on delivering the audit work programmes set out in our [Annual Plan for 2023-24](#). I am pleased to present a selection of case studies in this report to provide a taste of our work this year and the impact it has made.

As reflected in my [Firefighting to future-proofing commentary](#) in February 2024, Welsh public services face enormous financial, demand and workforce pressures. Though public bodies must make their own decisions about how they navigate those challenges, independent public audit provides early warning of problems arising, highlights opportunities for improving value for money, and supports good governance.

The biggest area of our work involves auditing the accounts of over 800 public bodies across Wales. This work is vital in providing the Senedd, audited bodies and the wider public with an ongoing independent assessment of financial management and resilience across the public sector.

I recognise, however, that our timetable of accounts audit in 2023-24 was behind where we would wish it to be, particularly in the local government sector. That is due to several factors – not least the ongoing legacy of the COVID pandemic, a shortage of finance professionals across the industry and the need to work through some difficult audit issues. It will take several years to bring that large programme of work back to more traditional timescales, but as set out in our recently published [Annual Plan for 2024-25](#), we are committed to doing so with the support of our audited bodies.

Resourcing pressures and a legacy from the pandemic have also affected delivery of our national and local performance audit programmes. Here too, we are aiming to recover a backlog position that has built up over recent years. Despite those challenges, in 2023-24 we continued to deliver a broad and varied programme of performance audit work across Wales which has allowed me to meet my statutory obligations and to shine a light on significant governance and performance challenges within some of the bodies we audit.

During the year, we implemented new audit approaches based on revised international standards and best practice. Through applying these fundamentally different approaches for the first time, we met our desired quality standards across the board in independent, external assessments. This was a fabulous achievement and testament to the pride and expertise of staff across Audit Wales. We also continued to increase the impact of our work and reach new audiences by using data tools, interactive reports, infographics, webinars, and blogs, while increasing our engagement online through our website and social channels and in the media.

I am indebted to all Audit Wales staff for their professionalism, hard work and commitment to public service throughout the last 12 months. Without them, none of this would be possible.

I would also like to place on record my thanks to Kathryn Chamberlain for her valued contribution as Chair of the Wales Audit Office during 2023-24 and look forward to working closely with our new Chair, Dr Ian Rees, as we take the organisation forward.



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**Adrian Crompton**

Auditor General for Wales

## Statement from the Chair on our performance in 2023-24

Firstly, I would like to thank everyone at Audit Wales for their kind support as I begin my tenure as Chair of the Board. I would also like to take the opportunity to welcome our two new non-executive Board members, Richard Thurston, and Mike Norman, who have taken up their roles from the start of June.

Drawing on my experiences as a Board member and Chair of our Audit and Risk Assurance Committee over the last year, I reflect that it was a period of significant change and challenge at Audit Wales, as clearly evidenced in our KPI summary that follows this statement, and in the commentary from Adrian on the delivery of our audit work.

At the start of the year, we had just started settling into our new Cardiff Office - a smaller, more modern, and better equipped office, with substantially lower running costs, improved environmental performance and better public transport links. Later in the year, we also relocated our North Wales office to smaller shared premises, again with improved access, facilities, and environmental credentials. A time of significant upheaval and change for staff in terms of their day-to-day working environment, but an important step in lowering our costs and supporting an optimum balance between office and home working.

In November 2023, when presenting our [annual Estimate](#) and [Interim Report](#) to the Senedd Finance Committee, we highlighted the importance of maintaining a properly resourced, high quality public audit regime in Wales. We very much appreciate the support the Committee gave to our bid for some essential further investment in the recruitment, training and development of our professionally qualified staff, to help ensure our longer-term sustainability and continued delivery of an audit service that meets the expectations of the Senedd.

However, we remain acutely aware of our responsibility to other parts of the public sector to contain our own operating costs and the fees we charge, provided that does not risk audit quality and the assurance we can provide. Over the course of 2023-24, we achieved the ambitious savings targets that we had set, and through undertaking a rigorous financial sustainability review exercise, identified some opportunities for further future efficiencies.

In November 2023, we ran a new-look staff survey to gain a refreshed understanding of the employee experience at Audit Wales. The results of that survey were encouraging, with our overall engagement index score increasing to our target level. Where the survey results did highlight room for improvement, we have responded accordingly, for example through enhanced management training and leadership development, and a new workforce plan.

Overall, despite the continuing pressures and challenges, we have a strong organisation to build on and I pay tribute to the staff of the Wales Audit Office for all their hard work and commitment throughout the year.



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**Dr Ian Rees**

Chair of the Wales Audit  
Office

## Key performance indicators

- 14 Our [Annual Plan for 2023-24](#) included a framework of key performance indicators (KPIs) and associated targets.
- 15 In our [Interim Report](#), we provided a mid-year update on progress made over the period 1 April to 30 September 2023 towards achieving these targets.
- 16 The following exhibit shows the position at the end of the 2023-24 financial year. The KPI data has not been subject to audit. In the exhibit, some numbers are rounded to make them easier to read and compare, and the KPIs are aligned with the strategic areas of focus to which they relate. Overall, in 2023-24 we achieved or were close to achieving our targets for 10 of the 18 KPIs.

### End of year position for our 2023-24 KPIs

#### A strategic, dynamic and high-quality audit programme

No	Indicator	Description <sup>1</sup>	2023-24 Target	2022-23 Performance	2023-24 Performance
1	Statutory deadlines	Proportion of audit products delivered by the statutory or agreed deadline.	100%	84%	85% <sup>2</sup>
2	On time	Proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting.	90%	82%	76% <sup>3</sup>
3	Quality	Number of reviewed audits that are delivered in accordance with <a href="#">Financial Reporting Council quality standards</a> .	All audits sampled in the highest two audit quality categories.	6 out of 7	7 out of 7

● Achieved or close to achieving our target
 ● Improvement required
 ● Significant improvement required

1 Descriptions for KPIs 1 and 3 are slightly amended from that published in our Annual Plan for 2023-24 to provide greater clarity to the reader on what is being measured.

2 KPI1 focuses on our audit of accounts work. The performance reflects our wider resourcing challenges, leading to delays affecting the audit of accounts for some local government bodies.

3 KPI2 focuses on some of the key components of our national and local performance audit programmes. The performance during 2023-24 reflects the resourcing and delivery challenges affecting these programmes, as described in the Performance Analysis section of this Report

No	Indicator	Description <sup>1</sup>	2023-24 Target	2022-23 Performance	2023-24 Performance
4	Credibility <sup>4</sup>	Proportion of stakeholders that consider us to be an independent and authoritative communicator on the governance and stewardship of public money and assets.	At least 90%	85%	92%
5	Providing insight	Proportion of stakeholders who said that through our work, they gained useful insight that they would not have acquired otherwise.	At least 80%	71%	64%
6	Driving improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services.	At least 80%	81%	76%
7	Savings identified	Value of potential savings, productivity gains and other financial benefits identified through our work.	At least £30 million during 2023-2026	£32 million between 2020 and 2023	£700,000 <sup>5</sup>

● Achieved or close to achieving our target  
 ● Improvement required  
 ● Significant improvement required

4 As set out in more detail in the Performance Analysis section of this Report, 2023-24 performance data for KPIs 4-6 is sourced from a short survey with a narrower audience that was undertaken in March 2024, to supplement a more extensive independent stakeholder research exercise from 2023. We intend to undertake the more comprehensive independent research exercise again in early 2025.

5 While we have reported only a small sum at the end of the first year of the three-year period covered by this KPI, there are several pieces of audit work in progress which we anticipate will identify significant potential savings, productivity gains and other financial benefits over the course of 2024-25. This will include reporting results from the latest round of the National Fraud Initiative



### A targeted and impactful approach to communications and influencing

No	Indicator	Description	2023-24 Target	2022-23 Performance	2023-24 Performance
8	Good practice events	Proportion of stakeholders who rate our good practice events useful or very useful.	At least 90%	100%	100%
9	Website visits	Number of visits to our website where at least one action is performed, e.g., download a report, click on a video.	35,000 each year	44,900	59,100
10	Social media	Number of social media engagements i.e. interactions with our posts such as a like, a comment, or a retweet/share.	3,000 each year	4,200	4,000
11	Sharing audit learning	Number of instances where we present audit learning to key policy working groups or at relevant externally hosted events.	50 each year	65	45 <sup>6</sup>

● Achieved or close to achieving our target  
 ● Improvement required  
 ● Significant improvement required

6 This figure does not include attendance at meetings as part of our routine audit business. Where we have regularly attended specific groups in relation to a single topic, we have counted these collectively as a single event.

## A culture and operating model that allows us to thrive

No	Indicator	Description	2023-24 Target	2022-23 Performance	2023-24 Performance
12	Employee engagement	Percent positive annual staff survey engagement index score.	At least the median benchmark score for the latest Civil Service People Survey	60%	64% <sup>7</sup>
13	Turnover <sup>8</sup>	Proportion of employees who voluntarily leave Audit Wales per annum.	Between 5% and 10%	10.1%	12.3%
14	Sickness absence	Average working days lost per member of staff per annum.	Less than six days	6.6 days	7.1 days
15	Financial balance	Net underspend variance on income and expenditure from that set out in our Estimate for the current year	Less than 2% of gross expenditure budget	0.8%	1.1%
16	Cost savings and efficiencies	Value of cost savings and efficiencies identified throughout the business.	£1.4 million	£1.5 million	£1.8 million
17	Greenhouse gas emissions	Total CO <sub>2</sub> equivalent emissions.	20% reduction on a recalculated 2019-20 baseline	290 tonnes	280 tonnes
18	Trainee success rate	Proportion of trainees achieving first-time passes in their Professional and Advanced level examinations with the Institute of Chartered Accountants in England and Wales.	At least 90%	68%	82%

● Achieved or close to achieving our target   ● Improvement required   ● Significant improvement required

7 The Civil Service People Survey (CSPS) benchmark in October 2023 was 64%.

8 In 2023-24, after several years of running our annual staff survey using the CSPS core questionnaire, we ran a refreshed engagement survey using a new thematic questionnaire. Consequently, we are no longer able to report on our performance against the CSPS thematic employee experience scores. In our 2024-25 Annual Plan, taking account of the key risks currently being faced by the organisation, we replaced this KPI with a new indicator and target on employee turnover. In this Annual Report and Accounts, we have therefore provided baseline data for 2022-23 and 2023-24 for the new strategic KPI.

# Performance analysis

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- 17 This section sets out a more detailed view of Audit Wales's performance in 2023-24. It provides:
- a commentary on the delivery of our audit work programmes;
  - b detail on progress made in the areas of focus set out in our [Annual Plan](#);
  - c case study examples of particularly impactful projects; and
  - d a summary of our use of resources in the reporting period, which serves as our Sustainability Report.

## Commentary on the delivery of our audit work programmes

- 18 Our core business is carrying out a broad programme of audit work to deliver the [Auditor General's statutory powers and duties](#).
- 19 Throughout 2023-24 we undertook local and national audit work across a broad range of public bodies.

## Key elements of our audit work



Providing an opinion on whether public sector accounts have been properly prepared and give a true and fair view of financial position



Considering whether public money is being used for approved purposes



Examining the economy, efficiency and effectiveness with which public bodies have used their resources (value for money)



Providing conclusions on whether public bodies have made proper arrangements for securing value for money in their exercise of functions



Considering whether public business is being conducted in a way that meets certain expectations and standards



Carrying out sustainable development principle examinations

## Local audit work

- 20 The biggest area of our local work involves auditing the accounts of over 800 public bodies across Wales. Our audit of accounts work provides the Senedd, audited bodies and the wider public with an ongoing independent and expert assessment of financial management and resilience across the public sector.
- 21 Through the COVID pandemic period, the timeliness of our delivery of this work deteriorated. It will take several years to bring our large programme of work back to pre-pandemic timescales, but we are determined to do so.

- 22 During the reporting period, our audits of NHS and central government bodies' 2022-23 accounts were largely completed in line with our delivery plan. However, continued resourcing challenges, alongside issues with the quality of some sets of accounts, impacted on the timeframe for delivery of our accounts work in local government.
- 23 During 2024-25, we aim to continue the progress made to bring forward the reporting deadlines for our audit of accounts work. Longer term, our target is that by the accounts audits of 2025-26 we will have returned to more traditional timescales for 15 June for the NHS sector and 30 September for the local government sector.
- 24 With the public purse strings so tight, it is also more important than ever to get value for money from every pound of public spending. During the year, we continued to shape our local performance audit work to address the evolving challenges faced by our audited bodies, and where relevant and practical to help discharge the Auditor General's sustainable development examination duties<sup>9</sup>.
- 25 This year, alongside our annual assurance, risk and structured assessments, our programme included:
- a work at NHS bodies on financial efficiencies and workforce planning;
  - b continuation of our work on unscheduled care across health and social care, looking at hospital discharge arrangements;
  - c work on the use of performance information and digital strategy in local government;
  - d commencing assessments of the financial sustainability of councils dealing with the cost-of-living crisis; and
  - e follow-up work to provide insight into specific governance challenges on board effectiveness at Betsi Cadwaladr University Health Board, and on planning arrangements at Wrexham County Borough Council.
- 26 However, delivery of some of our performance audit work, both locally and nationally, has also been affected by the legacy of the pandemic, staff turnover and absence, and our wider resourcing challenges. This has included some prioritisation of performance audit staff resources to support audit of accounts work. We are aiming to recover our backlog position over the next two years. For our local audit programmes, we want ultimately to move to a position where work is completed within three months of the end of the year to which the local audit plan relates.

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<sup>9</sup> Under the Well-being of Future Generations (Wales) Act 2015. Including examinations looking at the application of the sustainable development principle when setting well-being objectives or when taking steps to meet those objectives.

- 27 A comprehensive list of the public bodies that we audit, and the types of local audit work carried out at those bodies, is provided in our recently published [Annual Plan](#).

## National studies

- 28 The Auditor General's indicative [forward programme of national studies for 2023-2026](#) is focused around four main themes:
- a tackling inequality
  - b responding to the climate and nature emergency
  - c service resilience and access
  - d well-managed public services
- 29 Building in large part on that programme, the table below lists 16 national report outputs of various types that we delivered in 2023-24. Our Snapshot of the Year at the front of this Report features several of these outputs.

### National report outputs completed in 2023-24

<a href="#">Maximising EU Funding – the Structural Funds Programme and Rural Development Programme</a>	<a href="#">‘Cracks in the Foundations’ – Building safety in Wales</a>
<a href="#">Cwm Taf Morgannwg University Health Board – Quality Governance Arrangements Joint Review Follow-up</a>	<a href="#">NHS Wales finances data tool – up to March 2023</a>
<a href="#">Springing Forward: Lessons from our work on workforce and assets (in local government)</a>	<a href="#">Approaches to achieving net zero across the UK</a>
<a href="#">Income diversification for National Park Authorities in Wales</a>	<a href="#">NHS workforce – data briefing</a>
<a href="#">Covering teachers’ absence – follow up 2023</a>	<a href="#">Putting out the false alarms: Fire and Rescue Authorities’ responses to Unwanted Fire Signals</a>
<a href="#">Governance arrangements relating to an employment dispute at Amgueddfa Cymru</a>	<a href="#">Corporate Joint Committees – commentary on their progress</a>

<u>Sustainable development? – making best use of brownfield land and empty buildings</u>	<u>Board effectiveness follow-up – Betsi Cadwaladr University Health Board</u>
<u>From firefighting to future-proofing – the challenge for Welsh public services</u>	<u>Supporting Ukrainians in Wales</u>

- 30 Our Annual Plan for 2024-25 includes details about examinations and studies that were in progress as of 31 March 2024 and about new work that we plan to start in 2024-25.

## Supporting effective scrutiny

### Supporting the work of Senedd committees

- 31 During the reporting period, our work continued to play a key role in supporting the work of the Senedd Public Accounts and Public Administration Committee in its consideration of how resources are used in the discharge of public functions in Wales. The outputs from our work supported 18 formal meetings of the Committee. This included the Committee considering various report outputs completed during the reporting period. The Auditor General and our staff also provided further advice and support to the Committee as required, including the preparation of briefing material for Committee evidence sessions.
- 32 Our work can also inform the work of other Senedd committees. In 2023-24, we continued to engage with clerking teams to other Senedd committees to discuss relevant pieces of work and respond to relevant consultations. This included:
- a providing a submission to the Local Government and Housing Committee as part of its inquiry on local authority leisure and library services;
  - b giving evidence to the Equality and Social Justice Committee as part of its inquiry on fire and rescue services; and
  - c briefing the Health and Social Care Committee to support their scrutiny of Betsi Cadwaladr University Health Board.

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

- 33 Throughout the last year, we regularly attended meetings of the audit and scrutiny committees of public bodies in Wales to provide briefings and report on our work.
- 34 We also continued our regular briefings on audit-related matters to:
- a the NHS Audit Committee Chairs and Directors of Finance groups
  - b the local government Society of Welsh Treasurers Group
  - c the Central Government Audit Committee Chairs Group

## Supporting the public and their elected representatives

- 35 We regularly receive correspondence from the public, their elected representatives and others that raise potential concerns about the use of public money. During 2023-24, we received 122 items of correspondence and ensured that we responded to those concerns in a fair, proportionate, and professional manner.
- 36 The Auditor General is also a Prescribed Person for receiving whistleblowing disclosures about the proper conduct of public business, value for money, fraud and corruption in relation to the provision of public services. The Auditor General's Report on Disclosures of Information for 2023-24<sup>10</sup> is included as Appendix 1 to this Report.

## Good practice work

- 37 A key focus of our good practice work is to facilitate conversations between service providers where the learning from our audit work and from their comparative experiences is shared. Increasingly we are bringing the views and experiences of service users and global experts to these conversations.
- 38 Good Practice events, webinars, podcasts, and other outputs produced over the last 12 months have included:
- a A Wales of vibrant culture and thriving Welsh language – an event held in partnership with the Future Generations Commissioner and the Welsh Language Commissioner, exploring how public bodies are contributing to achieving the namesake well-being goal.
  - b Together we can – creating the conditions to empower our communities to thrive – a webinar exploring how public services are finding different and innovative ways of maintaining services and empowering the wider community, including those most in need.

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10 As required by The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017



- c [Integrity in the public sector](#) - a panel discussion on the importance of integrity in public sector organisations, featuring contributors from The Office of the Auditor General of New Zealand, ICAEW and CIPFA
- 39 All the material shared in 2023-24 can be accessed via the [Good Practice](#) section of our website.

### Audit quality

- 40 We carry out our work in accordance with International Standards on Auditing (UK) and other recognised standards.
- 41 Our latest [Audit Quality Report](#) summarises progress made in our audit quality arrangements and the outcomes from monitoring activity in 2023.
- 42 Developments of particular note in the reporting period included:
- a Embedding [INTOSAI professional standards](#) into our performance audit work.
  - b Improving our approach to identifying and responding to risks in our audit of accounts work, supported by a new audit software platform..
- 43 Our latest round of quality monitoring activity got underway in early 2024 and our next audit quality report will be published in Autumn 2024.

## Progress made in our areas of focus for business improvement

- 44 In our [Strategy for 2022 to 2027](#), we identified three areas of focus where we are prioritising actions to help Audit Wales achieve its overall vision.



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

- 45 In our [Annual Plan for 2023-24](#), we committed to take action across 16 key business planning priorities. The tables below provide detail on progress we have made against these priorities in the reporting period and are grouped by the strategic areas of focus to which the priorities relate. In the interests of streamlining and avoiding duplication, where detail on progress made is included elsewhere in this Report, signposting to the appropriate section is provided.



## A strategic, dynamic and high-quality audit programme

Priority	Progress made
<p>Embed a new ISA (UK) 315<sup>11</sup> compliant approach to our audit of accounts work, and INTOSAI standards in the delivery of our performance audit work.</p>	<p>As reported in our <a href="#">2023 Interim Report</a>, in the first half of the reporting period we completed training for staff on a new accounts audit approach and audit evidence platform. We subsequently applied the new approach to our programme of NHS, central government, and local government 2022-23 accounts audits.</p> <p>In the second half of the year, we undertook an internal review of the audits completed and provided the Executive Leadership Team with assurance on the system of quality management in place. We also engaged the Quality Assurance Department of the Institute of Chartered Accountants in England and Wales (ICAEW) to carry out a further independent quality review. The outcomes from both reviews are now helping to inform further development of our new audit approach, tools, and training.</p> <p>Similarly, an updated Performance Audit Development Manual was embedded in 2023-24, to support compliance with <a href="#">INTOSAI professional standards</a>, supported by a relevant programme of learning and development.</p>
<p>Deliver a more dynamic programme of high-quality audit work that reflects the challenges facing the public sector locally and nationally.</p>	<p>As detailed earlier in this report, in May 2023 we published our indicative <a href="#">forward programme of national studies for 2023-2026</a> focused around four main themes. This work programme was shaped by the feedback from stakeholder engagement and our <a href="#">Picture of Public Services</a> analysis. Building in large part on this programme, the table in the Commentary section of this Report lists 16 national report outputs of various types that we delivered in 2023-24.</p> <p>Our <a href="#">Annual Plan for 2024-25</a> includes details about further examinations and studies that were in progress as of 31 March 2024 and about new work that we plan to start in 2024-25. We are also in the final stages of publishing a summary of all audit work in progress on our refreshed website.</p>

11 This International Standard on Auditing (UK) (ISA) deals with the auditor's responsibility to identify and assess the risks of material misstatement in the financial statements.

Priority	Progress made
<p>Work with key stakeholders to identify, agree, and bring forward audit deadlines for our accounts work for 2023 and future years</p>	<p>Resourcing of our 2022-23 accounts audit programme has remained a priority throughout the reporting period and we have continued to explore ways to increase capacity to help get our accounts work back on track after the COVID pandemic period. This has included recruiting placement students and involving staff from across the organisation to support accounts audit work. We also undertook a successful overtime pilot which has now been adopted as an option when business needs justify.</p> <p>As a result of these initiatives, in 2023-24 we were able to deliver NHS and central government audit of accounts in line with agreed timetables but remain behind ideal timescales in audit delivery for local government. We recognise it will take several years to bring our large programme of work back to pre-pandemic timescales, but we are determined to do so. Consequently, bringing forward the reporting deadlines for our audit of accounts work features as a key priority in our <a href="#">Annual Plan for 2024-25</a>.</p>
<p>Embed our new Time Recording and Management (TRM) system so as to provide better management information, ensuring more efficient and effective use of staff skills and supporting more accurate income profiling.</p>	<p>A new TRM system was fully embedded in 2023-24 to support weekly timesheet reporting for audit staff. Our Finance Team and Audit Services Business Unit worked closely together in the latter stages of the year to review the end-to-end process to make further improvements and ensure the system includes functionality that fully meets user needs.</p> <p>On the whole, the new system has enabled more accurate and timely financial monitoring and has supported more reliable resourcing decisions, although there is still a significant amount of improvement work to be carried out.</p> <p>Our Head of Internal Audit plans to undertake a review of the implementation of the TRM system during 2024-25, as part of the broader internal audit programme.</p>



## A targeted and impactful approach to communications and influencing

Priority	Progress made
<p>Implement a new stakeholder engagement approach to gather independent feedback from our audited bodies.</p>	<p>Between February and May 2023, two significant pieces of independent stakeholder research were undertaken to gauge public awareness of Audit Wales and gather views on the perceived value and impact of our work.</p> <p>The findings from these exercises were reported in our <a href="#">Annual Report &amp; Accounts for 2022-23</a> and have subsequently been used to help shape our audit work programme and inform other projects such as the work on refreshing our website.</p> <p>This year we carried out a much shorter survey in March 2024 with a narrower audience to supplement that research and inform relevant KPIs reported elsewhere in this report. We intend to undertake the independent exercises again in early 2025.</p>
<p>Refresh our website</p>	<p>In February 2024, we launched a new look Audit Wales website. The new site is designed to strengthen the Audit Wales brand, provide a more user-friendly look and feel, and incorporate a host of new features to further enhance the accessibility of the site for all users.</p> <p>These new features include:</p> <ul style="list-style-type: none"> <li>• audit report pages with clearer summaries of the report content, download buttons and social sharing options.</li> <li>• a homepage featuring a selection of work in progress – this will be further developed into a real time view of our complete forward work programme in 2024-25.</li> <li>• improved accessibility features, including menu layouts and search functions.</li> </ul> <p>This project was delivered by an in-house team, at pace and under budget.</p>

Priority	Progress made
<p>Deliver a refreshed, rolling programme of good practice sharing, which is aligned to our audit programme and planned in from the outset.</p>	<p>Alongside our published <a href="#">indicative programme of national studies for 2023-2026</a>, a provisional programme of good practice events for 2023-24 was published early in the year on our website.</p> <p>Over the course of the reporting period, our good practice team then worked closely alongside audit teams to identify good practice as it emerged, tailoring the programme accordingly and deciding the best mechanisms and channels through which to share that insight.</p> <p>A description of some of the main good practice events, webinars, podcasts, and other outputs produced over the last 12 months is provided in the Commentary on delivery of our audit programmes section of this Report.</p> <p>All the material shared in 2023-24 can be accessed via the <a href="#">Good Practice</a> section of our website.</p>
<p>Improve our internal communication arrangements including frequent ELT engagement sessions, sharing stories focused on the quality, impact, and interactions we have through our work, and refreshing communication channels including our intranet.</p>	<p>During the reporting period, our Executive Leadership Team (ELT) and Board delivered a series of new roadshows, covering a range of issues including the development of our Annual Plan priorities for 2024-25, and getting back on track with our audit programmes. The sessions also enabled staff to ask questions and raise any views or concerns with senior leaders from across the organisation.</p> <p>After initially running Spring and Autumn 2023 sessions so that they were targeted at individual teams, in response to staff feedback the subsequent Spring 2024 roadshow comprised open sessions to allow a broader mix of attendees at any one time from different parts of the organisation.</p> <p>In 2023-24, senior leadership also took a different approach to communicating all-staff messages. Rather than posting messages and blogs directly to the intranet home page, all-staff emails covering a range of key topics were issued at least monthly, with additional content available on a dedicated ELT section of the intranet site.</p> <p>In early April 2024, we held the first in-person all-staff Audit Wales event since 2019, bringing everyone together to set the scene for the Auditor General's priorities for the remaining two years of his term in the role.</p>



## A culture and operating model that enables us to thrive

Priority	Progress made
<p>Scope our Financial Sustainability Review and begin to implement changes necessary to live within our means in 2023-24 and future years, demonstrating our own commitment to value for money.</p>	<p>Detail on progress made against this priority is provided in the Summary of our use of resources in the reporting period (Delivering sound financial management and efficiencies) section of this Report.</p>
<p>Develop our approach to integrated performance management.</p>	<p>We took initial steps in the latter stages of 2023-24 to further improve our reporting on organisational performance to ELT, the Board, and its committees. A more integrated and interactive performance management dashboard is being developed, to better inform corporate decision making.</p> <p>This work will continue through 2024-25, with particular emphasis on providing a more comprehensive performance picture all in one place on audit delivery, finances, strategic risks, key performance indicators, people metrics and longer-term priorities for business improvement.</p>
<p>Address falling performance on engagement and employee experience.</p>	<p>To increase transparency the integrated performance report that goes to each Board meeting is also now made available for all staff to view on our intranet.</p> <p>Detail on progress made against this priority is provided in the Summary of our use of resources in the reporting period (Ensuring effective staff engagement) section of this Report.</p>

Priority	Progress made
<p>Enhance the capacity and capability of our workforce through implementation of the People &amp; Organisation Development Plan and the Strategic Equality Plan.</p>	<p>In July 2023, the Board approved a review of our People and Organisation Development Strategy, with the aim of aligning it to the remaining timeframe of our <u>overarching five-year corporate strategy</u>.</p> <p>In addition, over the reporting period we have:</p> <ul style="list-style-type: none"> <li>• Achieved a ‘Top 10 Employer’ accreditation in the <u>Working Families list 2023</u>, recognising our support for staff in their experiences of work and family life.</li> <li>• Delivered a People Manager Development programme to all current managers within the organisation.</li> <li>• Implemented a new on-line onboarding module to improve the efficiency of the process and experience for new starters.</li> <li>• Undertaken a knowledge, skills and experience survey across our Audit Services staff to inform our workforce development plan.</li> <li>• Completed a recruiting manager training programme with a first cohort of 15 managers.</li> <li>• Launched an Aspiring Leadership Programme being run jointly with Audit Scotland.</li> </ul>
<p>Embed net zero ambitions through ways of working, travel plan and estates development</p>	<p>Detail on progress made against this priority is provided in the Summary of our use of resources in the reporting period (Minimising our environmental impact) section of this Report.</p>
<p>See a return to regular in-person working, as part of a hybrid working model, for all teams in Audit Wales to enhance productivity, quality, and organisational culture.</p>	<p>In 2023-24, we continued to see a post-COVID shift towards a more balanced approach to hybrid working, with increased use of offices for team working and collaboration and a continued return to working at audit client premises.</p> <p>However, to ensure a fully productive, collaborative, and engaging environment for the delivery of high-quality work, we have made a commitment in our <u>Annual Plan for 2024-25</u> to undertake further work in the coming 12-months to encourage greater in-person working within our hybrid working model.</p>

Priority	Progress made
<p>Deliver and realise benefits of the Wellbeing Strategy</p>	<p>Our first Wellbeing Strategy and Action Plan for Audit Wales was launched in September 2022. During the reporting period we undertook a review of the original strategy, informed by feedback from staff on their experiences. The feedback was generally positive in relation to current provision for supporting staff well-being, and some useful suggestions were put forward for further enhancements.</p> <p>Over the reporting period we have:</p> <ul style="list-style-type: none"> <li>• placed greater emphasis on managing the well-being of individuals within our People Manager Development Programme.</li> <li>• introduced a monthly communication pack from our team of Well-being champions to ensure consistent messaging is given to all colleagues.</li> <li>• incorporated a range of well-being focused activities and events into our learning and development calendar, which is accessible to all staff.</li> <li>• supported Time to Talk Day and Mental Health Day, providing a platform to encourage talking about mental health and raise awareness of our dedicated well-being intranet pages and group of mental health first aiders.</li> <li>• appointed a new Employee Assistance Programme provider and promoted details of the services available to staff.</li> <li>• expanded our induction process for new starters to include meeting a well-being champion.</li> </ul>
<p>Embed effective ways of working in the new Cardiff office that support productivity, quality, and collaborative organisational culture, and utilise learning across all Audit Wales offices.</p>	<p>Following the <u>move to our new Cardiff offices in March 2023</u>, in early 2023-24 all staff were invited to participate in a follow-up survey to evaluate how well teams and individuals were settling in and to identify any areas of concern.</p> <p>The learning from this exercise was subsequently combined with engagement with affected staff to inform a successful relocation of our North Wales office from Abergele to smaller premises at the Welsh Government's office in Llandudno Junction in September 2023.</p> <p>The lessons learned from both office moves are helping inform our current work on exploring options for our third main office in West Wales.</p>



## Case study examples of impactful projects

- 46 In this section, we provide case study examples of the work we delivered during 2023-24 and the impact that work has had. Our case study examples are grouped together by their alignment with the areas of focus in our five-year strategy.



### A strategic, dynamic and high-quality audit programme

#### Case study 1: Governance failings at Amgueddfa Cymru

Our 2021-22 audit work at Amgueddfa Cymru uncovered significant failings in governance arrangements. During that audit, we were provided with insufficient audit evidence to demonstrate that the decision-making process supporting payments made to the former Director General under the terms of a settlement agreement complied with charity law. We were also unable to confirm that the payments made and disclosed in the Amgueddfa Cymru's Annual Accounts conformed with the framework of authorities governing them. For these reasons, on 29 September 2023, the Auditor General qualified his 'regularity' audit opinion on Amgueddfa Cymru's Consolidated Accounts for 2021-22.

The [findings from our work were published in a report in the public interest dated November 2023](#) in which the Auditor General highlighted three areas for the public's attention:

- the terms of the settlement agreement for the former Director General were significant and, in the Auditor General's view, novel, contentious and repercussive. Amgueddfa Cymru has not been able to demonstrate that it has acted in its best interests as a charity or that the settlement represents value for public money.
- it is unclear whether the Welsh Government applied all relevant procedures for its own consideration and approval of the agreement.
- the overall potential cost of the proposed settlement with the former Director General, the ill-health retirement of the former Chief Operating Officer, and the resulting legal and advisory fees exceeded £750,000. Some or all of these costs could have been avoided.

#### Case study 2: Governance arrangements at Wrexham Council

Our ongoing work at Wrexham County Borough Council identified potential inadequacies in the governance arrangements for the Council's planning service, alongside concerns with the values and behaviours adopted in public meetings to consider the Council's Mayor and its Local Development Plan.

On learning of these issues our audit staff responded swiftly, drawing together a team from across the organisation with the skills and experience necessary to review this developing issue and report promptly. The team conducted interviews with the Council's senior officers and Members, assessed meetings of key Committees, and reviewed key documents – all within a short period of time to maximise the impact of the work and draw conclusions quickly.

Our audit identified that delays in adopting key strategic documents had created significant risks for the Council. This had affected the operation of the planning service, with relations between some officers and Members becoming fractured. Ultimately, the Council's planning service was hindered in fulfilling its role as a key enabler of development activity. We raised three key recommendations for the Council to consider.

Our report attracted significant interest, with the matter being discussed across the Council and raised during First Minister's Questions at the Senedd. It has also been reported on widely by written and online media.

The Council has collated an action plan to respond to the recommendations raised in our report. Despite this report being issued during a period of tension, we have maintained strong working relations with the Council which will allow us to monitor the Council's response.

### **Case study 3: Tackling orthopaedic waiting lists**

Our programme of NHS performance audit work continues to have a strong focus on the progress NHS bodies are making in tackling waiting lists that had grown significantly during the pandemic. We see this as an important topic to examine because of the challenge it presents to NHS bodies as well as the impact on individual patients who face long waits for treatment.

To complement our national report 'Orthopaedic Services in Wales – Tackling the Waiting List Backlog', in 2023-24 we produced a separate report for each health board providing additional analysis on the orthopaedic waiting list position for their organisation. These reports presented a range of comparative data that highlighted the specific challenges for each health board, including predictions of when orthopaedic waiting lists in each health board will return to pre-pandemic levels.

The local reports also included prompts and questions for board members to help focus discussion and seek assurance that improvement actions were having the desired effect. Our local reports, alongside our national commentary, have complemented the work undertaken by the Getting It Right First Time national programme and helped ensure targeted scrutiny on tackling orthopaedic waiting lists within health boards during 2023-24.

## Case Study 4: Supporting Ukrainians in Wales

By early October 2023, following Russia's invasion of Ukraine in February 2022, 7,100<sup>12</sup> Ukrainians had come to the UK to join private hosts in Wales (3,900) or through the Welsh Government's super sponsor scheme (3,200). Our report focused on the super sponsor scheme, but we also worked closely with colleagues at the National Audit Office who were examining the overall UK Government Homes for Ukraine Scheme.

Our report is broadly positive about how the Welsh Government worked with other public and third sector partners to welcome, accommodate and support Ukrainians arriving and staying in Wales. It recognises the broader context of a fluid international crisis and already stretched public services. That said, there are important lessons to learn, for example around early estimates of numbers of arrivals and likely costs.

We wanted to hear the voices of Ukrainians themselves. We produced an open call for evidence in Ukrainian and Russian. We are very grateful to the voluntary sector bodies who shared this with Ukrainians they support.

While not necessarily representative of all Ukrainians' experiences, we used these voices to triangulate our findings and reinforce messages in our report. Some were very positive about the welcome they received from communities and the support on offer. Some reported less positive experiences, especially around accessing healthcare and moving on from their initial accommodation. We also published a summary of our findings and our recommendations in Ukrainian and Russian.



## A targeted and impactful approach to communications and influencing

### Case study 5: Local council financial management and governance – sharing the learning

In recent years, Audit Wales has drawn attention to systemic weaknesses in financial management and governance across community and town councils (local councils) in Wales. Local councils are relatively small bodies and are often served by a single paid officer – the clerk. In many cases, the clerks do not have recognised professional qualifications and must navigate for themselves a wide range of responsibilities. The sector's representative bodies (One Voice Wales and the Society of Local Council Clerks (SLCC)) assist them in this, and Audit Wales works closely with the representative bodies to share lessons learned from our audit work.

12 Figures rounded to the nearest 100.

Our national reports on Financial Management and Governance summarise common issues identified by our audit work including issues covered in the Auditor General's public interest reports. Audit Wales staff attend One Voice Wales and SLCC conferences and local committee meetings to present our findings in more detail. We explain how issues have arisen and the steps clerks and councillors can take to reduce the risk of similar issues arising at their councils.

We also supported One Voice Wales, the SLCC and Welsh Government in developing the [Finance and Governance Toolkit for Community and Town Councils](#), providing commentary from an audit perspective of the challenges facing councils seeking to improve their governance arrangements.

### **Case study 6: Using follow-up work to track improvements and demonstrate impact from our NHS work**

In recent years, our performance audit work has shone a light on significant governance failures in some health boards. Our 2019 [Review of Quality Governance at Cwm Taf Morgannwg](#), undertaken jointly with Healthcare Inspectorate Wales, pointed to serious failures in the arrangements the Health Board had in place to know whether its services were safe and of good quality.

More recently, our 2023 report in the public interest at Betsi Cadwaladr University Health Board highlighted a breakdown in working relationships within the board and executive team that was leading to dysfunctional organisational leadership and fundamentally compromising the board's ability to tackle the challenges the organisation was facing.

Following the publication of both these reviews, we undertook targeted, thorough and early follow up work to assess the extent to which the concerns we identified were being tackled. That [follow up work](#) has been able to point to notable improvements in response to the issues we identified and the recommendations we made.

Whilst the prime responsibility for securing those improvements rests with the organisations themselves, our follow up work has been able to provide assurances to a wider audience that the right actions in response to our findings have, and are, being taken. It has also helped demonstrate the value and impact of the original work in uncovering the governance failures, and highlighting what needs to be done to address the concerns.



## A culture and operating model that enables us to thrive

### **Case study 7: Launching a new digital accounts audit platform to support audit quality**

For our audit work to be of the highest standards of quality, it must focus in the right areas - be efficient, modern and cost-effective, and make the most of emerging technologies.

As part of that ambition, in 2023 we launched a new, bespoke, digital platform to support our 2022-23 audit of accounts work. The platform guides audit teams in carrying out their work, securely stores audit evidence, and allows for supervision and review of that work.

The platform was constructed around the needs of our audit teams and designed to support our audit quality requirements. It replaced an off-the shelf package, which was at the end of its life and had limited ability to be further customised.

Our new platform has been built using configurable and affordable Microsoft 365 industry-standard technology. This approach allows us to incrementally build new digital functionality around the platform in response to our evolving audit needs. The platform is also part of a developing suite of tools and products which include data analytics apps, that can analyse and visualise large volumes of data, and a secure portal that allows our audited bodies to share evidence with us and respond to audit queries effectively.

Our ongoing investment in these innovative audit technologies will enable us to better achieve audit quality and supports our drive to become more efficient and achieve greater insight from existing information.

### **Case study 8: Improving our internal communications**

In early 2023-24 we launched 'Prosiect Hwb' with a dual purpose to review our internal digital platforms while building service design capability in the organisation.

The initial focus was to look at the effectiveness of our internal communications channels following feedback from staff that the overall arrangements felt fragmented and disorganised, and that key messages were becoming diluted by the day-to-day clutter of constant email, instant messaging and the growth of digital channels being used.

Our communications team approached the challenge using core service design principles, with an objective to build a solution around the needs of the users and to involve them throughout the process.

The solution – a new Audit Wales intranet designed in-house using the Sharepoint platform – was delivered at pace and under budget while bringing significant business benefits. These included:

- improved productivity through a new information architecture, enhanced search functionality and quick access to frequent tasks.
- improved employee engagement by unifying our communications through a single platform.

Feedback from staff has been positive, while the project team have been able to apply their service design experience to other key organisational projects, ensuring the needs of users remain at the forefront of future developments.



**Clean, uncluttered with  
a good layout and user  
experience.**

## Summary of our use of resources in the reporting period

- 47 We are fully committed to embedding the sustainable development principle<sup>13</sup> in the way we run our business, and in the way we resource our audit work. In this section we provide some high-level commentary on how we managed our use of resources during 2023-24.
- 48 While neither the Auditor General nor the Wales Audit Office are listed public bodies for the purposes of the Well-being of Future Generations (Wales) Act 2015, we nonetheless seek to maximise our contribution to achieving the Welsh well-being goals.

### Delivering sound financial management and efficiencies

- 49 The key priorities for our use of resources in 2023-24 were laid out in an Estimate and Supporting Information, which was considered and approved by the Senedd Finance Committee in November 2022.
- 50 Approximately two-thirds of our funding in 2023-24 came from fees charged to audited bodies in accordance with a Scheme of fees approved by the Senedd. Most of the remainder comprised approved financing from the Welsh Consolidated Fund, our use of which was subject to scrutiny from the Board at regular intervals during the year.
- 51 In line with our strategic vision to be a model organisation, we continue to explore areas for savings and efficiencies across Audit Wales. In 2023-24 we exceeded our savings target for the year delivering savings of almost £1.8 million as compared to the £1.5 million anticipated in the Estimate.
- 52 Our net revenue underspend for the year of £269,000 represented 1.1% of our gross expenditure budget –within our KPI target of a 2% variance.
- 53 We saw a significant increase in the value of deferred income and trade receivables on our balance sheet linked to the backlog of audit work. We would expect these balances to reduce during 2024-25 as the backlog is addressed.
- 54 We have delivered the savings on Travel Allowance anticipated in our Supplementary Estimate for 2021-22. Together with other savings on travel and subsistence our total expenditure on staff travel has reduced by over £700,000 since 2019-20.
- 55 We are also delivering annually recurring savings from our office moves in both Cardiff and North Wales and in 2024-25 will be reviewing our West Wales office provision.

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13 Defined in the Well-being of Future Generations (Wales) Act 2015 as acting 'in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'.

- 56 Our Financial Sustainability Review group identified on-going savings on non-pay budgets of over £250,000 in 2023-24 and has a remit to identify additional savings for 2024-25 and future years to ensure that Audit Wales remains financially sustainable in the future.
- 57 We invested £254,000 of capital funding in the following areas:
- a £104,000 in new IT equipment to allow our staff to work as efficiently as possible both remotely and in the office.
  - b £86,000 in improvements to our management information systems.
  - c £42,000 for our North Wales office move and improvements to our offices in Cardiff and Swansea.
  - d £22,000 for improvements to our website

### Ensuring effective staff engagement

- 58 During the year we used a variety of media and communications channels to engage with our employees, providing essential updates and information on accessing resources and support, and gathering feedback on their experiences.
- 59 Each year, all staff are required to complete an annual independence return, through which they agree to abide by the requirements of our Code of Conduct, [Code of Audit Practice](#) and Information Security Policy. As part of this process, attention is drawn to a range of relevant documents, including our Money Laundering Guidance and Counter Fraud, Bribery and Corruption Strategy.
- 60 In November 2023, we ran an all-staff engagement survey to keep our finger on the pulse of the employee experience and identify where we need to improve. After several years of basing our survey on the core questionnaire used in the Civil Service People Survey (CSPS), we applied a fresh approach in 2023, while retaining our ability to benchmark ourselves against the CSPS engagement index.
- 61 82% of staff completed the new questionnaire, which covered a range of themes, from the leadership and culture of the organisation through to how individual teams function. We were pleased to see our overall engagement index score rise from 60% to 64%, the same value as the [CSPS benchmark](#).
- 62 Generally, staff reported that they are able to strike a good work-life balance, have the tools to get on with their job effectively, have clear work objectives and are motivated by their manager. When compared to our results in previous years, staff perceptions on Audit Wales's provision of learning and development opportunities had also improved.



- 63 However, our survey results were not as strong in the following areas, which continue to inform our future planning priorities:
- a embedding confidence in senior leadership and the strategic vision
  - b resource allocation and management
  - c recognition and performance management.

### **Promoting health and well-being**

- 64 We encourage a healthy lifestyle and a good work-life balance amongst our staff. We also want our staff to feel valued and fully supported when they are experiencing difficulties, irrespective of whether there is an impact on their ability to undertake their role.
- 65 Our comprehensive well-being and attendance management policies and guidance ensure any staff health and well-being issues are proactively and sensitively identified and managed. More information on our sickness absence data for the reporting period is provided in the Staff Report section.
- 66 Throughout 2023-24, our network of well-being champions and a 24/7 employee assistance programme provided staff with access to confidential advice and emotional support on a range of matters. We also delivered a series of initiatives to promote health and well-being at work. Further detail is provided in the Areas of focus for business improvement section of this Report.

### **Valuing equality, diversity and inclusion**

- 67 The Auditor General is in a strong position to identify opportunities for helping to promote equality and inclusion in the delivery of public services. In reporting on public bodies, he is able to encourage beneficial changes.
- 68 The Wales Audit Office is committed to providing a work environment that values the diversity of all people, both our own staff and those with whom we come into contact during our work. We fully support the rights of people to be treated with dignity and respect.
- 69 At Audit Wales, we are required to follow the framework of protection against discrimination, harassment and victimisation and the public sector equality duties brought in by the Equality Act 2010. We are also mindful of the need to reduce the inequalities of outcome that result from socio-economic disadvantage and have a responsibility to uphold the conventions set out in the Human Rights Act 1998.
- 70 Our Strategic Equality Plan for 2022-2026 sets out our current equality objectives, which were developed following public consultation. Throughout 2023-24, a range of activities were carried out in support of achieving these objectives.

- 71 Our latest [Equality Report](#) summarises progress made towards delivering our equality objectives in 2022-23 and is accompanied by an interactive data tool presenting our workforce diversity and pay gaps data. Our progress report for 2023-24 will be published later in 2024.

### Promoting use of the Welsh language

- 72 We take pride in providing a bilingual audit service and are committed to implementing and maintaining the Welsh Language Standards, which we see as a baseline level of a bilingual service, not a target. Our public documents are available in both Welsh and English, we have a fully bilingual website, and throughout 2023-24 we communicated with the public, audited bodies, and the media in both languages.
- 73 During 2023-24 we ran several initiatives to promote the Welsh language both internally and with partners. In May 2023, we hosted an event in partnership with the Future Generations Commissioner and the Welsh Language Commissioner, exploring how public bodies are contributing to achieving the '[A Wales of vibrant culture and thriving Welsh language](#)' well-being goal. Internally, we promoted Diwrnod Shwmae Su'mae and in December 2023 participated in the Welsh Language Commissioner's [Defnyddia dy Gymraeg \(Use your Welsh\)](#) campaign.
- 74 Our [Compliance Notices](#) can be found on our website and in October 2023 we published our latest annual [Welsh Language Report](#).

### Supporting community and charity work

- 75 We recognise the benefits that community and charity work by staff can bring to the wider community and applaud our staff for their individual efforts. Staff can apply the skills they have developed in the workplace and can develop new skills, whilst improving their morale, physical health and work-life balance.
- 76 Subject to operational requirements, we support employees who wish to undertake community or charity activities such as community care work, participating in conservation projects and the administration of public events.
- 77 Over the course of the reporting period our staff held several fundraising and donation events, including cake sales and our annual carol concert supporting adults with learning difficulties.

### Minimising our environmental impact

- 78 Audit Wales recognises the need to minimise our impact on the environment and play our part in addressing the threat of climate change and the threats posed to wildlife and natural habitats by human activities.

- 79 In 2023-24, we maintained our accreditation at Level 5 (the highest level) of the [Green Dragon Environmental Standard](#), demonstrating our ongoing commitment to effective environmental management. The most recent Green Dragon external audit was completed in June 2023.
- 80 We have published an [interactive data tool](#) which allows the reader to explore how we have performed over the last few years against our environmental sustainability measures on greenhouse gas emissions, finite resource consumption, and waste management. The preparation of this tool has been informed by the latest HM Treasury [guidance for public bodies on sustainability reporting](#) and the [Welsh public sector net zero reporting guide](#).
- 81 Throughout the reporting period, with input from an internal Carbon Reduction Working Group and external networking, we continued our planning work for how we will contribute to achieving [Wales's longer-term net zero carbon goals](#). This included refining our reporting processes, publishing a new Sustainable Travel Plan, and developing an overarching Carbon Reduction Plan.
- 82 In addition, we are committed to seeking to maintain and enhance biodiversity so far as is consistent with our functions. In August 2023, we published a [Biodiversity and Resilience of Ecosystems Plan for the period 2023-2027](#), which sets out four specific objectives to help us better perform the Biodiversity and Resilience of Ecosystems Duty over the next three years.
- 83 The sections below provide more detail on progress we have made over the last year in reducing our environmental impact in key areas.

### **Business travel**

- 84 Audit Wales operates a hybrid working model where staff are encouraged to:
- a make informed decisions about where they work, choosing the most suitable work environment to deliver successful outcomes, putting team and delivery needs first; and
  - b balance the benefits of collaboration in the office with the flexibility of working from home.

- 85 This adoption of smarter and more flexible ways of working, supported by our IT and digital platforms, reduces the need for staff to travel and our overall environmental footprint.
- 86 However, some business travel remains essential for us to effectively perform our audit and other functions. Our Travel and Expenses Handbook is based on a set of sustainable travel principles to inform business travel-related decision making. In October 2023, we published a new Sustainable Travel Plan to help reduce the environmental and financial impacts of business travel and commuting and encourage greater levels of physical activity for health and wellbeing benefits.
- 87 Throughout the reporting period, all staff were offered participation in a cycle-to-work scheme and a salary sacrifice lease scheme to encourage take-up of electric and hybrid vehicles, alongside being signposted to other incentives and resources to promote active travel.
- 88 In order to report more accurately on our carbon footprint and consider the future actions we need to take, in February 2024 we ran our second annual survey to gather additional information on current staff travel patterns, needs and preferences.

## Our sustainable business travel principles



Alternatives to travel such as a video call should be considered before agreeing to meet in person



The minimum number of employees needed should travel



Public transport should be used where possible



We encourage car sharing where public transport is not a viable option



Individuals should seek the most sustainable option possible, weighing up all relevant considerations such as health and safety, well-being and value for money

## Estate

- 89 In March 2023 we relocated our Cardiff headquarters to smaller, more modern premises with significantly improved environmental performance and close proximity to two main train stations and traffic-free cycle and walking routes. The office includes EV charge points, showers and changing space to support more sustainable travel and commuting choices.
- 90 In September 2023 we subsequently relocated our North Wales office into smaller shared premises, also with an improved environmental footprint and facilities, and proximity to the main train station and EV chargers. During 2023-24, we also commenced a review of options for our remaining West Wales office.

- 91 The immediate impact of these moves can be seen through a 46% reduction in carbon emissions attributed to energy use across our estate compared to 2022-23. In both estate relocations, we also opted to reuse all our surplus furniture and equipment rather than entering it into the waste stream. Items were donated to over 15 charity, community-run and public sector organisations supporting the local community.
- 92 In April 2024, the Welsh Government introduced new regulations requiring all workplaces to separate recyclable materials. In preparation for the implementation of the new regulations, in March 2024 new recycling bins were located in our offices to capture the required separate waste streams and further improve our processes for collecting and separating waste.
- 93 Throughout the reporting period, we have proactively used reuse schemes to reduce our consumption of finite resources and the proportion of our waste sent to landfill. Our use of consumer single use plastics is also very low, and for many deliveries in 2023-24 we opted out of packaging altogether.
- 94 All our staff use laptops and smart phones which reduce the need for the printing of meeting papers.

## Procurement

- 95 Throughout the reporting period, our procurement activities have followed a hierarchy that prioritises avoidance, reuse, refurbishment, and recycling before purchasing new. This includes applying the approach to our office move projects and as part of a 'circular economy' approach for purchase of supplies and equipment. Where purchase is the viable option, our preferred route of sustainable procurement is via Welsh and UK Government frameworks that follow the Government Buying Standards.
- 96 Specifically in relation to our procurement of IT equipment, we prioritise energy efficiency and device reuse, alongside user needs.



# Accountability Report

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

A handwritten signature in black ink, reading "Adrian Crompton".

**Adrian Crompton**  
Auditor General for Wales and Accounting Officer

5 August 2024

# 02

# Corporate governance report

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## Directors' report

### Our Board



**Adrian Crompton**

Auditor General for Wales



**Alison Gerrard**

Non-executive member



**Anne Beegan**

Elected employee member



**Chris Bolton**

Elected employee member



**Darren Griffiths**

Appointed employee member



**David Francis**

Non-executive member



**Ian Rees**

Non-executive Chair of the Board



**Mike Norman**

Non-executive member



**Richard Thurston**

Non-executive member



## Our Executive Leadership Team



**Adrian Crompton**  
Auditor General for  
Wales and Chief  
Executive



**Anne-Louise Clark**  
Executive Director  
of Communications  
and Change



**Ann-Marie Harkin**  
Executive Director of  
Audit Services



**Kevin Thomas**  
Executive Director of  
Corporate Services

97 The exhibits in this section show the composition of the Board and Executive Leadership Team (ELT) as of 12 June 2024. For the full list of individuals that have been members of the Board and its committees over the course of 2023-24, please see the Attendance Table in the Governance Statement.

## Register of interests

98 Members of the Board and ELT must provide details of any company directorships and other significant interests which may conflict with their responsibilities and present risks to the Auditor General's independence. Registers of interests for individual members of the Board and ELT can be accessed via the 'Read More' links on the [Who's who page](#) of our website.

## **Auditor of the Wales Audit Office**

- 99 RSM UK Audit LLP have been appointed as the external auditor of the Wales Audit Office by the Senedd Finance Committee since 1 March 2015, most recently for a period of 48 months commencing 1 November 2022.
- 100 In addition to their work to form an opinion on the financial statements and regularity, the auditor may carry out examinations into the economy, efficiency, and effectiveness with which the Auditor General or Wales Audit Office has used resources in discharging their functions and lay a report of the results of any such examinations before the Senedd.
- 101 Details of the cost of external audit services are disclosed in the Notes to the financial statements.

## Statement of Accounting Officer's responsibilities

- 102 Under the Public Audit (Wales) Act 2013, the Auditor General for Wales is the Accounting Officer for the Wales Audit Office and must, for each financial year:
- a keep proper accounts and proper records in relation to them; and
  - b prepare a statement of accounts.
- 103 The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Wales Audit Office and of its income and expenditure, Statement of Financial Position, and cash flows for the financial year.
- 104 In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual, and in particular to:
- a observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - b make judgements and estimates on a reasonable basis;
  - c state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts; and
  - d prepare the accounts on a going concern basis.
- 105 The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Wales Audit Office's assets, are set out in Managing Welsh Public Money. Additional responsibilities are described in the Memorandum for the Accounting Officer of the Wales Audit Office, issued by the Senedd.
- 106 As Accounting Officer, I confirm that:
- a this Annual Report and Accounts as a whole is fair, balanced and understandable and I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.
  - b I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Wales Audit Office's auditors are aware of that information.
  - c as far as I am aware, there is no relevant audit information of which the Wales Audit Office's auditors are unaware.

## Governance Statement

- 107 This statement sets out the control structure of the Wales Audit Office and provides an account of corporate governance and risk management. The systems and framework in this statement have been in place for the year under review and up to the date of approval of the annual report and accounts.
- 108 As Accounting Officer of the Wales Audit Office, I must seek to ensure that:
- a a sound system of internal control is maintained in the Wales Audit Office, including a robust internal audit process, to support the proper exercise of statutory functions; and
  - b the Wales Audit Office's management of opportunities and risk achieves the right balance commensurate with the business of the Auditor General and Wales Audit Office.

## Corporate governance

### The governance framework

- 109 The governance framework of the Wales Audit Office, including information on the coverage of the Board's work and that of its committees, is summarised in the exhibit overleaf.
- 110 Our Board of nine members comprises a majority of five non-executive members (including the Chair), the Auditor General, an employee member appointed on the Auditor General's recommendation and two elected employee members. The Board meets formally at least six times a year.
- 111 There is a Senior Independent Director whose responsibilities include: deputising for the Chair when they are unable to act; appraising the performance of the Chair; receiving disclosures from whistle-blowers outside the normal line management chain; and overseeing the election of employee members to the Board.
- 112 The relationship between the Wales Audit Office and the Auditor General is governed by a Code of Practice which is approved by the Senedd and reviewed periodically.
- 113 The Board has established two committees which operate in an advisory capacity:
- a the Audit and Risk Assurance Committee comprises two non-executive Board members, an elected employee Board member and an independent external member.
  - b the Remuneration and HR Committee comprises three non-executive members of the Board and an elected employee Board member.
- 114 The employee Board members are not members of the Executive Leadership Team nor involved in senior-level decision-making other than in a Board capacity. The Board is satisfied that there are no conflicts of interest in their committee membership and that, where conflicts arise, they are managed and mitigated effectively.

### Finance Committee of the Senedd

Scrutinises the Wales Audit Office’s use of resources, recommends the appointment of the Auditor General and non-executive members of the Wales Audit Office, and is responsible for the appointment of the Wales Audit Office’s external auditor.



### Wales Audit Office Board

Monitors the exercise of the Auditor General’s functions.  
 Provides the Auditor General with advice.  
 Employs staff and provides resources for the exercise of the Auditor General’s functions.  
 Charges fees for work done by the Auditor General.  
 Prepares jointly with the Auditor General an estimate of income and expenses, fee scheme, annual plan, interim report(s) and an annual report.



### Remuneration and HR Committee

Advises the Board by scrutinising and challenging three broad areas of human resources management and development:

- a governance;
- b performance; and
- c policy and remuneration.



### Audit and Risk Assurance Committee

Advises the Board by:

- a reviewing the comprehensiveness and reliability of sources of corporate assurance;
- b reviewing the integrity of the annual report and accounts; and
- c providing an opinion on how well the Board and the Accounting Officer are supported in discharging their respective roles.



### Executive Leadership Team

Directs and oversees implementation of the strategic objectives and programmes of work described in the Audit Wales Annual Plan.  
 Acts as a change management programme board, setting the programme’s direction and providing resources for its implementation.



- 115 I chair an Executive Leadership Team (ELT) to direct, oversee and monitor the implementation of the priorities set out in our Annual Plan. It meets at least once a month and comprises myself and three Executive Directors. Members of a Staff Panel also attend ELT meetings on a rotational basis to bring an employee perspective to the discussions.
- 116 The Board and its committees are supported by a Board Secretary. The Board has a forward programme of business that helps inform agendas and is designed to ensure that business is conducted as efficiently and effectively as possible.
- 117 Further information on membership of the Board and ELT can be found in the Directors' Report.

## Attendance at Board and Committee meetings 2023-24

Table showing the number of Board and committee meetings held in 2023-24 and attendance by members (and attendance by members of the ELT who are not Board members).

	Board	ARAC	RHRC	ELT
Number of meetings held	6	4	5	28
<b>Members of the Board and its committees</b>				
Adam Marshall <sup>14</sup>	2		2	
Adrian Crompton <sup>15</sup>	6	4	5	25
Alison Gerrard, Chair of the Remuneration and HR Committee (RHRC)	6		5	
Andrew Clark, Independent Member of the Audit and Risk Assurance Committee (ARAC) <sup>16</sup>	1	4		
Anne Beegan	6	4		
Chris Bolton <sup>17</sup>	3	1	1	
Darren Griffiths <sup>18</sup>	5		2	
David Francis, Senior Independent Director	6	4		
Elinor Gwynn	6		5	
Dr Ian Rees, former Chair of ARAC	6	4		
Dr Kathryn Chamberlain, former Chair of the Board <sup>19</sup>	6	2	5	

14 Adam Marshall resigned from his position of elected employee member of the Board on 31 August 2023.

15 Adrian Crompton attended ARAC and RHRC meetings in his capacity as Chief Executive and Accounting Officer.

16 Andrew Clark attended one Board meeting as an observer.

17 Chris Bolton was appointed as an elected employee member of the Board on 18 October 2023. He attended one ARAC meeting and one RHRC meeting as an observer.

18 Following a change in membership on 26 September 2023, Darren Griffiths attended RHRC meetings as a committee member.

19 Kathryn Chamberlain was appointed by the Senedd as Chair of the Wales Audit Office Board for a period of four years from 16 March 2023. On 15 April 2024, the Senedd Finance Committee informed her that it considered her disqualified from being a member and chair of the Board, with effect from 1 January 2024. This was by virtue of her holding another role which the Committee considered to be a disqualifying office under paragraph 26 of Schedule 1 to the Public Audit (Wales) Act 2013. During the year, Kathryn Chamberlain attended ARAC meetings and two RHRC meetings as an observer in her capacity as a non-executive member and Board Chair. For the remaining RHRC meetings, following a change in membership on 26 September 2023, she attended as a committee member.



	Board	ARAC	RHRC	ELT
Number of meetings held	6	4	5	28
<b>Members of the Executive Leadership Team (who are not Board members)<sup>20</sup></b>				
Anne-Louise Clark	5	4	1	24
Ann-Marie Harkin	6	2	1	26
Kevin Thomas	6	4	5	24

## Account of corporate governance

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

- a internal management reports, performance reports and topical briefings
- b independent internal reports, including internal audit reports and the reports of the Audit and Risk Assurance Committee and the Remuneration and HR Committee
- c external audit reports

119 The Board is satisfied that the level of assurance sought and provided is proportionate to the associated levels of assessed risk. The Board is also satisfied with the quality of the information it receives, although it considers that there is scope to improve the focus and format of some performance reporting. Non-executive Board members and Executive Directors meet regularly to ensure that the work of the Board, its Committees and the ELT are aligned.

120 The Board has a Code of Conduct under which the Board Secretary maintains members' registers of interests which are reviewed annually and updated during the year to capture any changes notified by members.

121 The Chair of the Board and the chairs of its committees have a right of access, and can report any matters of concern, directly to the Chair of the Senedd Finance Committee.

122 The Head of Internal Audit and the External Auditor have open and confidential access to the Chair of the Audit and Risk Assurance Committee. In addition, the Committee holds a private session with the internal and external auditors before each committee meeting.

<sup>20</sup> The Executive Directors attended meetings of the ARAC and RHRC as appropriate to give briefings, participate in discussions or to take their advice. They have a standing invitation to attend Board meetings.

- 123 On a voluntary basis, the Wales Audit Office assesses its arrangements against the requirements of the Code of Good Practice for Corporate Governance in central government departments. The Board is satisfied that it complies with those requirements insofar as they are relevant and practical given the need to preserve the Auditor General's independence. The arrangements do not comply with all of the Code's requirements because:
- a the Wales Audit Office is not a ministerial department, nor does it report to or receive instructions from ministers or their officials.
  - b the role and responsibilities of the Board and its membership are set in statute.
- 124 In addition, the Board has not established a nominations committee, but the functions described in the Code are undertaken by the Board and the Remuneration and HR Committee.

### **Board performance and effectiveness review**

- 125 In 2023-24, the Board conducted a self-assessment of its effectiveness in line with good practice set out in the Corporate Governance Code. The Board considered the results in December 2023. The assessment concluded that, overall, the Board was operating effectively with some areas for improvement identified. The Board developed an action plan to address the key areas identified for improvement and agreed to commission an independent evaluation of its effectiveness in 2025-26.
- 126 As part of their annual reporting requirements, the Board committees each complete a self-assessment of their effectiveness. The Audit and Risk Assurance Committee assesses itself against the good practice principles described in HM Treasury's Audit Committee Handbook. The Remuneration and HR Committee has adapted that assessment to ensure that it is relevant and proportionate to its situation. The Board is satisfied with the robustness of the assessments and content that there are no matters of concern.
- 127 The Board has in place a process for conducting members' performance appraisals operating on a 12 to 18-month cycle. They were last completed in October 2023.
- 128 The Board has a learning and development plan which is updated annually. The plan sets out the arrangements for induction training and for meeting ongoing learning and development needs identified during the year, including those identified through the self-assessment and performance appraisal processes.

## Report of the Audit and Risk Assurance Committee

- 129 The Audit and Risk Assurance Committee presented its annual report to the Board and Accounting Officer in June 2024, summarising its conclusions from the work it had undertaken during 2023-24.
- 130 The Committee provided assurance that:
- a financial reporting is consistent with the requirements of the Government's Financial Reporting Manual and reports are prepared in accordance with appropriate accounting policies.
  - b the risk assessment and risk management arrangements appear to be robust and operating effectively within a clear internal control framework.
  - c arrangements for identifying and reporting wrongdoing such as fraud, bribery, corruption and money laundering are robust and in line with good practice.
  - d a detailed action plan is in place to support cyber security development.
- 131 The Committee appreciated the support and open and honest engagement it has received from management and from the internal and external auditors during the reporting period.
- 132 The Committee is satisfied that the self-assessment review of its effectiveness carried out in March 2024 has revealed no significant areas of concern.

## Report of the Remuneration and HR Committee

- 133 In 2023-24, the Committee scrutinised a broad range of issues in alignment with its terms of reference. These included:
- a reviewing and monitoring performance management processes, policies and guidance.
  - b considering and recommending a cost-of-living payment and a pay strategy in order to align Wales Audit Office pay scales with market rates.
  - c reviewing the delivery of the People and Organisational Development and Wellbeing strategies.
  - d reviewing the development of a Workforce Plan and supporting plans for talent management and succession planning.
  - e considering proposals for offering greater flexibility in working arrangements through the development of a compressed working hours pilot.

- 134 The Committee appreciated that management had openly engaged with the Committee and responded positively to the Committee's feedback and suggestions.
- 135 Overall, the Committee reported that it is broadly satisfied that the Wales Audit Office's remuneration and HR arrangements:
- a support the Board's strategic aims;
  - b enable the efficient, effective, and economic conduct of business including the recruitment, motivation, and retention of staff; and
  - c comply with regulatory requirements, including ensuring that the disclosures in the annual Remuneration Report are in accordance with legal requirements.
- 136 The Committee is satisfied that the self-assessment review of its effectiveness carried out in March 2024 has revealed no significant areas of concern.

### **Internal Auditor's report**

- 137 Following a tender exercise conducted under the Crown Commercial Services Audit and Assurance Services agreement, TIAA were appointed as the internal auditors of the Wales Audit Office for the three-year period 2022-23 to 2024-25.
- 138 The Head of Internal Audit prepared an internal audit strategy and plan for 2023-24 which was considered by the Audit and Risk Assurance Committee at its meeting on 22 February 2023.
- 139 During the reporting period, seven internal audit reports were issued. The Head of Internal Audit maintained a tracker to follow up on audit recommendations and agreed actions.
- 140 In the annual statement of assurance for 2023-24, the Head of Internal Audit reported that:
- 'TIAA is satisfied that, for the areas reviewed during the year, Audit Wales has reasonable and effective risk management, control and governance processes in place. This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Audit Wales from its various sources of assurance.'

**Table listing the internal audit reviews carried out in 2023-24 and providing the overall assessment and a summary of key findings**

<b>Internal audit review</b>	<b>Date of issue</b>	<b>Overall assessment</b>	<b>Key findings</b>
Recruitment of trainees	August 2023	Substantial assurance	<p>A clearly defined recruitment procedure is in place that has been applied to the graduate trainee recruitment exercise.</p> <p>Audit testing confirmed that the procedure had been applied consistently in practice with a clear audit trail supporting each stage of the process.</p>
Cybersecurity	August 2023	Reasonable assurance	<p>The organisation has implemented a managed security solution for end user computers and benefits from live monitoring and response to cyber threats.</p>
Key financial controls	November 2023	Substantial assurance	<p>Arrangements for Financial Management are defined in a Financial Management Handbook. A detailed user guide is in place to facilitate the use of the Purchase to Pay (P2P) system.</p> <p>Arrangements are in place to ensure appropriate segregation of duties through the inbuilt workflows within P2P.</p>
Workforce planning	January 2024	Reasonable assurance	<p>Work is currently being undertaken by the Audit Services part of the business on the development of a formal Workforce Strategy. A Corporate Services element will also need to be completed and incorporated with a key focus on succession planning.</p>
Future workplaces project	February 2024	Substantial assurance	<p>Audit Wales had appropriate processes in place to manage its future workplaces project.</p> <p>As part of the process of each office move, Audit Wales has included several areas of good practice to achieve the best outcomes.</p>

Internal audit review	Date of issue	Overall assessment	Key findings
Data protection	February 2024	Reasonable assurance	<p>General Data Protection Regulation reports are sent annually to the Board annually and biannually to the Audit and Risk Assurance Committee.</p> <p>A data mapping spreadsheet is in place for each business area, but this could be improved through consolidating as a single information asset register.</p>
Financial sustainability	February 2024	Substantial assurance	<p>A Financial Strategy Review Steering Group was established to oversee the delivery of savings in year and in the medium to longer term.</p> <p>Small workstreams were tasked with identifying savings and efficiencies in key areas; the savings target was achieved, and cash savings banked within six months.</p>

## Risk management

141 In running our business, we are committed to applying the principles set out in [Managing Welsh Public Money](#) and the UK Government's [Orange Book](#) for managing risks.

### Risk appetite

142 The key areas where risks can arise and threaten successful delivery of our work are set out in our [Annual Plan](#). A high-level summary of our risk appetite in each of these areas is provided in Appendix 2, which provides the reference point against which we benchmark risk management and mitigation activity within the organisation.

### Risk control framework

143 The Board has oversight of risk management at Audit Wales. The Board is supported by the Audit and Risk Assurance Committee, whose responsibilities include reviewing and advising the Board on:

- a risk strategy, including the approach to setting risk appetite
- b the overall risk assessment processes that inform executive decision making
- c management's responsiveness to risk assessment

144 As Accounting Officer, I advise the Board and its committees on the system of internal control and am supported in doing so by the ELT.

145 The ELT is responsible for maintaining sound risk management and internal control policies and systems, and for day-to-day management of strategic risks that relate to the functions of the Auditor General and/or the Wales Audit Office.

## Risk assessment

- 146 At each of its meetings in the reporting period, the Audit and Risk Assurance Committee considered an ELT summary of the key strategic risks faced by the organisation, alongside a more detailed risk register report.
- 147 Several key strategic risks fluctuated during the reporting period and particularly engaged the time of the ELT and Audit and Risk Assurance Committee. These included the risks and associated mitigations set out in the table below.

Risk	Associated mitigations
Failure to secure sufficient funding to ensure medium term financial sustainability.	Developed a five-year medium-term financial strategy, which was presented to the Senedd Finance Committee as part of the annual Estimate and Fee Scheme review.
	Conducted a financial sustainability review to establish a more planned and controlled approach to securing future savings targets and ensuring the organisation can swiftly respond to future financial challenges.
Inability to fully resource an evolving audit work programme and address the existing backlog.	Invested further in our trainee and apprentice schemes and conducted a successful 2023 recruitment campaign to provide a future talent pipeline.
	Recruited to surplus capacity at certain roles to build in contingency where there are high market competition and turnover rates.
	Extended the contracts of existing relief auditors and advertised to increase the current pool to provide additional capacity, particularly in backlog areas.
	Proactively engaged with recruitment agencies to identify suitable candidates so we can bring in agency staff at short notice when needed.
	Piloted a programme of paid overtime and secured additional resource from our in-house finance team.

<b>Risk</b>	<b>Associated mitigations</b>
Failure to deliver sufficient fee income due to resourcing pressures.	<p>Implemented improved IT systems and arrangements for generating income projections, monitoring chargeable and non-chargeable time and identifying where remedial action is necessary to prioritise chargeable work.</p> <p>Provided updated guidance for fee-earning staff on resource allocation and time-recording of chargeable and non-chargeable activities.</p> <p>Strengthened arrangements for closing and billing audits and processing abatements, through implementing a more commercial approach to handling cost overruns.</p>
Failure to implement the necessary changes to our audit quality arrangements required by new and revised professional standards.	<p>Secured additional Senedd-approved funding through the Estimate process to invest in audit quality initiatives.</p> <p>Increased the number of independent members on our Audit Quality Committee to provide robust scrutiny and oversight of risks arising from the system of quality management.</p>

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

149 Several risks were successfully managed and removed from the strategic risk register during the reporting period. The risks were either closed completely or reframed and de-escalated to the operational risk register for ongoing management by the relevant risk lead.

150 We also face a number of newly identified and ongoing risks in 2024-25, which are included in our strategic risk register. These include risks associated with:

- a ensuring we have a robust workforce plan to attract, retain and develop staff across the whole organisation.
- b ensuring we maintain effective IT infrastructure, information governance arrangements and cybersecurity defences.
- c managing workload pressures and sickness absence effectively.
- d ensuring Board effectiveness and reputation is maintained through a period of significant change in non-executive membership.



- 151 I will continue to ensure that risks are generally well managed, internal controls are regularly reviewed to ensure they remain effective, and where there are weaknesses, appropriate actions are in place to tackle them.

## Information governance

- 152 As Auditor General, I have wide-ranging access to information for the delivery of my audit functions. Alongside these statutory access rights, I have a responsibility to ensure that the information obtained is safeguarded properly.
- 153 In my role as Chief Executive, I am accountable to the Board for the organisation's information governance, as well as being a data controller myself as Auditor General. I have delegated both functions to the Executive Director of Corporate Services.
- 154 To help ensure that we meet data protection requirements and other responsibilities for safeguarding information, the Wales Audit Office has an Information Governance Policy and an Information Security Policy. These policies set out staff responsibilities, processing requirements, monitoring and reporting arrangements, and information on how staff can obtain further guidance.
- 155 The Senior Information Risk Owner's annual report for 2023-24 concluded that our overall information governance arrangements are effective. However, some recommendations were made for further improving our approach in relation to retention of information, use of artificial intelligence and the responsibilities of information asset owners.

## Data protection

- 156 During 2023-24, the organisation has continued to carry out work to promote compliance with data protection legislation - the UK General Data Protection Regulation and the Data Protection Act 2018. This work has included:
- a providing data protection training and guidance to staff across the organisation.
  - b ensuring that appropriate records are held about the personal information that is processed by the Wales Audit Office, the purpose and legal basis for the processing, data retention and details of technical and organisational security measures.

- c addressing compliance issues identified by the Data Protection Officer's monitoring programme.
  - d carrying out data protection impact assessments.
- 157 We have maintained records of information security incidents, such as accidental loss of information. All incidents in the year have been low risk, so none have been reported to the Information Commissioner's Office.
- 158 We continue to encourage staff to report as soon as they become aware of a breach and are committed to ongoing improvement of our internal processes and technical security.

### Openness and transparency

- 159 We are committed to openness and transparency in the way we operate as a business. Through our [Publication Scheme](#) we make certain information, such as Board minutes, routinely available to the public.
- 160 In the 2023-24 financial year, we received 46 requests for information. Of the requests received during the year, or already on hand, that engaged the Freedom of Information Act, we met the statutory 20-working-day deadline in 39 cases, while two requests were withdrawn and four remained unclarified by the requester. Three requests were subject to extra time in respect of the application of the public interest test. Two requests were delayed beyond the statutory timeframe because of difficulties in collating relevant material.
- 161 We were not subject to any reviews by the Information Commissioner in 2023-24 in respect of our handling of requests.

### Whistleblowing

- 162 The Board regards the internal identification of wrongdoing as an important contribution to managing corporate risk and ensuring good governance. All Wales Audit Office staff are encouraged to raise issues of concern about wrongdoing that come to their attention while at work.
- 163 Our Whistleblowing Policy reflects the provisions of the Public Interest Disclosure Act 1998 and the requirements of the [Ethical Standard for Auditors](#). The Policy sets out the mechanism for raising concerns about ethics and policy, as well as regarding wrongdoing at work.
- 164 During the reporting period we received no disclosures of issues of concern.
- 165 To assess the effectiveness of our whistleblowing arrangements, we consider what we have learned from previous disclosures, and survey staff about their awareness of and confidence in the arrangements each year.

# Remuneration and staff report

## Remuneration report

### Auditor General for Wales

166 The Auditor General's remuneration is determined by the Senedd and, in accordance with the Public Audit (Wales) Act 2013, is met directly from the Welsh Consolidated Fund (WCF) rather than being paid by the Wales Audit Office. For transparency, the remuneration of the Auditor General is disclosed in this remuneration report. The Auditor General is also the Chief Executive and Accounting Officer of the Wales Audit Office.

167 The current Auditor General, Adrian Crompton, was appointed by the late Her Majesty the Queen and took office on 21 July 2018 for a non-renewable period of eight years.

### Salary and pension costs of the Auditor General

	2023-24		2022-23	
	Gross salary	Employer pension contributions	Gross salary	Employer pension contributions
	£	£	£	£
Adrian Crompton	151,393	45,872	150,000	45,450

## Wales Audit Office Board

- 168 The Wales Audit Office Board comprises five non-executive members appointed by the Senedd, two elected employee members, the Auditor General for Wales, and his nominated employee member.
- 169 The remuneration of the non-executive members of the Wales Audit Office Board is non-pensionable and is determined by the Senedd. In the case of the Chair, the cost is met from the WCF directly, in accordance with the Public Audit (Wales) Act 2013. For enhanced transparency, the remuneration of the Chair is disclosed in this report.
- 170 The two elected employee members are appointed by the non-executive members of the Board, following a staff ballot. The allowance that they receive for their Board-related duties is set by the non-executive members of the Board, is non-pensionable and is disclosed in this report.
- 171 The appointed Board member receives an allowance in line with that received by the elected employee members.
- 172 The Auditor General and Executive Director of Corporate Services<sup>21</sup> received no additional allowances for their Board-related duties.

**The information on pages 69 to 77 in the Remuneration and Staff Report is subject to audit.**

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21 Appointed Board member until 31 December 2022.

## Single total figure of remuneration for Wales Audit Office Board members

	Remuneration/ Allowance		Tax-inclusive expenses <sup>22</sup>		Single total figure of remuneration	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
	£	£	£	£	£	£
Board Members at 31 March 2024						
Kathryn Chamberlain (Chair) <sup>23</sup>	25,000	1,075	5,806	-	30,806	1,075
David Francis	12,500	12,500	126	-	12,626	12,500
Alison Gerrard	12,500	12,500	892	200	13,392	12,700
Elinor Gwynn	12,500	12,500	2,136	662	14,636	13,162
Ian Rees	12,500	12,500	3,087	1,420	15,587	13,920
Anne Beegan <sup>24</sup>	4,167	4,167	-	-	4,167	4,167
Chris Bolton <sup>25</sup>	1,893	-	-	-	1,893	-
Darren Griffiths <sup>26</sup>	4,167	1,042	-	-	4,167	1,042
Previous members of the Board						
Adam Marshall <sup>27</sup>	1,736	4,167	-	-	1,736	4,167
Lindsay Foyster <sup>28</sup>	-	23,925	-	57	-	23,982
<b>Total</b>	<b>86,963</b>	<b>84,376</b>	<b>12,047</b>	<b>2,339</b>	<b>99,010</b>	<b>86,715</b>

22 Board and non-executive committee members can claim for travel and expenses for Audit Wales related business. The personal tax liability of these expenses is settled by the Wales Audit Office.

23 Kathryn Chamberlain was appointed as Chair of the Wales Audit Office on 16<sup>th</sup> March 2023. Her appointment ended in April 2024. Her remuneration was met from WCF directly.

24 Anne Beegan is an elected employee Board member. Allowances disclosed above relate solely to Board-member duties.

25 Chris Bolton replaced Adam Marshall as an elected employee Board member on 18<sup>th</sup> October 2023. Allowances disclosed above relate solely to Board-member duties.

26 Darren Griffiths was the appointed Board member from 1 January 2023. The allowance disclosed above relates solely to Board-member duties.

27 Adam Marshall was an elected employee Board member until 31<sup>st</sup> August 2023. Allowances disclosed above relate solely to Board-member duties.

28 Lindsay Foyster was Chair of the Wales Audit Office from 17 October 2020 until 15<sup>th</sup> March 2023. Her remuneration was met from WCF directly.

## Non-executive committee members

173 The Wales Audit Office Board appointed an independent member of its Audit and Risk Assurance Committee (ARAC).

### Single total figure of remuneration for ARAC members

	Remuneration/ Allowance		Tax-inclusive expenses		Single total figure of remuneration	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
	£	£	£	£	£	£
Andrew Clark <sup>29</sup>	5,000	5,000	-	-	5,000	5,000
Total	5,000	5,000	-	-	5,000	5,000

## Wales Audit Office staff

174 The Wales Audit Office pay policy and details of pay ranges for all staff are available on our [website](#).

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

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

177 The Wales Audit Office does not pay performance-related bonuses to any members of staff but does have performance-appraisal arrangements that suspend salary increments if performance is less than satisfactory until they reach the top of their pay band.

178 During 2023-24, no payments were made to previous members of staff whose remuneration would have been disclosable (2022-23: Nil).

29 Andrew Clark was appointed as an independent ARAC member on 1 July 2021.

## Single total figure of remuneration for senior managers

179 Details of the remuneration and pension interests of the Executive Leadership Team are provided in the following table

### Year to 31 March 2024

	Salary	Pension Benefit	Total single figure of remuneration
	Bands of £5,000	To nearest £1,000	Bands of £5,000
Kevin Thomas	130-135	98	225-230
Ann-Marie Harkin	120-125	65	185-190
Anne-Louise Clark	115-120	46	160-165

### Year to 31 March 2023

	Salary	Pension Benefit <sup>30</sup>	Total single figure of remuneration
	Bands of £5,000	To nearest £1,000	Bands of £5,000
Kevin Thomas	125-130	(33)	90-95
Ann-Marie Harkin	110-115	24	135-140
Anne-Louise Clark	105-110	34	140-145

180 Information on the expenses of Executive Leadership Team members is published on our [website](#).

## Pension entitlements for members of the Executive Leadership Team

181 Like all staff, members of the Executive Leadership Team have access to the Principal Civil Service Pension Scheme. Details of this scheme can be found at [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

<sup>30</sup> The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20. The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.

	<b>Accrued pension at pension age as at 31 March 2024</b>	<b>Real increase in pension at pension age</b>	<b>CETV at 31 March 2024</b>	<b>CETV at 31 March 2023</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Kevin Thomas	80-85	5-7.5	1,696	1,474	87
Ann-Marie Harkin	50-55 plus a lump sum of 135-140	2.5-5 plus a lump sum of 0-2.5	1,260	1,121	57
Anne-Louise Clark	5-10	2.5-5	137	83	36

### Cash Equivalent Transfer Value (CETV)

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

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



## Real increase in CETV

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

## Fair pay disclosure

185 We are required to disclose the relationship between the highest paid Director in Audit Wales and the average remuneration of our workforce.

186 Total remuneration includes salary and travel allowance<sup>31</sup>. It does not include employer pension contributions, severance payments or the CETV of pensions. The average salary for 2022-23 included a one-off lump sum payment made to employees as compensation for loss of future entitlement to travel allowance. The average salary for 2023-24 included a one off 'cost of living' payment to the majority of our staff.

	2023-24	2022-23	% change
Mid-point of highest paid director's total remuneration (£'000)	£121,722	£117,040	4.0
Average total remuneration based on full-time equivalent staff	£52,755	£50,979	3.5 <sup>32</sup>

187 The following table sets out the relationship between the remuneration of the highest paid director and the median, 25th and 75th percentile remuneration of our workforce.

Year	25 <sup>th</sup> percentile pay ratio	Median pay ratio	75 <sup>th</sup> percentile pay ratio
2023-24	3.66	2.58	2.03
2022-23	3.99	2.55	1.90

31 Most of our mobile staff received a lump sum payment in April 2022 as compensation for the removal of travel allowance. A smaller number of staff chose to continue to receive the allowance until March 2024.

32 The average salary for 2022-23 included a one-off lump sum payment to employees previously classified as 'mobile' as compensation for loss of future entitlement to travel allowance. In 2023-24 it included a one off 'cost of living' payment of £1,500 to most staff other than ELT.

- 188 The increase in pay ratios from 2022-23 to 2023-24 includes a lump sum payment made to employees in 2022-23 as compensation for loss of future entitlement to travel allowance along with a £1,500 one-off cost of living payment in 2023-24.
- 189 In 2023-24, no employees received remuneration more than the highest paid director (2022-23: none).
- 190 For transparency, the Auditor General's total remuneration of £151,393 (excluding pension contributions) represented 2.99 times the median total remuneration for Audit Wales (2022-23: £150,000 ratio: 3.02).

### Off payroll engagements

- 191 We had no contracts during 2023-24 which met the HM Treasury definition of off-payroll engagements (2022-23: none)<sup>33</sup>.

### Redundancies, early retirements, and severances

- 192 Severance arrangements (including voluntary exits) are operated in accordance with the Civil Service Compensation Scheme and workforce planning requirements.
- 193 The cost of severance payments in 2023-24 was £31,643, (2022-23: £152,403).
- 194 During 2023-24 1 employee (2022-23: 3) received a severance payment as detailed below.
- 195 There were no compulsory redundancies in 2023-24 (2022-23: none).

#### Number of exit packages by cost band

	2023-24	2022-23
£20,000-£25,000	-	1
£25,001-£50,000	1	1
£50,001-£100,000	-	1
Total	1	3

## Staff report

### Senior leadership

196 The following table details the number of senior staff by pay band at 31 March 2024.

	31 March 2024	31 March 2023
Band A (£106,546-£131,838)	3	3
Band C (£81,595-£101,432)	8	7
Total	11	10

### Staff numbers

197 The average number of staff employed during the year reduced by 7 reflecting a significant increase in staff turnover as compared to 2022-23.

198 There was an increase in the number of permanent staff as many of our recently qualified trainees were successful in obtaining permanent roles. The reduction in the number of staff on fixed term contracts reflects the resulting increase in trainee vacancies which we are in the process of recruiting.

	2023-24	2022-23
Average number of full-time equivalent, UK-based, permanent staff employed during the year	215	207
Average number of full-time equivalent, UK-based, staff on fixed-term contracts employed during the year	53	66
Audit and inspection contractors (average number of full-time equivalents in year)	1	3
Total	269	276

## Staff and associated costs

	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Staff salaries	13,864	12,766
Seconded-in staff	24	21
Short-term contract staff	198	308
Non-executive committee remuneration	67	64
Social security costs	1,568	1,499
Pension costs (PCSPS)	3,630	3,520
Pension costs (stakeholder pensions)	31	34
	19,382	18,212
Travel allowance <sup>34</sup>	115	110
Subscriptions <sup>35</sup>	127	102
	19,624	18,424
Audit and inspection contractors	16	27
	19,640	18,451
Redundancy, early retirement, and severance costs	33	193
Less monies received in respect of outward secondments	(63)	(92)
	19,610	18,552

<sup>34</sup> In respect of staff who opted to continue to receive the allowance until March 2024.

<sup>35</sup> Fees for the membership of professional bodies (£54,366), life cover (£23,198) and health screening (£37,300).

**Bought-in services<sup>36</sup>**

	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Research and other consultancy costs	222	268
	222	268

199 These costs relate to services that directly relate to audit, inspection, advice or research functions. In 2022-23, they also included bi-annual costs associated with the National Fraud Initiative.<sup>37</sup>

200 Consultancy costs for 2023-24 include<sup>38</sup>:

- £72,450 for Quality Assurance
- £43,371 payments to Cabinet Office for NFI
- £40,000 for NFI data matching
- £32,225 for expert services in respect of our audits of accounts
- £18,300 for a review of pay and reward.

201 No payments were made to our external auditors for additional services in 2023-24 (2022-23: £NIL).

**The following information on pages 77 to 80 in the Remuneration and Staff Report is not subject to audit.**

**Staff policies, equality and diversity**

202 The Auditor General and the Wales Audit Office are required to follow the framework of protection against discrimination, harassment and victimisation, and the public sector equality duties in the Equality Act 2010.

203 We also have a responsibility to uphold the conventions set out in the Human Rights Act 1998. We are committed to providing a work environment that values the diversity of all people, both our own staff and those with whom we come into contact during our work, and we fully support the rights of people to be treated with dignity and respect.

204 Our [Strategic Equality Plan](#) outlines our continued commitment to equality and our related objectives. Our annual [Equality Report](#) for 2022-23 provides information on employment matters such as diversity issues and equal treatment in employment. Our report for 2023-24 will be published later in 2024 and this will include details of the gender pay gap for the year.

36 Exclusive of VAT.

37 Not subject to audit.

38 Not subject to audit.

205 Our Equality and Diversity Policy outlines our commitment to ensuring fair and equal treatment for all staff with protected characteristics (including impairment) in all aspects of employment. The policy provides for parity in selection for employment, recruitment, promotion, learning and development and/or any other benefit, based solely on aptitude and ability in accordance with our duties under the Equality Act 2010 and associated legislation.

#### Staff composition (number of persons employed at 31 March 2024)

	Male	Female	Prefer not to say	Total
Senior leadership	9	2	-	11
Other employees	108	152	7	267
Total	117	154	7	278

#### Sickness absence

	2023-24	2022-23
	Days	Days
Average working days lost per member of staff	7.1	6.6
• due to short-term absence	3.1	3.0
• due to long-term absence (periods > 21 days)	4.0	3.6

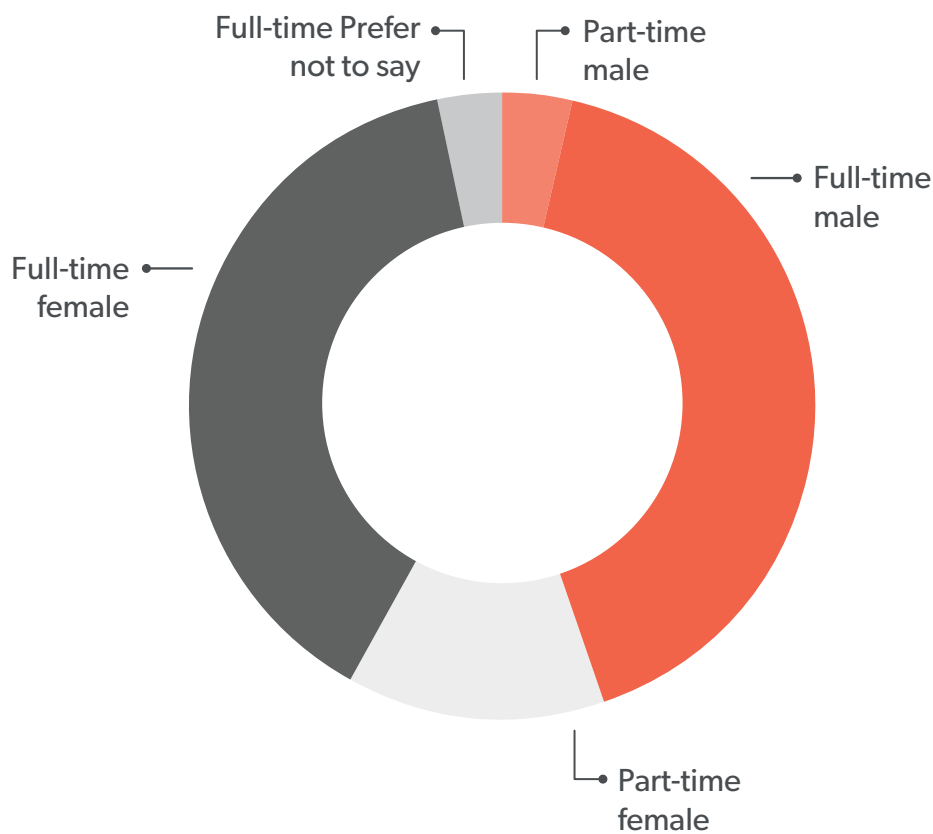
206 Staff sickness levels in 2023-24 increased by half a day as compared to 2022-23 exceeding our target of six days. Average short term absence increased by 0.1 days per FTE and long term absence by 0.4 days per FTE.

207 To help our employees manage their health, we have in place Health Screening, annual flu vaccinations, an Employee Assistance Programme, Mental Health Champions, and a programme of well-being events with 18 Well-Being champions across the organisation providing day to day support to employees.

### Our workforce

	2023-24	2022-23
	%	%
Working patterns		
Part-time employees as a percentage of the total by gender	16.6	17.2
for men	8.6	8.6
for women	23.4	25.7
for those who prefer not to say	-	-
Employment contract type		
Percentage of staff on permanent contracts	80.2	74.0
Turnover		
Annual staff turnover rate percentage	17.53	10.56

The following graph shows the relevant proportions of part-time and full-time employees by gender across the whole workforce.



- 208 The proportion of part-time employees has reduced slightly as compared to 2022-23 with a small reduction in the proportion of women choosing part time contracts.
- 209 The percentage of staff on permanent employment contracts increased in 2023-24 as a number of our final year trainees were successful in obtaining permanent contracts. The proportion of staff with non-permanent contracts is mainly made up of graduate trainees and apprentices on fixed-term training contracts and our seasonal audit staff.
- 210 Our annual staff turnover rate in 2023-24 increased significantly to 17.53% reflecting the challenging market for audit professionals.



## Resource out-turn and auditor's report

### Summary of resource out-turn 2023-24

The information on pages 81 to 84 is subject to audit.

211 This statement provides a comparison of the Estimate<sup>39</sup> for 2023-24, as voted by the Senedd, with actual income and expenditure for the year.

### Summary of resource out-turn 2023-24

Note	2023-24 Estimate			2023-24 Out-turn			Net out-turn compared to Estimate	2022-23 Out-turn	
	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total			
	£'000	£'000	£'000	£'000	£'000	£'000			
SORO1 & 2	Total Resources	24,679	(16,133)	8,546	23,038	(14,818)	8,220	(326)	10,375
SORO3	Net cash requirement	8,642	-	8,642	8,348	-	8,348	(294)	8,850

212 Arising from the operations of the Wales Audit Office for the financial year 2023-24:

- the net total out-turn on revenue resources was £269,000 less than the approved net resources of £8,142,000,
- the out-turn on capital spend was £57,000 less than the approved capital budget of £404,000.
- the balance of cash held by the Wales Audit Office (£294,000) is shown as being due to the Welsh Consolidated Fund (WCF) and will be returned via an administrative adjustment in 2024-25.

213 An explanation of cost efficiency at the Wales Audit Office is provided in the financial management summary on **page 39**.

214 Audit fee income is governed by the Fee Scheme approved by the Senedd. A breakdown of this income is included in Note 1 to the Financial Statements.

39 Including Supplementary Estimate 2023-24.

## Notes to the summary of resource out-turn

### Note SORO1: analysis of net resource out-turn 2023-24

2022-23 Out- turn		2023-24 Estimate	2023-24 Out-turn	Variance	Reason for significant variances against the Estimate
£'000		£'000	£'000	£'000	
	<b>Expenses</b>				
18,252	Staff costs	20,054	18,961	(1,093)	Increased staff turnover in year
157	Travel and subsistence	435	378	(57)	Less travel than estimated
798	Accommodation	754	306	(448)	Includes £402k release of dilapidations provision
503	Irrecoverable VAT	500	454	(46)	Reflects overall reduced expenditure
546	ICT	699	572	(127)	Includes re-negotiation of some software contracts and impact of exchange rates
300	Audit Wales Governance	320	320	-	
298	External training	341	352	11	
158	NFI costs	95	80	(15)	
1,146	Other supplies and services	1,077	1,268	191	Estimate was net of £500k savings target part of which has been met from other budget areas
<b>22,158</b>	<b>Total Expenses</b>	<b>24,275</b>	<b>22,691</b>	<b>(1,584)</b>	
	<b>Income</b>				
(13,204)	Audit fees	(15,205)	(13,895)	1,310	Impact of higher staff turnover
(1,047)	Grant certification fees	(928)	(847)	81	Impact of higher staff turnover
(3)	Other income	-	(76)	(76)	Includes costs of travel recovered from clients
<b>(14,254)</b>	<b>Total income</b>	<b>(16,133)</b>	<b>(14,818)</b>	<b>1,315</b>	
<b>7,904</b>	<b>Net revenue resources</b>	<b>8,142</b>	<b>7,873</b>	<b>(269)</b>	

2022-23 Out- turn		2023-24 Estimate	2023-24 Out-turn	Variance	Reason for significant variances against the Estimate
£'000		£'000	£'000	£'000	
2,471	Capital resources	404	347	(57)	

### Note SORO 2 – Supplementary Estimate 2023-24

The Senedd approved a Supplementary Estimate for Audit Wales in 2023-24. This provided £94,000 non-cash resource funding for the IFRS16 implications associated with our North Wales office move.

### Note SORO3: reconciliation of net resource out-turn to net cash requirement

	2023-24			2022-23
	Estimate	Out-turn	Variance	Out-turn
	£'000	£'000	£'000	£'000
Revenue resources	8,142	7,873	(269)	7,904
Capital resources	404	347	(57)	2,471
<b>Adjustments</b>				
Non-cash items (depreciation and interest charges)	(360)	(286)	74	(420)
Non cash items (lease liabilities)	(280)	(243)	37	80
Lease rental payments	280	37	(243)	-
Capitalisation of ROU asset	(94)	(93)	1	(1,916)
Movements in working capital other than cash:				
• Increase/(reduction) in receivables and work in progress	-	2,142	2,142	(203)
• (Increase)/reduction in payables and deferred income	50	(2,201)	(2,251)	69
• Reduction/(increase) in provisions	500	772	272	865
<b>Total net cash requirement</b>	<b>8,642</b>	<b>8,348</b>	<b>(294)</b>	<b>8,850</b>

- 215 Future budgeted expenditure and income of the Wales Audit Office are voted on annually by the Senedd.
- 216 The Auditor General is not aware of any remote contingent liabilities that will impact long-term expenditure plans.
- 217 Special payments and disclosable losses in 2023-24 are disclosed in Note 14 to the Financial Statements.

## Independent auditors' report to the Senedd

### Opinion of financial statements

- 218 We certify that we have audited the financial statements of the Wales Audit Office for the year ended 31 March 2024 under Schedule 1 of the Public Audit (Wales) Act 2013. These financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, and related notes including significant accounting policies. We have also audited the Summary of Resource Outturn and associated notes and Remuneration and Staff Report that is described in the report as having been audited.
- 219 The financial reporting framework that has been applied in their preparation is HM Treasury directions issued under the Public Audit (Wales) Act 2013.
- 220 In our opinion the financial statements:
- give a true and fair view of the state of the Wales Audit Office's affairs as at 31 March 2024 and of its net operating cost for the year then ended; and
  - have been properly prepared in accordance with the HM Treasury directions issued under the Public Audit (Wales) Act 2013.

### Regularity opinion on the financial statements

- 221 We have undertaken work, as required under Schedule 1 of the Public Audit (Wales) Act 2013, to obtain reasonable assurance that expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

222 In our opinion, in all material respects:

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

### **Basis for the opinion on the financial statements**

223 We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Wales Audit Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

224 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

### **Basis for the regularity opinion on the financial statements**

225 We are required to obtain evidence sufficient to give reasonable assurance that the expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes. We have conducted our work in accordance with the Statement of Recommended Practice, Practice Note 10 audit of financial statements of public sector bodies in the United Kingdom in this respect.

### **Conclusions relating to going concern**

226 In auditing the financial statements, we have concluded that the Wales Audit Office's and the Auditor General for Wales's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

227 Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Wales Audit Office to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

228 Our responsibilities and the responsibilities of the Wales Audit Office and the Auditor General for Wales with respect to going concern are described in the relevant sections of this report.

### **Other information**

229 The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Wales Audit Office and the Auditor General for Wales are responsible for the other information contained within the performance report and the accountability report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

230 Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact.

231 We have nothing to report in this regard.

### **Opinion on other matters**

232 In our opinion:

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

## **Responsibilities of the Wales Audit Office and the Auditor General for Wales**

- 233 As explained more fully in the Statement of the Accounting Officer's responsibilities set out on page 51, the Wales Audit Office and the Auditor General for Wales are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Wales Audit Office and the Auditor General for Wales determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 234 In preparing the financial statements, the Wales Audit Office and the Auditor General for Wales are responsible for assessing the Wales Audit Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Senedd intends to dissolve the Wales Audit Office without continuation of its operations or has no realistic alternative but to do so.
- 235 The Auditor General is also responsible for ensuring expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

### **Auditor's responsibilities for the audit of the financial statements**

- 236 Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## **The extent to which the audit was considered capable of detecting irregularities, including fraud**

- 237 Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.
- 238 In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.
- 239 However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.
- 240 In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:
- obtained an understanding of the role of the Wales Audit Office, including the legal and regulatory framework that the Wales Audit Office operates in and how the Wales Audit Office is complying with the legal and regulatory framework; and
  - inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
  - discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

- 241 As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the HM Treasury directions issued under the Public Audit (Wales) Act 2013 encompassing the Government Financial Reporting Manual (FRoM 2023-24) which applies UK- adopted International Accounting Standards. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.
- 242 The most significant laws and regulations that have an indirect impact on the financial statements is the Public Audit (Wales) Act 2013 and General Data Protection Regulations and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the Wales Audit Office is in compliance with these law and regulations, inspected committee minutes and reviewed financial statement disclosures for any potential breaches.
- 243 The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business, agreeing that revenue was recognised in line with IFRS15 and IAS37, assessing and challenging the estimates made by management in terms of their assessment and the adequacy of provisions for unrecoverable amounts, which includes reviewing whether events occurring up to the date of the auditors report support the year end recognition criteria and testing the accuracy and reliability of data upon which management has relied.
- 244 A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Auditor's responsibilities for regularity opinion on the financial statements**

- 245 We are also responsible for giving a reasonable assurance opinion that expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

## Use of our report

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

RSM UK Audit LLP

Statutory Auditors

2nd Floor

1 The Square

Temple Key

Bristol

BS1 6DG



# Financial Statements

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The financial statements for the Wales Audit Office,  
alongside supporting and explanatory notes.

# 03

## Statement of comprehensive net expenditure for the year ended 31 March 2024

		2023-24	2022-23
	Note	£'000	£'000
<b>Expenditure</b>			
Staff and associated costs	Staff report <sup>40</sup>	19,610	18,552
Bought-in services	Staff report	222	268
Other operating costs	3	2,791	3,332
		<b>22,623</b>	<b>22,152</b>
<b>Income</b>			
Audit fee income	1	(14,742)	(14,251)
Other operating income	2	(76)	(3)
		(14,818)	(14,254)
Interest payable		68	6
<b>Total comprehensive net expenditure for the year</b>		<b>7,873</b>	<b>7,904</b>

### The notes that follow on pages 98 to 118 form part of these financial statements

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

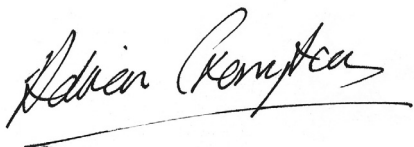
40 Staff costs note on page 76 of the Remuneration and Staff Report.

## Statement of financial position at 31 March 2024

		31 March 2024	31 March 2023
	Note	£'000	£'000
<b>Non-current assets</b>			
Property, plant and equipment	4	2,402	2,560
Intangible assets	5	301	257
		<b>2,703</b>	<b>2,817</b>
<b>Current assets</b>			
Trade receivables and work in progress	6	5,902	4,059
Other receivables	7	687	388
Cash and cash equivalents	8	294	509
		<b>6,883</b>	<b>4,956</b>
<b>Total assets</b>		<b>9,586</b>	<b>7,773</b>
<b>Current liabilities</b>			
Trade and other payables	9	(1,296)	(1,495)
Deferred income	10	(6,490)	(4,090)
Provisions	11	(46)	(818)
Lease liabilities	12	(43)	(50)
Welsh Consolidated Fund (WCF)	SORO	(294)	(509)
<b>Total current liabilities</b>		<b>(8,169)</b>	<b>(6,962)</b>
<b>Total assets less current liabilities</b>		<b>1,417</b>	<b>811</b>
<b>Non-current liabilities</b>			
Provisions	11	(281)	(257)
Lease liabilities	12	(1,838)	(1,731)
<b>Total non-current liabilities</b>		<b>(2,119)</b>	<b>(1,988)</b>
<b>Total assets less liabilities</b>		<b>(702)</b>	<b>(1,177)</b>
<b>Taxpayers' equity</b>			
General fund		(702)	(1,177)
<b>Total taxpayers' equity</b>		<b>(702)</b>	<b>(1,177)</b>

The notes that follow on pages 98 to 118 form part of these financial statements

The financial statements on pages 93 to 118 were approved by the Wales Audit Office Board and authorised for issue on 31 July 2024 and are signed on its behalf by:

A handwritten signature in black ink, reading "Adrian Crompton". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Adrian Crompton

Auditor General for Wales and Accounting Officer

5 August 2024

## Statement of cash flows for the year ended 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
<b>Cash flows from operating activities</b>			
Comprehensive net expenditure		(7,873)	(7,904)
Adjustments for non-cash transactions: depreciation, amortisation, interest and loss on disposal of assets	3	529	420
(Decrease)/increase in provisions	11	(772)	(865)
<b>Changes in working capital</b>			
(Increase)/decrease in trade receivables, work in progress and other receivables	6,7	(2,142)	203
Decrease in trade and other payables	9	(199)	(524)
Increase /(Decrease) in deferred income	10	2,400	455
<b>Net cash outflow from operating activities</b>		<b>(8,057)</b>	<b>(8,215)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	4	(146)	(487)
Purchases of intangible assets	5	(108)	(68)
<b>Net cash outflow from investing activities</b>		<b>(254)</b>	<b>(555)</b>
<b>Cash flows from financing activities</b>			
WCF		8,642	9,359
WCF repaid		(509)	(76)
Capital element on lease liability payments		(36)	(74)
Interest element on lease liability payments		(1)	(6)
<b>Net financing</b>		<b>8,096</b>	<b>9,203</b>
<b>Movements in cash and cash equivalents</b>		<b>(215)</b>	<b>433</b>

The notes that follow on pages 98 to 118 form part of these financial statements



## Statement of changes in taxpayers' equity for the year ended 31 March 2024

	£'000
<b>Balance at 31 March 2022</b>	<b>(2,123)</b>
Changes in taxpayers' equity 2022-23	
Total comprehensive net expenditure	(7,904)
WCF finance	9,359
	(668)
Due to WCF	(509)
<b>Balance at 31 March 2023</b>	<b>(1,177)</b>
Changes in taxpayers' equity 2023-24	
- Total comprehensive net expenditure	(7,873)
- WCF finance	8,642
	(408)
Due to WCF	(294)
<b>Balance at 31 March 2024</b>	<b>(702)</b>

The notes that follow on pages 98 to 118 form part of these financial statements

## Notes to the financial statements

248 These financial statements have been prepared in accordance with the 2023-24 Financial Reporting Manual (FReM), issued by the relevant authorities.

### Basis of preparation

249 The accounting policies contained in the FReM apply UK-adopted International Accounting Standards as adapted or interpreted for the public sector context.

250 Financial statements are prepared under the historical cost convention. Figures are presented in pounds sterling, which is the functional currency of the Wales Audit Office and are rounded to the nearest £1,000.

251 The financial statements are prepared on a going concern basis as set out below:

- a the Wales Audit Office works to annual funding arrangements by statute. The Public Audit (Wales) Act 2013 requires that the Wales Audit Office must provide resources for the exercise of the Auditor General's functions as required by the Auditor General. These resources will be made available by the Senedd (voted funding).
- b the legislation further states that the Senedd must consider the Wales Audit Office's Estimate annually and must take into account any representations that the Wales Audit Office makes if it wants to change this Estimate.
- c any unplanned changes to income and expenditure in a financial year will be addressed by means of a Supplementary Estimate which must be considered by the Senedd.
- d although voted funding has only been approved for nine months after the date of signing these statements, an Estimate for the following financial year will be presented to the Finance Committee of the Senedd in the autumn of the current year. It is, therefore, expected that the Wales Audit Office will have sufficient funds to continue in operation for the foreseeable future.

252 The Wales Audit Office received no income which would have been liable for corporation tax in 2023-24.

## Critical accounting estimates and areas of judgement

### Management estimate

**Revenue recognition** is based on time charged to projects up to the agreed budget for each project. An assessment is undertaken at the year-end to consider the reasonableness of income recognised taking into account the cost of completing audit projects.

Income is recognised progressively as the performance obligations associated with audit engagements are satisfied over time.

### Area of judgement

The calculation of the cost of completing audit projects involves both estimation and judgement.

This accounting policy directly impacts the valuation of audit fee income (**Note 1**) work in progress (**Note 6**) and deferred income (**Note 10**) in these financial statements.

### Management estimate

Provisions are made where, in the opinion of the Accounting Officer, it is more likely than not that a financial liability exists which cannot be accurately estimated at present.

Provisions have been established for:

- dilapidations where the provision represents an estimate of the costs the Wales Audit Office may incur in making good its leased properties at the end of the leases. The calculation of this provision is based on an estimation of the cost of the works along with a judgement of the likely value.

See **Note 11** for more information.

## New accounting standards

253 The Wales Audit Office discloses accounting standards not yet applied and assesses the possible impact that initial application would have on the financial statements. There were no standards that met this criteria for 2023-24.

## Note 1 (a): Operating segments

- 254 The Wales Audit Office reports costs and income across its three operating segments based on direct expenditure with no overhead apportionment. The resulting net cost is funded directly from the Welsh Consolidated Fund (WCF).
- 255 Due to the integrated nature of the Wales Audit Office activities, it is not possible to distinguish meaningfully between assets and liabilities attributable to the different operating segments and therefore the Executive Team does not receive information on assets and liabilities by operating segment. For this reason, in line with IFRS 8 (Operating Segments), no such analysis is presented here.
- 256 Audit Services includes the direct costs associated with the former Financial Audit and Performance Audit divisions along with direct support functions such as Audit Development and Guidance.
- 257 Corporate Services includes our Business Services, Law and Ethics, HR, Finance, and ICT teams. It also includes the costs of office accommodation and ICT provision.
- 258 Communications and Change includes the Communications and GPX, Planning and Reporting and Change teams.

### 2023-24

	<b>Audit Services</b>	<b>Corporate Services</b>	<b>Communications and Change</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Audit fees <sup>41</sup>	(14,742)	-	-	(14,742)
Other income	-	(76)	-	(76)
Total income	(14,742)	(76)	-	(14,818)
Staff costs	15,659	2,382	1,569	19,610
Non-staff costs	780	2,035	266	3,081
Total Expenditure	16,439	4,417	1,835	22,691
Net Expenditure	1,697	4,341	1,835	7,873

41 See note 1(b). All revenue is generated in the UK.

**2022-23**

	<b>Audit Services</b>	<b>Corporate Services</b>	<b>Communications and Change</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Audit fees	(14,251)	-	-	(14,251)
Other income	-	(3)	-	(3)
Total income	(14,251)	(3)	-	(14,254)
Staff costs	14,669	2,481	1,402	18,552
Non-staff costs	615	2,760	231	3,606
Total Expenditure	15,284	5,241	1,633	22,158
Net Expenditure	1,033	5,238	1,633	7,904

**Note 1 (b): Analysis of audit fee income**

	<b>2023-24</b>			<b>2022-23</b>		
	<b>Financial Audit</b>	<b>Performance Audit</b>	<b>Total</b>	<b>Financial Audit</b>	<b>Performance Audit</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Local Government Audit	(6,172)	(1,927)	(8,099)	(5,186)	(2,209)	(7,395)
Local Government Grant Certification	(847)	-	(847)	(1,047)	-	(1,047)
NHS Audit	(2,176)	(1,386)	(3,562)	(2,204)	(1,663)	(3,867)
Central Government Audit	(2,234)	-	(2,234)	(1,942)	-	(1,942)
	(11,429)	(3,313)	(14,742)	(10,379)	(3,872)	(14,251)

259 Fees charged for audit work are set in accordance with a [Fee Scheme](#) agreed by the Finance Committee of the Senedd.

- 260 Gross fee income and other operating income are recognised on the value of chargeable work exclusive of VAT. This value is assessed by reference to time charges and stage completion of projects.
- 261 Operating income is credited to the year of account in which the work is done. Invoices raised in advance of the work being done are classed as deferred income (see Note 10). Work done in advance of income received is classed as work in progress (see Note 6).
- 262 All revenue is generated in the UK.
- 263 Funding from the WCF is not direct government grant and is credited directly to taxpayers' equity.
- 264 The Wales Audit Office has applied the requirements of IFRS 15 to income earned from fee-paying audits and other services.
- 265 The Wales Audit Office has determined that there is a single performance obligation for each engagement which is identified as the objective of these assignments in a Letter of Engagement. In the case of audits, other outputs, such as interim reports and reports to those charged with governance of the audited body, are produced during audit assignments, but these other outputs are integral to the audit opinion: they are highly interrelated with the delivery of the audit certificate or report, so do not qualify as distinct performance obligations.
- 266 The Wales Audit Office has determined that the performance obligations described above are satisfied over time rather than at a point in time. This is because the performance of the engagement does not create an asset with an alternative use to the Wales Audit Office and the Wales Audit Office has an enforceable right to payment for performance completed to date. The majority of audits are on an annual cycle. The fee (which is based on estimated costs) and invoicing schedule is agreed between the individual assignment teams and the client. The Wales Audit Office is entitled to recover costs in respect of work completed to date at any stage of the audit.
- 267 Revenue is recognised in relation to percentage completion against budgeted costs. Income is recognised as the services are provided, determined by reference to the proportion of budgeted costs that have been spent to date for each engagement, less a provision for any unrecoverable amounts. This provides a faithful depiction of the transfer of services because the nature of work is that the costs of staff time represent progress towards satisfaction of the performance obligation. There is a direct relationship between these inputs and the transfer of services to the audit client.

**Note 2: Other operating income**

	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Other operating income <sup>42</sup>	(76)	(3)
	(76)	(3)

**Note 3: Other operating costs**

	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Accommodation		
• Rent lease costs	(344) <sup>43</sup>	406
• Other accommodation costs	406	392
Supplies and services	1,477	1,537
Recruitment	40	34
Depreciation and amortisation	461	398
Professional fees		
• Internal audit services	41	13
• External audit services	58	58
• Other professional fees	37	39
Staff travel and subsistence	263	157
Staff learning and development	352	298
	2,791	3,332

268 Costs disclosed above relate to goods and services received during 2023-24. Costs are disclosed net of VAT, the cost of which is included in other supplies and services.

42 Mostly recharges for travel and subsistence for seconded staff

43 Net of £402,000 release of dilapidations provision see Note 11

**Note 4: Property, plant and equipment**

	<b>Furniture and fittings</b>	<b>Right of Use Assets</b>	<b>Information technology</b>	<b>Office equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>2023-24</b>					
<b>Cost</b>					
At 1 April 2023	1,017	2,420	601	15	4,053
Additions	42	93	95	9	239
Disposals	(531)	(225)	(199)	(3)	(958)
At 31 March 2024	<b>528</b>	<b>2,288</b>	<b>497</b>	<b>21</b>	<b>3,334</b>
<b>Depreciation</b>					
At 1 April 2023	641	435	411	6	1,493
Charged in period	54	244	96	3	397
Disposals	(531)	(225)	(199)	(3)	(958)
At 31 March 2024	<b>164</b>	<b>454</b>	<b>308</b>	<b>6</b>	<b>932</b>
<b>Net book value</b>					
At 31 March 2024	364	1,834	189	15	2,402
At 1 April 2023	376	1,985	190	9	2,560
<b>Asset financing</b>					
Owned	364	-	189	15	568
Leased	-	1,834	-	-	1,834



	<b>Furniture and fittings</b>	<b>Right of Use Assets</b>	<b>Information technology</b>	<b>Office equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>2022-23</b>					
<b>Cost</b>					
At 1 April 2022	1,364	504	781	131	2,780
Additions	336	1,916	146	5	2,403
Disposals	(683)	-	(326)	(121)	(1,130)
At 31 March 2023	1,017	2,420	601	15	4,053
<b>Depreciation</b>					
At 1 April 2022	1,202	355	630	92	2,279
Charged in period	114	80	107	19	320
Disposals	(675)	-	(326)	(105)	(1,106)
At 31 March 2023	641	435	411	6	1,493
<b>Net book value</b>					
At 31 March 2023	376	1,985	190	9	2,560
At 1 April 2022	162	149	151	39	501
<b>Asset financing</b>					
Owned	376	-	190	9	575
Leased	-	1,985	-	-	1,985

## Reconciliation to the statement of cashflows

	2023-24	2022-23
	£'000	£'000
Tangible additions (Note 4)	239	2,403
Capitalised ROUA additions	(93)	(1,916)
Payments to acquire capital assets	146	487

269 In line with IFRS16, from April 2022, Property Plant & Equipment includes Right of Use assets of £1.834 million related to leased properties that do not meet the definition of investment properties. For more information see Note 12 – Leases.

270 Expenditure of over £5,000 on computer equipment and software, office refurbishments and other equipment is capitalised. Subsequent expenditure on assets which meet these criteria is further capitalised. Expenditure on items not meeting these criteria is treated as revenue expenditure in the year.

271 PPE is stated at historical cost less accumulated depreciation and impairment and is exclusive of VAT.

272 Depreciation is provided on all capital assets from the date the asset commences its useful life. This is calculated to write off the cost in equal annual instalments over its economic life for each asset as follows:

Furniture, fittings, and IT infrastructure	Ten years (or shorter of asset life or length of lease for fittings in leased buildings)
Right of use assets	Duration of lease
Computer equipment	Three years
Office equipment	Five years

- 273 In the opinion of the Accounting Officer, there is no material difference between the net book value of assets at current values and at their depreciated cost. An annual assessment of impairment is carried out to confirm that this remains the case.
- 274 PPE Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use.

#### Note 5: Intangible assets<sup>44</sup>

	£'000
<b>2023-24</b>	
<b>Cost</b>	
At 1 April 2023	775
Additions	108
Disposals	(19)
At 31 March 2024	864
<b>Amortisation</b>	
At 1 April 2023	518
Charged in period	64
Disposals	(19)
At 31 March 2024	563
<b>Net book value</b>	
At 31 March 2024	301
At 1 April 2023	257
<b>Asset financing</b>	
Owned	301

44 Mainly computer software.

	<b>£'000</b>
<b>2022-23</b>	
<b>Cost</b>	
At 1 April 2022	756
Additions	68
Disposals	(49)
At 31 March 2023	775
<b>Amortisation</b>	
At 1 April 2022	488
Charged in period	79
Disposals	(49)
At 31 March 2023	518
<b>Net book value</b>	
At 31 March 2023	257
At 1 April 2022	268
<b>Asset financing</b>	
Owned	257

- 275 Intangible assets are stated at amortised historic cost exclusive of VAT. The assets are amortised on a straight-line basis over the shorter of the term of the licence or five years or the anticipated useful life of the asset (up to ten years). Amortisation is calculated from the date that the asset commences its useful life.
- 276 In the opinion of the Accounting Officer, there is no material difference between the net book value of assets at current values and at their depreciated cost. An annual assessment of impairment is carried out to confirm that this remains the case.
- 277 Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use.

**Note 6: Trade receivables and work in progress**

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables		
• Central Government	336	335
• Local Government	1,934	548
• NHS	597	117
• External to government	44	78
Work in progress		
• Central Government	1,069	1,243
• Local Government	1,526	1,490
• NHS	396	248
	5,902	4,059

**Trade receivables**

278 Receivables are valued at fair value on initial recognition and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. For 2023-24 the figures are net of expected credit losses of £143,000 (2022-23: £77,000). Expected credit losses relate to debts older than 12 months at the end of the financial year.

279 The Wales Audit Office's clients are virtually all government departments or other public bodies which are funded in the main by Parliament. – a reliable funding source with no history of defaults on audit fees. The Wales Audit Office is therefore not exposed to significant credit risks.

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

**Work in progress**

281 Work in progress relates to work completed in advance of the invoice being issued. This is stated at full cost less provision for foreseeable losses and amounts billed on account.

**Note 7: Other receivables**

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Prepayments and accrued income <sup>45</sup>	678	377
Loans to employees <sup>46</sup>	9	11
	687	388

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

**Note 8: Cash and cash equivalents**

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	509	76
Net change in cash and cash equivalents	(215)	433
Balance at 31 March	294	509

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Current account (Government Banking Service)	294	509
	294	509

283 Cash and cash equivalents include all funds held in accounts to which the Wales Audit Office has instant access.

284 Cash balances at year end are shown as being due to the Welsh Consolidated Fund.

45 Mainly advance payments for computer software and property related costs.

46 Cycle to work scheme.

**Note 9: Trade payables and other current liabilities**

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables (due within one year)	100	237
VAT	77	61
Taxation and social security costs	2	194
Accrual for holiday entitlement not yet taken	661	601
Other accruals <sup>47</sup>	456	402
	1,296	1,495

285 These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured.

**Note 10: Deferred income**

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income	6,490	4,090
	6,490	4,090

286 Fee income recognised in our accounts is assessed by reference to time charged and a review of work completed. Much of our income is invoiced on an instalment basis through the year. Deferred income represents income that has been billed but not yet recognised.

47 Includes £311,000 in respect of invoices paid post year-end, and £145,000 for business rates due in 2024-25.

**Note 11: Provisions for liabilities and charges**

	<b>Dilapidations<sup>48</sup></b>	<b>Travel Allowance</b>	<b>Staff Exits</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
As at 31 March 2023	864	41	170	1,075
Provided in-year	70	4	-	74
Utilised in-year	(205)	(45)	(170)	(420)
Released in-year	(402)	-	-	(402)
As at 31 March 2024	327	-	-	327

## Analysis of expected timing

	<b>Dilapidations</b>	<b>Travel Allowance</b>	<b>Staff Exits</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not later than one year	46	-	-	46
Later than 5 years	281	-	-	281
	327	-	-	327

48 We used HM Treasury's discount rate as set out in PES(2023)10 for balances of zero to five years of 4.26% and for balances up to 10 years of 4.03% to calculate this balance.



## Reconciliation to the statement of cashflows

	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Provided in year	74	390
Utilised/released in year	(822)	(1,045)
Capitalised as ROUA	(24)	(210)
Movement	(772)	(865)

287 Provisions are measured at the best estimate of the amounts required to settle a present (legal or constructive) obligation as a result of a past event.

288 When the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of this discount is recognised within the relevant expense.

## Dilapidations

289 The dilapidations provision represents an estimate of the costs we may incur in making good its leased properties at the end of the leases.

290 Dilapidations liabilities relating to the cost of restoring alterations made to leased buildings are accounted for by means of a provision set aside in the year that the cost was identified.

291 Structural dilapidations for the Cardiff office and the new office at Llandudno Junction have been capitalised as part of the right-of-use-asset cost in accordance with IFRS 16 para 24(d).

292 In addition, an annual dilapidations charge, based on a percentage of the estimated value of structural dilapidations is set aside to allow for general wear and tear on leased properties.

## Travel allowance

- 293 The Senedd approved a Supplementary Estimate of £1.48 million in 2021-22 to fund an up-front payment to eligible staff as compensation for the removal of their contractual entitlement to Travel Allowance.
- 294 Staff were able to choose between an upfront payment or continued receipt of Travel Allowance until March 2024. The Supplementary Estimate made provision for all staff to receive this upfront payment with no contribution from any Audit Wales underspend. In the event 67% of eligible staff opted for an upfront payment at a cost of £1.086 million.
- 295 Payments representing the bulk of this provision were made to staff in April 2022. The balance of the provision (£41,000) was held pending changes to staff terms of employment. This has now been either utilised or released as no further payments are due.

## Staff exits

- 296 This provision represented the future liability in respect of members of staff who are contractually committed to leave under redundancy, early retirement or severance schemes. No provision has been required for 2023-24.

## Note 12: Leases

### Right of use assets

- 297 Right of use assets relate to lease properties that do not meet the definition of investment properties and are presented within Note 4 – Property, Plant & Equipment
- 298 Audit Wales has leases for three operational offices at Cardiff, Swansea and Llandudno Junction. These leases are subject to periodic rent reviews.
- 299 In December 2023, the Wales Audit Office ended its North Wales office lease at Abergele and entered a new 10 year lease at the Welsh Government offices in Llandudno Junction. The lease on its office at Penllergaer, Swansea is due to expire in April 2025. The lease on the Cardiff office extends until March 2033 – with a break clause in March 2028.
- 300 Right of Use Assets have been measured at the present value of the lease liability, discounted at the incremental borrowing rate promulgated in the PES Treasury papers. The cost model will be used as a proxy for the current value in existing use in subsequent years.

	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	1,781	149
Additions in year	69	1,706
Lease payment	(37)	(80)
Interest charge	68	6
Balance at 31 March	1,881	1,781
Current lease liabilities	43	50
Non-current lease liabilities	1,838	1,731
	1,881	1,781

#### **Maturity Analysis – contractual undiscounted cashflows**

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 year	43	50
1-5 years	1,130	905
Over 5 years	1,059	1,247
Total undiscounted liabilities	2,232	2,202

#### **Amounts recognised in statement of comprehensive net expenditure**

	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
Interest on lease liabilities	68	6
Depreciation	244	80
Short Term Lease	-	406

#### **Change in liabilities arising from financing activities**

	<b>Lease liabilities</b>	<b>WCF<sup>49</sup></b>
	<b>£'000</b>	<b>£'000</b>
Balance at 31 March 2022	149	76
<b>2022-23</b>		
Net cash from/ (used) in financing activities	(74)	433
Acquisition of leases	1,706	
Balance at 31 March 2023	1,781	509
<b>2023-24</b>		
Net cash from/ (used) in financing activities	(37)	(215)
Acquisition of leases	69	-
Rent free period interest charge <sup>50</sup>	68	-
Balance at 31 March 2024	1,881	294

### Note 13: Capital commitments

301 There were no outstanding capital commitments at 31 March 2024. (31 March 2023: £5,814).

### Note 14: Losses and special payments

302 A special payment of £21,140 was paid to a member of staff in 2023-24 in resolution of an employment dispute.

303 Losses of £3,500 associated with the operation of a salary sacrifice scheme for leased cars were incurred in 2022-23.

### Note 15: Financial instruments

304 IFRS 7 (Financial Instruments Disclosures) requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Owing to the nature of the Wales Audit Office's activities and the way in which the operations are financed, the Office is not exposed to a significant level of financial risk and no derivatives are held.

<sup>49</sup> Closing cash balance returned to WCF in subsequent financial year

<sup>50</sup> Interest charged during the rent free period relating to the Capital Quarter lease

305 Although the Wales Audit Office can borrow funds for short-term financing purposes, the Office has not been required to do so in this financial year.

306 The Wales Audit Office can also invest surplus funds. As cash balances are held in the Government Banking Service, this has not been done during the year.

### **Liquidity risk**

307 Given the nature of our business and the funding of the bodies that we charge fees to, our tolerance of risk in areas of financial management is low.

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

### **Interest rate risk**

309 The Wales Audit Office's financial assets and liabilities are not exposed to interest rate risk.

### **Foreign currency risk**

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

### **Credit risk**

311 The Wales Audit Office's clients are mainly the Welsh Government, its sponsored and related public bodies, NHS Wales and local government bodies in Wales. The Wales Audit Office charges fees under legislation in accordance with an approved Fee Scheme and is therefore not exposed to any material credit risks.

### **Fair values**

312 There is no material difference between the book values and fair values of the Wales Audit Office's financial assets and liabilities as at 31 March 2024 (31 March 2023: nil).

**Note 16: Related party transactions**

- 313 The Wales Audit Office is a body corporate established under statute and has had material transactions with the WCF and with bodies audited by the Auditor General as disclosed in the Remuneration Report.
- 314 During the year, no members of the Board, nor key members of staff nor their related parties had undertaken any material transactions with either the Auditor General or the Wales Audit Office. Information about key management personnel is included in the Remuneration Report (page 67).

**Note 17: VAT**

- 315 The Wales Audit Office is only able to recover a small proportion of VAT on its gross expenditure being the proportion of non-statutory fee income as compared to total income for the year.

# Glossary of terms

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Accruals basis	The effects of transactions and other events are recognised when they occur (and not as cash, or its equivalent, is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.
Amortisation	The apportionment of the cost of an intangible fixed asset over its useful life.
Assets	Something that the organisation owns or uses e.g., equipment or software rights.
Capital expenditure	Spending on non-current (fixed) assets.
Current assets	An asset that is expected to be converted to cash within the next 12 months.
Current liability	A liability that is expected to be settled within the next 12 months.
Deferred income	Represents income that has been billed but not yet recognised in the Statement of Comprehensive Net Expenditure.
Depreciation	The apportionment of the cost of a tangible fixed asset over its useful life.
Estimate	The annual Estimate of Income and Expenses is approved in plenary by the Budget Motion. The Senedd Finance Committee provides a report to support this. Also referred to as the approved budget.
Fixed assets	An asset that is held by an organisation for use in the production or supply of goods or services, for rental to others, or for administrative purposes on a continuing basis in the reporting entity's activities. Examples are equipment, vehicles, land and buildings.

Going concern basis	Financial statements are prepared on this basis assuming that the organisation will continue operating into the foreseeable future.
Intangible fixed asset	An asset, such as a right, that has no physical substance.
Leasing	Acquiring the use of an asset through a rental agreement.
Prepayments	An amount paid for in advance such as insurance premiums or rent in advance. Initially recognised as an asset, then transferred to expense in the period when the benefit is enjoyed.
Provision	Liability of uncertain timing or amount.
Remuneration	The pay, or other compensation, provided for an employee's services.
Taxpayers' equity	The net assets of the organisation.
Trade payables	Amounts due for payment to suppliers of goods and services.
Trade receivables	Amounts due from clients.
Tangible fixed asset	A fixed asset (also called a non-current asset) which has a physical existence. Used to differentiate it from an intangible fixed asset.
Welsh Consolidated Fund	The fund used by the Senedd to hold sums voted by Parliament which are then allocated via a Budget Motion to the Welsh Government, Auditor General for Wales, Senedd Commission and Public Service Ombudsman for Wales.
Work in progress	Work done and recognised as income in the accounts which has yet to be invoiced to clients.

Full definitions are available in the Financial Reporting Manual (FReM).





# Appendices

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- 1 Auditor General's Report on Disclosures of Information
- 2 Risk appetite

# 1 Auditor General's Report on Disclosures of Information

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25 individuals contacted us between 1 April 2023 and 31 March 2024 indicating that they wished to make a whistleblowing disclosure to the Auditor General.

However, in only 17 cases did the Auditor General have a reasonable basis to believe that the disclosure qualified and was within the matters in respect of which he is prescribed. This was because individuals either did not give details of their employment situation, or it was clear that they were not employees or other qualifying workers.

Of the 17 apparently qualifying disclosures, in eight cases the relevant audit team reviewed the matters raised, but they were not found to amount to substantive matters on which the Auditor General would need to report or take other action. For the remaining nine cases, the audit team is making or has made high level enquires or will take the issues raised into account during any future audit work.

## 2 Risk appetite

Our risk appetite (set out as a rating in the top right of each box) in key areas where risks can arise and threaten successful delivery of our work. For each of the broadly defined risk areas, the risk appetite covers two ratings to reflect our desire to be more innovative in specific areas in pursuit of our overall goals.

 <p><b>1-2</b></p> <p><b>Value for money</b></p> <p>Running the business in an economic, efficient and effective way with high standards of governance</p>	 <p><b>2-3</b></p> <p><b>Capacity &amp; capability</b></p> <p>Attracting, retaining and developing the staff resources needed to deliver our programmes of work</p>	 <p><b>2-3</b></p> <p><b>Profile &amp; reputation</b></p> <p>Raising awareness, understanding and credibility among a range of key stakeholders</p>
 <p><b>2-3</b></p> <p><b>Accessibility</b></p> <p>Ensuring our audit outputs are clear, concise and meet the needs of a wide range of audiences</p>	 <p><b>2-3</b></p> <p><b>Leadership</b></p> <p>Setting a clear strategic direction for the organisation and successfully engaging and motivating staff</p>	 <p><b>1-2</b></p> <p><b>Technology</b></p> <p>Ensuring our IT systems, including for handling audit-related data, remain secure, reliable and fit-for-purpose</p>
 <p><b>1-2</b></p> <p><b>Quality &amp; timeliness</b></p> <p>Delivering high-quality work by the required deadlines and to timelines that maximise its impact</p>		

### Risk appetite ratings key:

- 1 **Averse**      Avoidance of risk is a key objective. We are only willing to accept very limited risk.
- 2 **Cautious**    Preference for safe options that have a low degree of residual risk. These options may only offer limited reward potential.
- 3 **Open**        Willing to consider all potential options and choose one which balances residual risk with a desired level of reward.
- 4 **Bold**         Eager to be innovative and choose options offering high rewards despite greater inherent risk.



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