



Annual Report and Accounts 2025-26

The Annual Report for the year ended 31 March 2026 has been jointly prepared by the Auditor General for Wales and 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 2026 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 umbrella term 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 need any help with this document

If you would like more information, or you need any of our publications in an alternative format or language, please:

- call us on 029 2032 0500
- email us at info@audit.wales

You can use English or Welsh when you get in touch with us – we will respond to you in the language you use.

Corresponding in Welsh will not lead to a delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Snapshot of the year



Issued over
800
audit opinions
on the
accounts of
public bodies



Published
16
national report
outputs of
various types



Published over
150
local
performance
audit reports



Certified grant
schemes worth
approaching
£1.5
billion

April

Published our [Annual Plan for 2025-26](#), outlining our priorities for the last full 12-month period of Adrian Crompton's tenure as Auditor General for Wales.

Reported on how public bodies are thinking and acting for the long term, with [Lessons from our work under the Well-being of Future Generations Act](#).

May

Concluded that the Welsh Government was not giving enough thought to maximising departments' contributions to the desired outcomes from the [Wales Infrastructure Investment Strategy](#).

Published the first of a suite of four reports on Challenges for the Culture Sector, focused on financial sustainability at the [National Library of Wales](#), [Sport Wales](#), the [Arts Council of Wales](#) and [Amgueddfa Cymru](#).

June

With just one exception (where issues were identified with the draft accounts), completed audits of all NHS 2024-25 accounts by the earlier deadline of 30 June.

Published a [Checklist for NHS Board Members](#) to support the identification, delivery, and monitoring of [Sustainable cost savings](#).

July

Identified opportunities to improve the value for money of [councils' approaches in responding to the demand for temporary accommodation](#).

Launched a new performance audit reporting template, designed to draw out key facts and figures in a clearer way, including about spending and outcomes.

August

Reported on weaknesses in how the Welsh Government managed its grant funding for the [Failed Porthcawl Maritime Centre](#).

Compressed hours was formally launched as a benefit available to all Audit Wales staff, following a successful pilot exercise where participants reported improved wellbeing, motivation, and work-life balance.

September

Issued a follow-up report on [values and behaviours within Wrexham County Borough Council](#).

Communicated that [health boards in Wales continue to experience significant financial challenges](#) and updated our [data tool providing further information on NHS bodies' current financial positions](#).

October

Published our [Interim Report](#), through which we reported early progress from an initiative exploring the potential use of Artificial Intelligence (AI) to help enhance the productivity and efficiency of our work.

Achieved an overall engagement index score of 73% in our annual staff survey, eight percentage points higher than the Civil Service benchmark.

November

Reported on [Natural Resources Wales's approach to designating Sites of Special Scientific Interest](#).

Gave evidence to the [Senedd Finance Committee](#) to support its scrutiny of the Welsh Government's draft budget for 2026-27.

December

Delivered two shared learning events bringing representatives from across the local government sector together to [Explore the challenges and opportunities to deliver good quality and timely local government accounts](#).

Through a [Series of podcasts](#), offered Adrian Crompton's perspective as the outgoing Auditor General on the persistent challenges and opportunities for improving public services in Wales.

January

Invited views on our [equality objectives for 2026-2030](#) to help us better perform the General Equality Duty.

Recommended that councils [review their arrangements against a checklist of key aspects of sound capital planning](#), informed by our audit work.

February

Reported on [decision-making for the new Velindre Cancer Centre](#).

Published an [update on progress towards the Welsh Government's affordable homes target](#).

March

Reported on the extent to which the Welsh Government has implemented previous audit recommendations when [Managing its Regional Integration Fund](#).

Launched a new section of our website called [Insights](#), through which we share content designed to help the reader gain a deeper understanding of our audit work and the key issues facing Welsh public services.

The Senedd approved the nomination of [Catherine Mealing-Jones](#) as the new Auditor General for Wales, who will take up post in July 2026.

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Performance Report

A review of our work in 2025-26, 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

25 June 2026

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Performance overview

Who we are and what we do

- 1 The Auditor General for Wales is the 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 300 staff.
- 3 Together, as Audit Wales, we audit approximately £29 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 audit work plays a key role in supporting the work of the Senedd Public Accounts and Public Administration Committee, which scrutinises how resources are used in the discharge of public functions in Wales. Our work also informs the work of other Senedd committees, whose wider remits include scrutinising the policies of the Welsh Government, holding Ministers to account, and examining proposed legislation.
- 5 Throughout the year, we regularly attend meetings of the audit and scrutiny committees of public bodies in Wales to provide briefings and report on our audit work.

- 6 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.
- 7 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.
- 8 A 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. We also aim to bring the views and experiences of service users and global experts to these conversations.

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

- 9 The Auditor General is not subject to direction by the Senedd or government in the exercise of his audit functions.
- 10 The Auditor General and our Board are responsible for setting and overseeing the strategic direction of the organisation.
- 11 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 to the Senedd Finance Committee on matters such as compliance with Managing Welsh Public Money.
- 12 Our Executive Leadership Team advises the Auditor General, including in his capacity as Chief Executive and Accounting Officer.
- 13 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, areas of focus and key risks

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

14 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.

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

15 Our latest [Annual Plan](#) provides 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.

Our key risks in 2025-26

- 16 The Board has oversight of risk management at Audit Wales. The Board is supported by an Audit and Risk Assurance Committee. The Executive Leadership Team is responsible for day-to-day management of strategic risks that relate to the functions of the Auditor General and/or the Wales Audit Office.
- 17 Several strategic risks fluctuated during the reporting period and particularly engaged the time of the Executive Leadership Team and Audit and Risk Assurance Committee. These included the risks set out below, which were subject to deep dive reviews by the Committee:
 - a Ensuring we have a holistic and robust workforce strategy and plan for attracting, retaining and developing staff across the whole organisation.
 - b The timing of the pre-election period may constrain the visibility and strategic impact of the Auditor General's legacy messaging.
 - c Establishing effective relationships with a fundamentally transformed Senedd and Welsh Government following the 2026 elections.
- 18 The Auditor General, as Accounting Officer, is satisfied that these risks were monitored and managed effectively during the year.
- 19 Further information on how these risks were mitigated, and on newly identified and ongoing risks in 2026-27, 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 2025-26

Rydym yn falch o gyflwyno ein Adroddiad Blynyddol a Chyfrifon ar gyfer 2025-26.

We are pleased to present our Annual Report and Accounts for 2025-26.

Alongside our financial and accountability statements, this Report provides a summary of progress made on delivering the audit work programmes set out in our Annual Plan for 2025-26.

During the reporting period, we delivered a comprehensive and impactful programme of audit work. I am pleased to present a selection of case studies to provide a taste of our work this year and the impact it has made.

Nearly all of our accounts audit opinions were delivered by the statutory or agreed deadline, where audited bodies delivered good quality draft accounts and responded in a timely manner to audit queries.

However, only half of all local government bodies met the statutory deadline for preparing their 2024-25 accounts; a deterioration from the previous year and the year before that. Consequently, I recently wrote to all bodies warning that growing delays in the preparation of statutory accounts pose a real risk to financial transparency and good governance across the sector. We will continue to work closely with local government bodies, professional networks and the Welsh Government in 2026-27 to support improvement, share good practice and help rebuild a timely accounts process.

Alongside our accounts work, we delivered 16 national report outputs from our programme of studies, which played a key role in supporting the work of the Senedd committees. And we made significant progress towards eliminating the post pandemic backlog in local performance audit delivery, while continuing to shape our work to address the evolving challenges faced by audited bodies.

In 2025-26, we were particularly proud to achieve the strongest set of audit quality scores in our ten years of working with the Quality Assurance Department of the Institute of Chartered Accountants in England and Wales.

We also took significant steps over the last year to improve how Audit Wales reports are written. We developed and introduced more robust writing standards to strengthen the clarity, accessibility and impact of our outputs. Towards the end of the year, we launched a complementary new section of our website, called Insights, through which we explain key audit findings in plain language, provide data visualisations and offer toolkits and guides to support better decision making.

In early 2026, we commissioned an external contractor to run an independent survey of our key stakeholders to gather their views on the value and impact of our audit work. The exercise covered key roles including Chief Executives, Council Leaders, Board Chairs, Directors of Finance, Chairs of Audit Committees and the main performance audit contacts at all principal audited bodies. We were grateful to receive constructive, informative and predominantly positive feedback from 112 individuals across 65 different audited bodies, with good representation across all sectors.

This year also saw a big increase in new correspondence and external whistleblowing cases compared to 2024-25. These are routes through which potential concerns about the use of public money can be raised with us by members of the public and others to inform our audit work. This increase appears to correlate with the results of a recent Wales Omnibus survey, which showed awareness and understanding of Audit Wales among the general public appears to be increasing.

This Annual Report is the last of my tenure as Auditor General. It has been a great privilege since 2018 to serve as the Auditor General for Wales. Through [a series of podcasts](#) and a [recent letter to the Senedd](#), I have provided my end-of-term perspective on the persistent challenges and opportunities for improving public services.

Undertaking the role of Auditor General would be impossible without the help and support of many people. The Welsh public sector is blessed with many marvellous public servants with whom it has been my privilege to work. To the Wales Audit Office Board, under the leadership of Dr Ian Rees, I am enormously grateful for their challenge, advice and support over the last eight years. And above all, I would like to thank the staff of Audit Wales. Any Auditor General, and certainly this one, is reliant on their professionalism, dedication and good humour. I am in their debt.

I wish Catherine Mealing-Jones well in her role as the next Auditor General. I am sure that, under her leadership and with the continuing support of the Board, Audit Wales will continue to go from strength to strength.



Adrian Crompton
Auditor General for
Wales

Statement from the Chair on our performance in 2025-26

2025-26 at Audit Wales was a year particularly focused on preparing for the future. A number of noteworthy steps were taken, including:

- We established a new Audit Modernisation and Impact Directorate and gave special focus to themes identified as crucial in shaping our longer-term culture and operating model. These included digital developments and the skills and shape of our workforce.
- From March 2025, we began introducing Microsoft Copilot, an Artificial Intelligence (AI) tool, to support how our work is planned and delivered and to support personal productivity. The project initially engaged a diverse cohort of 50 colleagues in a structured pilot to test AI capabilities in audit and corporate contexts.
- As part of this work, strong safeguards were put in place to ensure AI is used appropriately. Clear guidance was approved by the Auditor General and Board that covers data protection, confidentiality, ethical use and the importance of outputs being carefully reviewed by staff. Conclusions and judgements must always remain with our people. By adopting AI in a controlled and ethical way, Audit Wales is enhancing and modernising our working practices and helping build digital capability across the organisation.
- The Board and Executive Leadership Team also monitored an expanded range of actions and performance measures to ensure we deliver a holistic and robust workforce strategy and plan for attracting, retaining and developing staff across the whole organisation.

In November 2025, we were delighted to see the results of our 2025 annual Audit Wales staff survey. Scores increased across nearly all survey themes, continuing the trend observed in 2024. Our Engagement Index reached 73%; our highest score since we began recording this measure in 2017. We take great pride in the positive organisational culture these results describe. The results also tell us that we have been successful in addressing many of the issues raised through equivalent surveys in previous years.

However, we strive to continuously improve, and the survey pointed to a few areas where some improvement is still required, including through refining our approach to recruitment. As a result, some specific improvement projects are now underway in these areas.

In December 2025, we published our third report on compliance with the Biodiversity and Resilience of Ecosystems Duty, alongside our forward plan for performing the Duty over the next three years. Similarly, in April 2026, we published our new Strategic Equality Plan (SEP) for 2026-2030. In both plans, we commit to new objectives to help us best perform our statutory duties in these areas in the coming years.

For the SEP, our new objectives were developed with input from Pawb, our staff equality interest group, and a public consultation where we sought views from a wide range of relevant stakeholders. I am grateful for all the feedback received, which was carefully considered before finalising the plan.

During the year, strategic risks were well managed, including in relation to our workforce strategy and the timing of the pre-election period and its potential impact on Adrian's audit and legacy messaging. The Board was also satisfied with the quality of the management information it received. I would like to pay tribute to the staff of Audit Wales for all their hard work and commitment throughout the year.

And, of course, in light of his imminent departure, on behalf of us all at Audit Wales, I would like to say a big thank you Adrian. Over the last eight years, he has brought authority, commitment dedicated and thoughtful leadership, strengthening the post of Auditor General and helping position Audit Wales as an even more respected and influential organisation. We wish him well for the future.



Dr Ian Rees
Chair of the Wales
Audit Office

Key performance indicators

- 20 Our [Annual Plan for 2025-26](#) included a framework of key performance indicators (KPIs) and associated targets.
- 21 In our [Interim Report](#), we provided a mid-year update on progress made over the period 1 April to 30 September 2025 towards achieving these targets.
- 22 The following exhibit shows the position at the end of the 2025-26 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.
- 23 Overall, in 2025-26 we achieved our targets for 9 of the 18 KPIs.
- 24 Relevant parts of the Performance Analysis section of this Report provide further commentary on our performance against our KPIs.

End of year position for our 2025-26 KPIs

A strategic, dynamic and high-quality audit programme

No	Indicator	Description	2025-26 Target	2024-25 Performance	2025-26 Performance
1	Audit of accounts	Proportion of accounts audit opinions delivered by the planned or statutory deadline.	100%	99%	94% ¹
2	Performance audit	Proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting. ²	90%	81%	83%

● Achieved our target ● Improvement required ● Significant improvement required

- 1 This drop in performance reflects the larger number of audit issues arising and poor quality supporting working papers at a small number of audited bodies.
- 2 Measurement considers the scale and impact of any delays beyond planned timetables and if they relate to factors outside our direct control.

No	Indicator	Description	2025-26 Target	2024-25 Performance	2025-26 Performance
3	Quality	Number of reviewed audits that are delivered in accordance with expected quality standards. ³	All audits sampled in the highest two audit quality categories.	6 out of 8	7 out of 8
4	Credibility	Proportion of stakeholders that consider us to be an independent and authoritative communicator on the governance and stewardship of public money and assets. ⁴	At least 90%	76%	90%
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%	78%	78%
6	Driving improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services.	At least 80%	62%	70%
7	Savings identified	Value of potential savings, productivity gains and other financial benefits identified through our work.	At least £30 million during 2023-2026	£16 million	£46 million

● Achieved our target
 ● Improvement required
 ● Significant improvement required

3 [International Standards on Auditing \(UK\)](#) for accounts audit work, [INTOSAI professional standards](#) for performance audit work, and Financial Reporting Council quality and [ethical standards](#) for all work.

4 2025-26 performance data for KPIs 4-6 is sourced from a comprehensive independent stakeholder research exercise carried out in early 2026. Responses were received from 112 individuals across 65 different organisations.

A targeted and impactful approach to communications and influencing

No	Indicator	Description	2025-26 Target	2024-25 Performance	2025-26 Performance
8	Good practice outputs	Proportion of stakeholders who rate our good practice outputs as 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.	53,000 each year	81,000	69,000
10	Social media	Number of social media engagements i.e. interactions with our posts such as a like, a comment, or share.	4,000 each year	3,500	5,300
11	Sharing audit learning	Number of instances where we present audit learning to external audiences. ⁵	50 each year	53	58

● Achieved our target
 ● Improvement required
 ● Significant improvement required

⁵ Beyond routine engagement with audited bodies and including, for example, at key policy working groups or externally hosted events.

A culture and operating model that enables us to thrive

No	Indicator	Description	2025-26 Target	2024-25 Performance	2025-26 Performance
12	Employee engagement	Annual staff survey engagement index score.	At least the benchmark median score for the latest <u>Civil Service survey</u> ⁶	71%	73%
13	Turnover	Proportion of employees who voluntarily leave Audit Wales per annum.	Between 5% and 10%	5.8%	3.8% ⁷
14	Sickness absence	Proportion of total time lost due to sickness absence.	Less than 4%	3.9%	3.3%
15	Financial balance	Variance in net expenditure from the budget set out in our Estimate.	Underspend of less than 2% of budget	3.2%	3.2% ⁸
16	Cost savings	Value of in-year cost savings delivered across the business.	£200,000 as set out in our 2025-26 Estimate	Exceeded £400,000 non-pay savings	Exceeded £200,000 non-pay savings

● Achieved our target
 ● Improvement required
 ● Significant improvement required

6 The Civil Service People Survey (CSPS) benchmark in October 2025 was 65%.

7 Changes in the audit market resulted in performance dropping below the target range in 2025-26; our Public Audit Forum partners are all currently experiencing similarly low levels of turnover. Consequently, in our Annual Plan for 2026-27, we extended the target range for this KPI to ‘Less than 10%’.

8 The above target surplus of 3.2% has largely been driven by savings from staff vacancies and underspends on non-pay budgets. To avoid a recurrence in future years, further training is being provided for budget holders with increased accountability for managing outturn.

No	Indicator	Description	2025-26 Target	2024-25 Performance	2025-26 Performance
17	Greenhouse gas emissions	Total CO ₂ equivalent emissions. ⁹	Less than 290 tonnes (50% reduction on a 2019-20 baseline)	333 tonnes ¹⁰	318 tonnes ¹¹
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%	85%	89%

● Achieved our target
 ● Improvement required
 ● Significant improvement required

⁹ Not including supply chain emission estimates which are reported on separately in our annual Sustainability Report.

¹⁰ In May 2026, the Welsh Government made substantive changes to its reporting guidance, so 2024-25 emissions have been restated using the latest methodologies.

¹¹ Target not achieved due to increased levels of staff attendance at our offices and audited body sites in 2025-26, through moving to an optimum post-pandemic hybrid working model with an appropriate mix of in-person and online working.

Performance analysis

- 25 This section sets out a more detailed view of Audit Wales's performance in 2025-26. 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, accompanied by some case study examples of particularly impactful projects.
 - c 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

- 26 Our core business is carrying out a broad programme of audit work to deliver the Auditor General's statutory powers and duties. Throughout 2025-26 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

27 We undertake local audit work at most public bodies in Wales. This mainly consists of audits of accounts and local performance audit work. A comprehensive list of the public bodies that we audit and the type of local audit work carried out at those bodies is provided in our [Annual Plan for 2026-27](#).

Audit of accounts

- 28 The largest area of our local work is auditing the accounts for over 800 public bodies across Wales. Our 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.
- 29 Overall, in 2025-26, 94% of our principal accounts audit opinions were delivered by the statutory or agreed deadline (KPI 1). This represents a 5% decrease on our performance in 2024-25 and reflects a more challenging delivery context. The statutory audit deadline was brought forward by one month compared with the previous year. A small number of audit opinions were delayed due to the late submission and poor quality of draft accounts and supporting working papers at a limited number of audited bodies.
- 30 With one exception, we completed our accounts work at NHS bodies in June 2025 in line with our delivery plan. All audits of central government bodies' 2024-25 accounts were completed in line with our delivery plans. In December 2025, the [Auditor General issued a qualified opinion on the Welsh Government 2024-25 accounts](#). He qualified his true and fair opinion on the Welsh Government's student loan asset because he was unable to determine whether the fair value estimate as of 31 March 2025 was reasonable.
- 31 In local government, delivery of audits of accounts by the 31 October 2025 deadline remained a challenge. Quality issues with some draft 2024-25 local government accounts, together with a deterioration in the quality of working papers and delays in local government bodies' responses to audit queries, meant that it was not possible to complete all audits by the deadline.
- 32 We continued to work closely with individual bodies and the wider sector to drive improvements in future delivery, as set out in more detail in **the Commentary for Priority 1**. In December 2025, we delivered two shared learning events that brought representatives from across the local government sector together to [Explore the challenges and opportunities in strengthening financial reporting](#).

- 33 However, the sector's ability to produce high-quality and timely 2025-26 accounts remains a significant concern. As of 31 March 2026, one body remained outstanding for 2022-23 accounts, two for 2023-24 and nine for 2024-25. In March 2026, the Auditor General wrote to all local government bodies warning that growing delays in the preparation and audit of statutory accounts pose a real risk to financial transparency and good governance across the sector. The letters set out the actions needed across the sector to restore timely and high-quality financial reporting.

Local performance audit

- 34 During 2025-26, we continued to shape and deliver 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.¹²
- 35 We publish most local audit reports to our website once they have been through relevant governance processes at audited bodies.
- 36 This year, our programme included:

Local government

- Our annual assurance and risk assessments.
- Completing work at all 22 councils on arrangements for commissioning services, outlining factors impacting on the sector's ability to deliver value for money.
- Assessments across the sector focusing on workforce pressures and how councils are managing recruitment and retention issues.
- Bespoke local reviews on a wide range of other topics, which included, for example, reporting on counter fraud, risk management, and planning services and progressing work on housing adaptations and cyber resilience at multiple councils.

12 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. We have sought to integrate these examinations within existing programme of work as far as possible.

NHS

- Our annual structured assessment work.
- Completion of our work on cost savings arrangements and supporting improvement through a good practice checklist for board members.
- Reports on waiting list backlogs at all health boards.
- A continued programme of work on urgent and emergency care which has included looking at health and social care factors affecting timely patient discharge and at how demand is managed.
- Progressing work across the sector on digital transformation, cancer services, and estates management.
- Bespoke local reviews which included, for example, reports on eye care services at three health boards.



- 37 **Case study 1** (local government) and **Case study 4** (NHS) provide some further commentary on work in these sectors.
- 38 In September 2025, we also published a [Report on governance failures and member engagement at Wrexham County Borough Council](#). This follow-up review, which examined values and behaviours at senior level across the Council, found that the Council has not yet fully addressed our previous recommendations.
- 39 Overall, the total number of local performance audit reports increased slightly from 156 in 2024-25 to 158 in 2025-26. The number of reports largely reflects how local programmes are shaped during the reporting period and we would not expect the figure to be the same year on year.
- 40 Further information on progress made towards addressing a backlog in our local audit work and bringing our large programmes of work back to pre-pandemic timescales is provided in the **Commentary for Priority 2**.

National studies

- 41 We carry out an ongoing programme of national studies. These include other NHS and local government focused studies in addition to our local audit programmes in those sectors. We also prepare additional outputs highlighting common themes from our local audit work.
- 42 The table below lists 16 higher-profile national report outputs of various types that we delivered in 2025-26. Our **Snapshot of the Year** at the front of this Report features several of these outputs.
- 43 The scale of different pieces of work varies. This figure of 16 outputs is the same as that delivered in 2024-25. Overall, we have continued to see this output generate strong media coverage and wider interest from relevant stakeholders.
- 44 The proportion of key performance audit products (including national studies) delivered in accordance with the planned timetable in 2025-26 improved slightly from 81% to 83% (KPI 2) but was still below our target of 90%. In 2025-26, one factor affecting our ability to achieve this target continued to be the reprioritising of some resources devoted to national work to our local audit backlog recovery.
- 45 These outputs sit alongside other reports for central government bodies that are part of the wider package of national work described in our Annual Plan but have not been individually press released. Specifically, this includes reports/outputs on well-being objective setting at [Medr](#), [Qualifications Wales](#), the [Centre for Digital Public Services](#) and the [Arts Council of Wales](#). It also includes reports on financial sustainability at the [National Library of Wales](#), [Arts Council of Wales](#), [Sport Wales](#) and [Amgueddfa Cymru](#).
- 46 Studies are listed in the table broadly in order of their date of completion, with an indication of strong alignment with particular themes. In practice, all our work typically includes coverage relevant to 'well-managed public services'.
- 47 Our [Annual Plan for 2026-27](#) lists all active and planned studies for 2026-27 as of 31 March 2026. Further information about our work programme is available on [our website](#).
- 48 We keep our forward programme under regular review, taking account of the evolving external environment, our own resourcing and the capacity of audited bodies to engage with us. We maintain sufficient flexibility so that we can respond effectively to emerging issues of public or parliamentary concern.

- 49 In 2026-27, this will include taking account of:
- a the views of the new Auditor General;
 - b developments in Welsh Government policy; and
 - c areas of possible interest for Senedd committees following the Senedd elections.

National report outputs completed in 2025-26

	 Tackling inequality	 Responding to the climate and nature emergency	 Service resilience and access	 Well managed public services
<u>No time to lose: Lessons from our work under the Well-being of Future Generations Act</u>	✓	✓	✓	✓
<u>The Wales Infrastructure Investment Strategy</u>	✓	✓		✓
<u>NHS cost savings planning</u>				✓
<u>Temporary Accommodation, long-term crisis?</u>	✓		✓	✓
<u>Welsh Government funding for the failed Porthcawl Maritime Centre</u>				✓
<u>NHS finances and data tool update</u>				✓
<u>Protecting Nature for Future Generations?</u>		✓		✓
<u>Update on actions taken to detect fraud and error in community pharmacy</u>				✓
<u>Checking the patients. Results from a pilot data matching exercise on GP patient lists</u>				✓
<u>The Building Blocks? Capital Planning in Councils in Wales</u>		✓		✓
<u>Private finance – public impact: Examining decision-making for the new Velindre Cancer Centre</u>				✓

	 Tackling inequality	 Responding to the climate and nature emergency	 Service resilience and access	 Well managed public services
<u>Update on actions taken to meet the Welsh Government’s affordable homes target</u>	✓	✓		✓
<u>A summary of the key findings from our review of local government commissioning arrangements</u>				✓
<u>Managing the Regional Integration Fund: Implementation of previous audit recommendations</u>			✓	✓
<u>Additional learning needs: Do public bodies know if the system is working?</u>	✓		✓	✓

Supporting effective scrutiny

Supporting the work of the Senedd

- 50 During 2025-26, our work continued to play a key role in supporting the work of the Senedd Public Accounts and Public Administration Committee (PAPAC) in its consideration of how resources are used in the discharge of public functions.
- 51 The outputs from our work supported 16 of the Committee’s meetings throughout the year. This included briefing the Committee on various national report outputs published in the period (from the list above).

- 52 We also continued to engage with clerking and research teams to other Senedd committees to discuss our work where this was of mutual interest:
- a We gave oral evidence to the Equality and Social Justice Committee in June 2025 as part of its inquiry into the implementation of the Well-being of Future Generations Act, followed up by written evidence in November 2025 (see also **Case study 2**).
 - b We submitted written evidence over the summer 2025 to the Climate Change, Environment and Infrastructure Committee to support its scrutiny of the Welsh Government's Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill.
 - c We gave oral and written evidence to the Finance Committee in November 2025 to support its scrutiny of the Welsh Government's draft budget for 2026-27.
- 53 In March 2026, the Auditor General wrote to Senedd committees to put on record his end-of-term perspective on some of the challenges and opportunities facing public services in Wales.

Supporting the audit and scrutiny committees of public bodies

- 54 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.
- 55 We also continued our regular briefings on audit-related matters to the NHS Audit Committee Chairs and Directors of Finance groups, the local government Society of Welsh Treasurers Group and its Chief Accountants Sub-Group, and the Central Government Audit Committee Chairs Group.
- 56 More detail on our work in this area is provided in our **Commentary on the delivery of our audit work programmes** and in **Case study 4**.

Supporting the public and their local representatives

- 57 We regularly receive correspondence from the public, their elected representatives and others that raises potential concerns about the use of public money. 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 public bodies in Wales.
- 58 During 2025-26, we received 174 items of correspondence and ensured that we responded to those concerns in a fair, proportionate, and professional manner. In addition, 31 individuals contacted us between 1 April 2025 and 31 March 2026 making, insofar as we were able to confirm, a whistleblowing disclosure. In combination, this represents a 51% increase in new cases compared to 2024-25.

- 59 The Auditor General's Report on Disclosures of Information for 2025-26 is included as an Appendix to this Report.¹³
- 60 Of the total number of correspondence and whistleblowing disclosure cases, 32 were found not to be relevant to the Auditor General's legislative remit or did not amount to substantive matters on which the Auditor General would need to report or take other action. The remaining 173 cases were recorded to be considered either as part of ongoing or planned audit work, or as part of planning future audit work.

Good practice work and sharing audit learning

- 61 Good Practice outputs produced over the last 12 months have included:
- a A number of shared learning events discussing the following topics:
 - i No time to lose: Prioritising prevention
 - ii Working together to deliver quality and timely Local Government accounts
 - b A series of blogs sharing examples of various initiatives across Wales.
- 62 In March 2026, we launched a new section of our website called Insights, through which we share practical content designed to help the reader gain a deeper understanding of our audit work and the key issues facing Welsh public services. Content includes:
- a Features and blogs explaining key findings in plain language;
 - b Toolkits and guides supporting better decision making;
 - c Podcasts and speeches offering expert views;
 - d Data visualisations making complex information easy to explore.
- 63 We also continued to develop our podcast channel which was re-launched in September 2025. In December 2025, through a series of special podcasts, Adrian Crompton offered his perspective as the outgoing Auditor General on the persistent challenges and opportunities for improving public services in Wales. We have since published episodes on Fraud and Artificial Intelligence (AI) with series two being published during Summer 2026.
- 64 All the material shared in 2025-26 can be accessed via the Good Practice and Blogs sections of our website. Overall, 100% of stakeholders that responded to our feedback questionnaire after attending events in 2025-26 rated our good practice outputs as useful or very useful (KPI 8).

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

- 65 In addition, we exceeded our target of 50 for the number of instances where we presented audit learning to external audiences beyond our routine engagement with audited bodies (KPI 11). This year there were 58 such instances. Among other things, these included examples of our input to the work of Senedd committees, beyond our regular engagement with the PAPAC.
- 66 Our count also covers presentations at conference events for Welsh, wider-UK and international audiences on various topics, including from our work under the Well-being of Future Generations Act (**see Case study 2**). In December 2025, the Auditor General delivered a keynote speech at the ICAEW Public Sector conference. The conference focused on crisis management, governance and resilience in the public sector.

Audit quality

- 67 We carry out our work in accordance with International Standards on Auditing (UK) for accounts audit work, INTOSAI professional standards for performance audit work, and Financial Reporting Council quality and ethical standards for all work.
- 68 Our latest quality monitoring programme was completed in April 2026. 7 out of the 8 sampled audits met our target of being delivered in accordance with the highest two audit quality categories (KPI 3). 5 of the 8 sampled audits achieved the very highest rating. In overall terms, this is the strongest set of scores we have received since working with the Quality Assurance Department of ICAEW over the last ten years.
- 69 Our latest Audit Quality Report provides more detail on progress made in our audit quality arrangements and the outcomes from monitoring activity.

Stakeholder and public feedback

- 70 We commissioned an external contractor, Savanta, to run an independent survey of our key stakeholders in early 2026. Through the survey, we explored levels of engagement and gathered views on the value and impact of our audit work.
- 71 The exercise covered key roles including Chief Executives, Council Leaders, Board Chairs, Directors of Finance, Chairs of Audit Committees and the main performance audit contacts at all principal audited bodies. The survey invitation was also sent to all Members of the Senedd.
- 72 91 individuals completed the online survey, with a further 21 taking part in more in-depth interviews. Overall, we received responses from 65 different audited bodies (87% of the organisations invited) with good representation across all sectors.

- 73 As reported in our [Annual Report and Accounts 2024-25](#), a similar stakeholder survey exercise was run in 2025. However, due to the smaller number of respondents to that survey (and consequent higher margins of error in those results), caution must be taken when drawing comparisons.

74 The headline messages from the far more comprehensive 2026 survey are as follows:

90% of stakeholders consider the Auditor General to be an independent and authoritative communicator on the governance and stewardship of public money and assets – we achieved our 90% target for KPI 4 with a 14-percentage point increase from the 2025 survey results.

78% agreed that, through the work of Audit Wales, they have gained useful insight that they would not have acquired otherwise - close to achieving our 80% target for KPI 5 and the same result as in 2025.



Stakeholder satisfaction with Audit Wales audit of accounts work is very high (81%).

70% believe that the work of Audit Wales has led to improvements in the provision of public services - remains below our 80% target for KPI 6, but an 8-percentage point increase on 2025.

Stakeholder satisfaction with Audit Wales performance audit work is also high (70%) but lower than for accounts work. Some of the less positive views on performance work referred to “already knowing” the conclusions drawn and/or recommendations made.

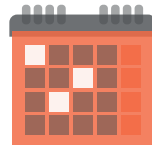


Most stakeholders said they have a constructive working relationship with their main audit contact (93%) and that Audit Wales staff demonstrate strong professional expertise (90%).

92% of stakeholders said that Audit Wales reports are clear, accessible and easy to understand.



Timeliness is a key area of improvement recommended by stakeholders, alongside enhancing the sharing of best practice and strengthening collaboration with audited bodies to improve efficiency and relevance of outcomes.



Audit Wales is most commonly perceived to be trustworthy, approachable, knowledgeable and respectable, but somewhat less adaptable and innovative.



Value for money remains a more polarising metric, with concerns raised mainly relating to audit fee increases.

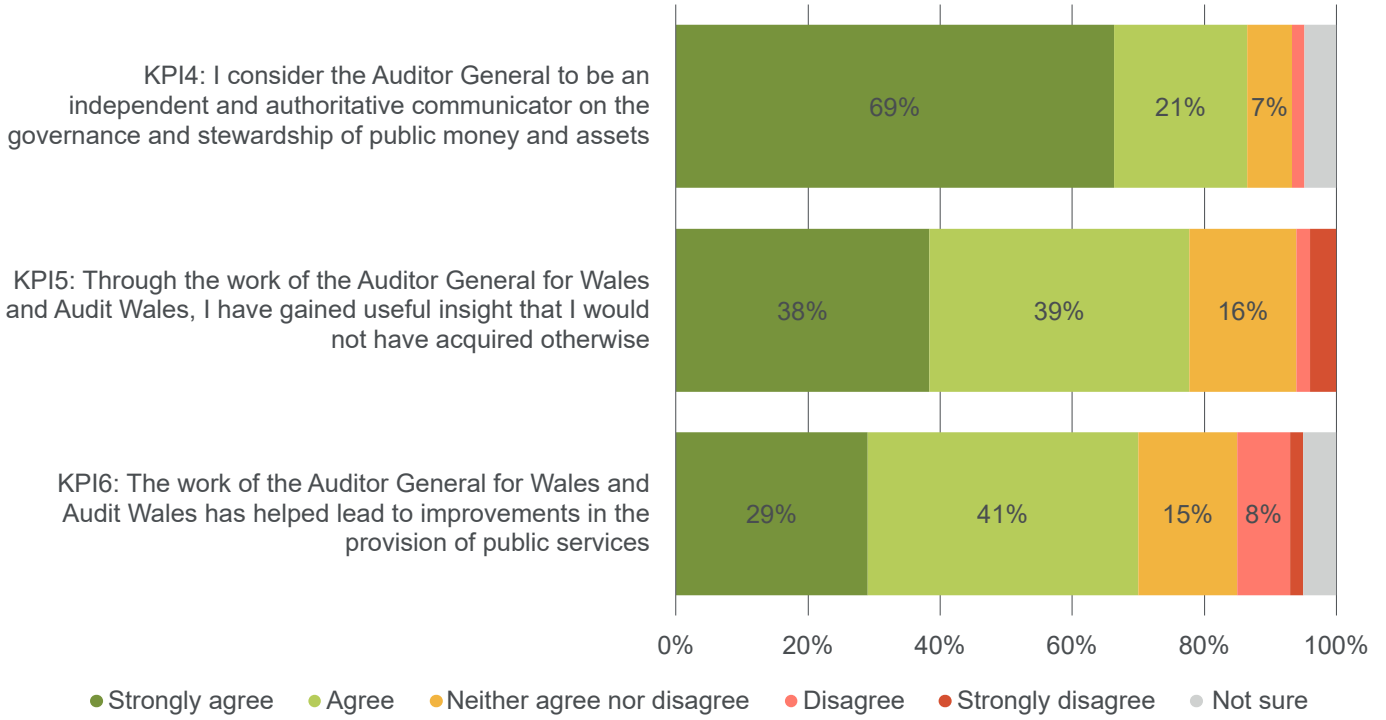
Topic areas that, over the next 1-3 years, stakeholders would particularly like Audit Wales to consider examining and reporting on include:

- i long-term financial sustainability;
- ii system design, governance and collaboration across public services; and
- iii digital transformation, AI and workforce readiness for the future.

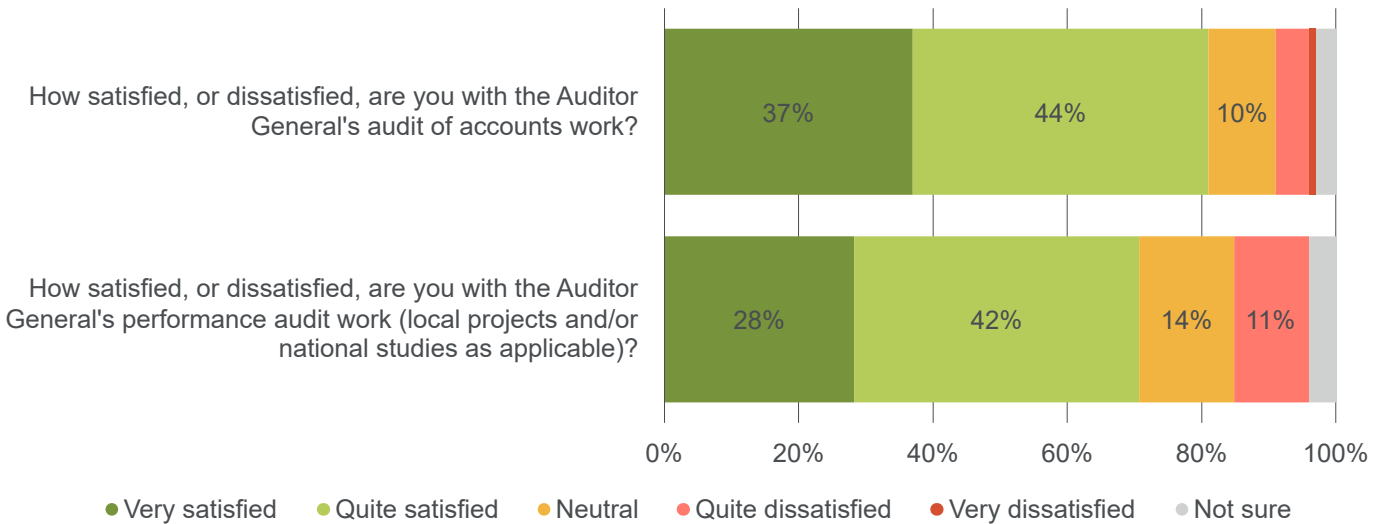


75 The breakdown of responses from stakeholders to many of the key statements in the survey is provided in the charts below.

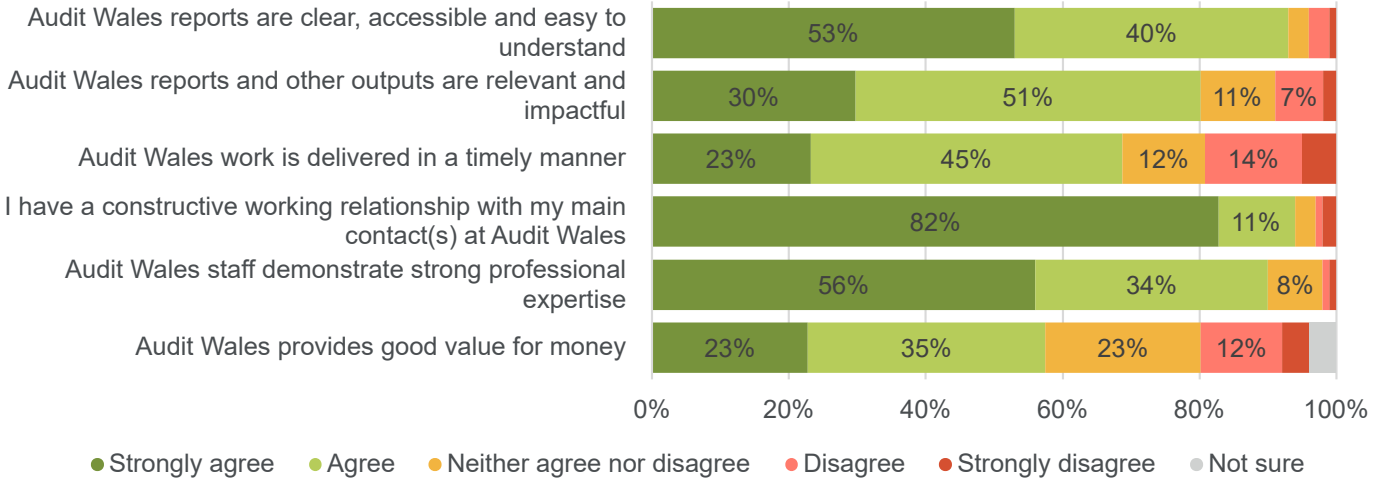
Key Performance Indicators



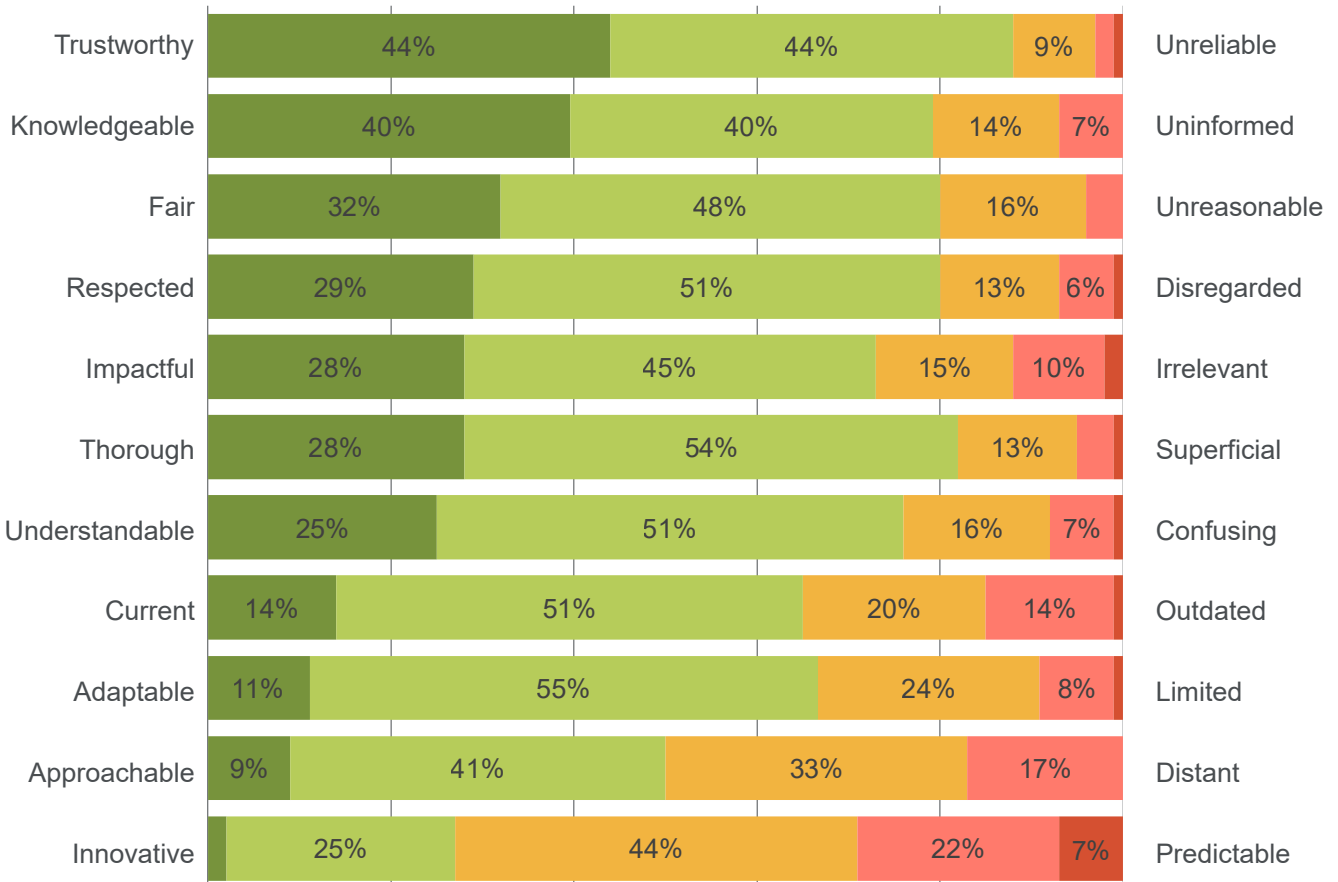
Stakeholder satisfaction with audit work



Other key stakeholder survey metrics



Stakeholder perceptions of Audit Wales¹⁴



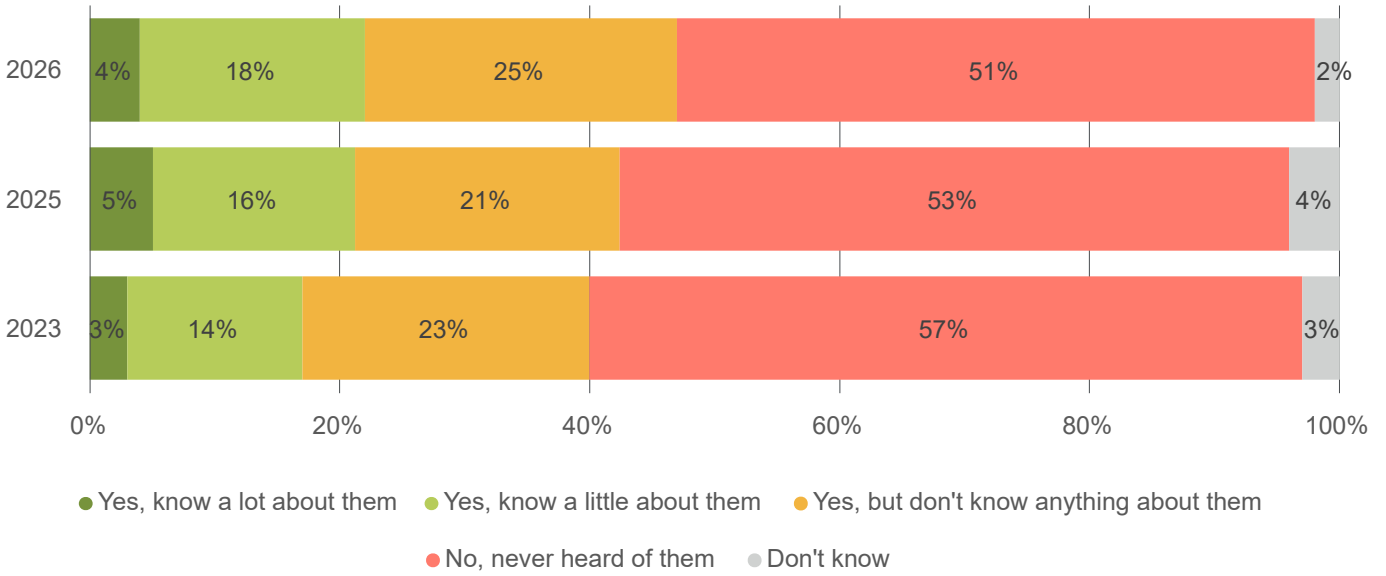
14 Adjective association on a 5-point scale

- 76 In March 2026, Audit Wales also participated in the Wales Omnibus Survey operated by Beaufort Research. A short suite of questions was used in interviews to explore levels of awareness, understanding and perceptions of Audit Wales among a demographically balanced population sample of 1,000 individuals. Similar surveys were conducted in 2023 and 2025 which provide useful reference points.
- 77 Awareness of Audit Wales among the general public appears to be increasing. Unprompted awareness remains at a relatively low level but increased from 6% to 11% between 2025 and 2026.¹⁵ Prompted awareness between 2023 and 2026 increased from 39% to 47%.¹⁶
- 78 Awareness among the public is driven primarily by news coverage on television, through speaking to family and friends, and through reading news articles online or on social media. Awareness is also uneven across the population, with higher levels among people from higher and intermediate managerial, administrative and professional occupations, younger adults and those living in South Wales.
- 79 More detailed knowledge of what we do remains relatively low, indicating scope to strengthen public understanding. However, perceptions are highly positive among those more familiar with our work, and appear to have strengthened since 2025.
- 80 The top three topic areas that, over the next 1-3 years, members of the public would particularly like Audit Wales to consider examining and reporting on were:
- a NHS Wales funding and efficiency;
 - b Public spending efficiency, overspend and waste; and
 - c Local government competence, transparency and efficiency.
- 81 The breakdown of responses to the key questions in the Omnibus survey is provided in the charts below.

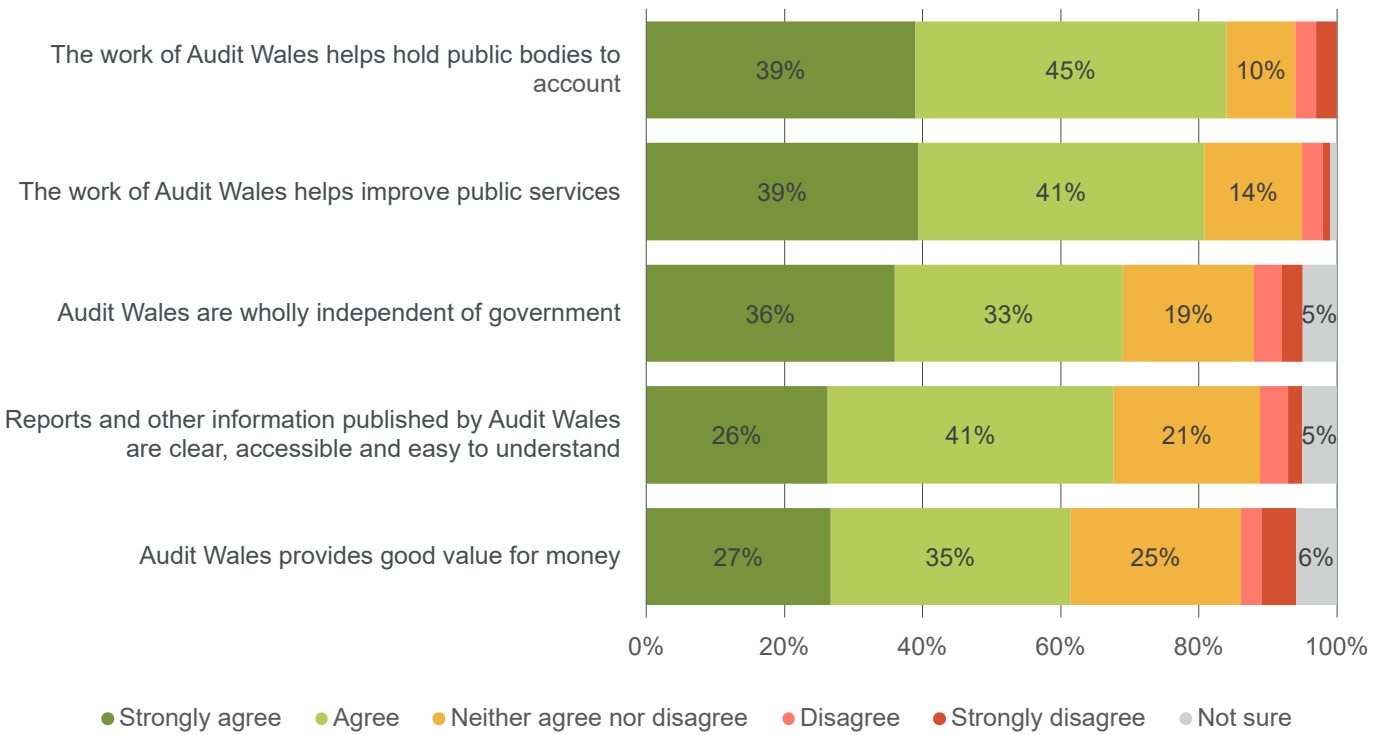
15 Those that answered, "Audit Wales", "Auditor General for Wales" or "Wales Audit Office" in response to "Can you name any organisations that review public spending in Wales?" Only the Senedd/Welsh Parliament scored higher in 2026 with 18% unprompted awareness.

16 Those that answered, "Yes" in response to the follow-up question "Have you heard of Audit Wales (the Auditor General for Wales and the Wales Audit Office)?"

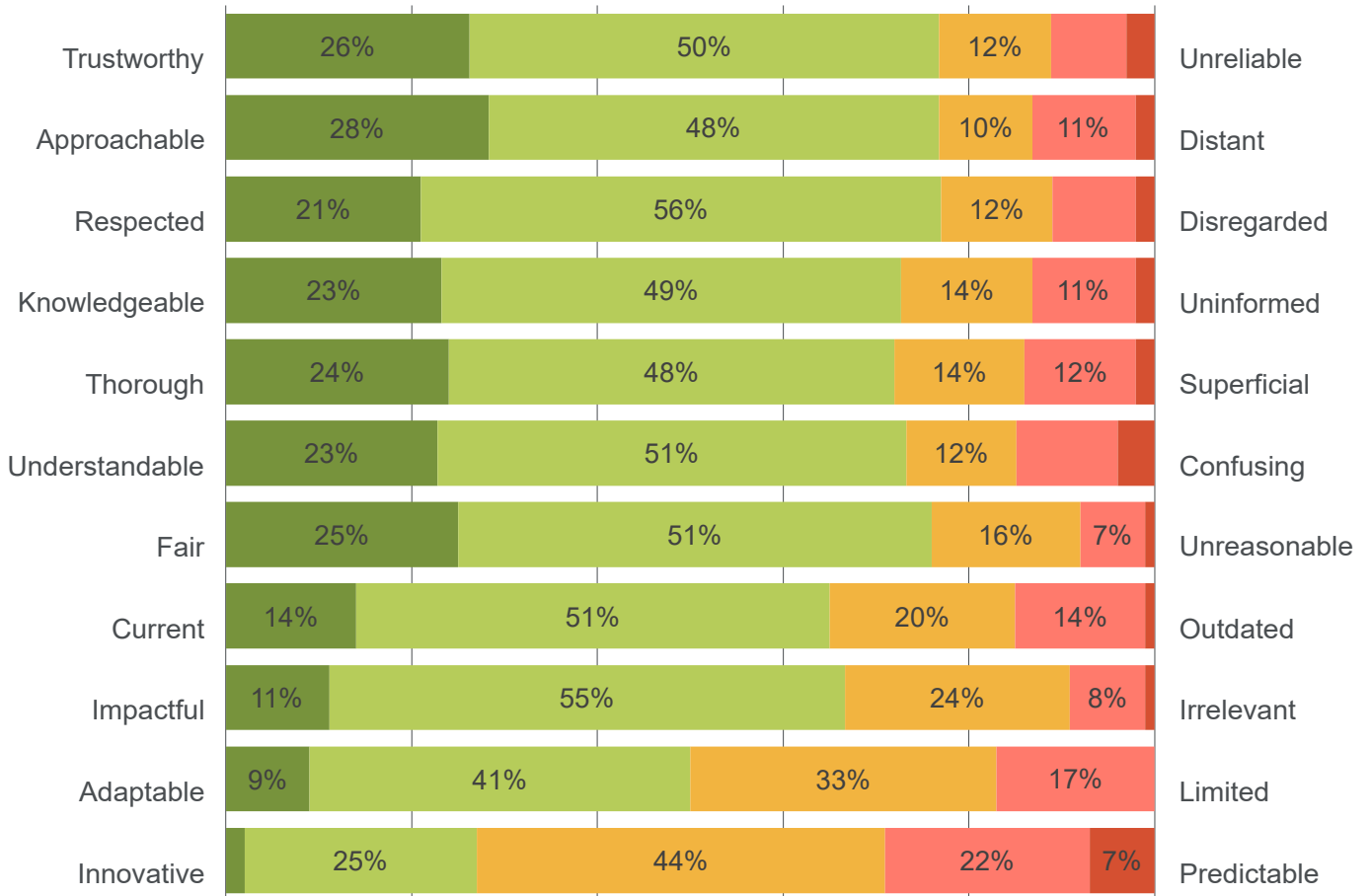
Prompted public awareness of Audit Wales



Key public survey metrics



Public perceptions of Audit Wales



Progress made in our areas of focus for business improvement

82 2025-26 was the fourth year of a five-year Strategy for achieving our overall vision. In that strategy, we identified three areas of focus for prioritising action:



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

- 83 Notable achievements during the first four years of strategy delivery, including some of the activities described in this report, are set out in our latest Annual Plan.
- 84 In 2025-26, we committed to take strategic action across five key business planning priorities. The following pages provide detail on progress we made against each of these priorities in the reporting period.
- 85 In the interests of streamlining and avoiding duplication, where detail on progress is included elsewhere in this Report, signposting to the appropriate section is provided.
- 86 In these sections, we also provide some relevant case study examples of the work we delivered during 2025-26 and the impact that work has had.



A strategic, dynamic and high-quality audit programme

Priorities

Bring the timetable for the delivery of 2024-25 accounts audit work further forward to 30 June for NHS and 31 October for local government (equivalent 2023-24 accounts deadlines were 15 July and 30 November).

Progress made

Status: In progress, as while audit delivery has been strong across NHS and central government, progress in the local government sector continues to be constrained by ongoing challenges in the timeliness and quality of draft accounts.

Commentary:

As set out earlier in this report in the **Commentary on the delivery of our audit work programmes**, we have taken a wide-ranging and collaborative approach during 2025–26 to support improvement across the sector, including targeted engagement with key stakeholders and sector-wide good practice activity.

Despite these efforts, delays in local government financial reporting remain a significant concern, with implications for transparency and good governance.

This issue has been highlighted through formal correspondence from the Auditor General and will continue to be a key focus of our work, as reflected in our [2026–27 Annual Plan](#).

Priorities

Bring the timeframe for the completion of local performance work further forward, such that a greater proportion is completed within three months of the end of the year to which the audit plan relates.

Progress made

Status: In progress, with further improvement planned for 2026-27

Commentary:

Significant progress was made in 2025-26 towards eliminating the remaining post pandemic backlog in local performance audit delivery.

In the local government sector, all current backlog has now been cleared, and 2025-26 local audits are on schedule to be largely delivered by 30 June 2026.

In the NHS, prior year backlog has been substantially cleared, although some work from the 2025-26 plan has carried forward into 2026-27 with a target for completion by September 2026.

To accelerate this work, alongside additional relief auditor capacity, some additional resource was secured from other teams across the organisation to support delivery of local performance audits.

As set out in our [Annual Plan for 2026-27](#), by 2027 we aim to consistently complete all planned local work by the optimum deadline for ensuring timely and impactful reporting (31 March for the NHS and 30 June for local government).

Over the reporting period, we also progressed project work to improve the quality and accessibility of management information about the delivery of our local audit projects and programmes.

Priorities

Greater focus on value for money through stronger financial and outcomes analysis in our performance audit work.

Progress made

Status: Complete

Commentary:

In July 2025, we launched a new performance audit reporting template and supporting materials. The template is designed to draw out key facts and figures in a clearer way, including about spending and outcomes. More information on this project is provided in **Case study 3**. We also updated our guidance for auditors around aspects of our local audit work to encourage a greater focus on outcomes.

As part of our National Fraud Initiative (NFI) work, we developed a data tool to make it easier to assess bodies' progress in reviewing potential fraud/error data matches and the outcomes being achieved. We used the data tool to support our engagement with participating bodies and provide briefings for local audit committees. This work will inform our next national NFI report in Autumn 2026 and our thinking on future data matching opportunities.

In January 2026, we also published the results from pilot data matching work on NHS GP registrations.

By the end of 2025-26, we had largely completed local audit work on urgent and emergency care, and we had completed work on NHS planned care waiting lists.

We will be sharing national summary messages in early 2026-27, including bringing together analysis around potential financial saving opportunities, which have made a significant contribution to the £46 million figure we reported against KPI 7 (Savings identified) for the period 2023-2026.



Case study 1: Supporting improved financial sustainability and reporting across local government

Over the course of 2025-26, we placed particular emphasis on looking closely at financial pressures in local government:

- In July 2025 we published a report on [Temporary Accommodation](#) examining rising costs and demand, and how to improve the value for money of councils' approaches.
- In January 2026 we published a report on [Capital Planning in Councils](#), setting out ways for councils and the Welsh Government to better plan capital spending, and including a checklist setting out key aspects of effective capital planning.
- In early April 2026 we published a report on [Additional Learning Needs support: a system under strain](#), highlighting significant increases in council spending.
- We progressed work on [local government funding arrangements](#) and on the [value for money of services for looked after children](#), with findings due to be published in Summer 2026.
- We enhanced sector insight through our updated [Local Government Financial Sustainability Data Tool](#).

This body of work not only provided assurance on how councils were managing financial pressures but also highlighted areas of stronger and good practice to support shared learning and improvement.



Case study 2: No time to lose – lessons from our work under the Well-being of Future Generations Act

In April 2025, we published a landmark report on how public bodies are implementing the Act, ten years on from it becoming law. Despite examples of positive impact, we found that the Act is not yet driving the system-wide change that was intended.

Given the massive demand and financial pressures public bodies face, we stressed that accelerating progress under the Act starts with prioritising prevention. We made four strategic recommendations to the Welsh Government, focused on creating the conditions for progress.

The approach taken to our work under the Act helped strengthen the report's coverage and impact. Our commentary was informed by around 200 separate audits, through which we drew connections between the Act's sustainable development principle and value for money. This gave us more insight on whether public bodies are making the Act 'real' across their various functions.

We worked closely with the Future Generations Commissioner as he published his own report alongside ours. Shortly before publication, the Senedd's Equality and Social Justice Committee launched a post-legislative inquiry into the Act. We provided oral and written evidence to aid the inquiry, and our report and follow up evidence featured prominently in the Committee's report which endorsed our recommendations.

Beyond the Committee's work, our report has shaped wider conversations around the Act and what can be learned; we continue to contribute to a diverse range of related networks and events, both in Wales and across the UK.



A targeted and impactful approach to communications and influencing

Priority

Progress made

Achieve an increase in the reach and awareness of our work and its impact on communities in Wales, by encouraging more people to read, share, and act on our content.

Status: Complete

Commentary:

In early 2025-26, we launched a new ‘Style Hub’ which provides a one stop shop for all staff on writing and design guidance, including our new performance audit reporting template. More information on this project is provided in **Case study 3**.

During the reporting period, we continued the development of our refreshed website. Overall, the number of visits to our website where at least one action is performed, e.g., download a report, click on a video (KPI 9) comfortably exceeded our target of 53,000. Consequently, we have committed to a higher target of 75,000 for this KPI in our [Annual Plan for 2026-27](#).

We also reviewed our use of social media channels, with a focus on developing our LinkedIn site to better promote recruitment opportunities and the impact of our work. The number of social media engagements i.e. interactions with our posts such as a like, a comment, or a retweet/share (KPI 10) significantly exceeded our target by increasing by just over 50% from 3,500 to 5,300. We have also committed to an increased target for this KPI in our Annual Plan for 2026-27.

As part of a strategic initiative to explore the potential use of generative AI tools (discussed in **Case study 5**) we ran a series of pilots to determine how AI can potentially enhance the impact and efficiency of our communications.

In addition, in September 2025, we launched a refreshed external e-bulletin newsletter which goes out to around 1,700 people every month, keeping them informed about the latest news, insights, jobs and stories from Audit Wales.

Towards the end of 2024-25, we commenced an internal review, working in partnership with the communications agency FOLK, to better understand the communication needs of our diverse range of audiences and help develop guidance to further embed inclusion throughout our communications processes.

Following consideration of the recommendations of the review by the Executive Leadership Team in early 2025-26, and further engagement with key internal stakeholders, a number of key actions were implemented during the reporting period. These included further updates to writing guidance for all staff and a review of imagery used in reports. More detail on the resultant range of improvement actions that are being implemented will be provided in our next Equality Report.



Case study 3: Improving writing standards to strengthen clarity, accessibility and impact

Over the past year, we have taken significant steps to improve how Audit Wales performance audit reports are written. We developed and introduced new writing standards to make reports clearer, more consistent and easier to read.

To support this change, we worked with a specialist business writing consultancy. Together, we delivered a focused training programme for around 70 performance audit staff. Feedback from the training was strong, with most participants reporting that they felt positive about using the new approach in their work. We also introduced simpler report templates and created an online Style Hub. This gives staff a one-stop-shop for guidance, examples and tools.

The early indications of impact appear to be promising. 92% of the 112 participants in our 2026 stakeholder survey agreed that Audit Wales reports are clear, accessible and easy to understand. 80% of those participants also agreed that our reports and other outputs are relevant and impactful. An internal review of recently written audit reports against our new quality standards also showed clear improvements in structure, tone and clarity.



Case study 4: Supporting good financial and corporate governance and service improvement in the NHS

Throughout 2025-26, we used various mechanisms to ensure intelligence from our NHS accounts and performance audit work was communicated effectively and used to inform learning and improved performance:

- Our [checklist for Board members](#) on cost savings arrangements highlighted good practice to help guide debate on opportunities for sustainable cost improvements.
- Our [commentary on NHS finances](#) following our accounts audits, and [data tool update](#), helped stakeholders understand the overall scale of the financial challenge in the NHS and some of the underpinning trends.
- Our structured assessment work continued to comment on the effectiveness of corporate governance arrangements in the NHS bodies; we presented learning from different aspects of that work to the all-Wales Directors of Corporate Governance Peer Network.
- We participated in the inaugural [all-Wales NHS corporate governance community of practice event](#), delivering a presentation on the learning from our audit work to a large audience.
- Our programme of local performance audit work provided insight on areas of national concern such as tackling the planned care waiting list backlog and urgent and emergency care pathways.
- Our [planned care work](#) has highlighted the need for more sustainable solutions and opportunities for efficiency savings.
- Our work on the huge [impact of delayed discharges on the NHS](#) pointed to where better management of urgent and emergency care demand is needed to improve the safety and efficiency of those services.

The value of potential savings identified through these last two areas of work, combined with those from our earlier examination of [Cancer services](#), have made a significant contribution to the £46 million figure we reported against KPI 7 (Savings identified) for the period 2023-2026.



A culture and operating model that enables us to thrive

Priority	Progress made
<p>Prepare for the period after completion of our current five-year strategy by giving particular focus to themes we have identified as crucial in shaping the future culture and operating model of Audit Wales:</p> <ul style="list-style-type: none"> • Digital developments • Evolving auditing standards • The scope of our work including developments in sustainable reporting • The skills and shape of our workforce 	<p>Status: Complete. A follow-up priority focused on increasing the digitalisation of audit has been included in our Annual Plan for 2026-27</p> <p>Commentary:</p> <p>Digital developments</p> <p>In July 2025, we launched a new Artificial Intelligence (AI) and Digital Initiatives Policy. The Policy provides clear guidance for staff on the day-to-day use of approved AI tools, and on the process for consideration and approval of new AI tools (which is based on the AI Playbook for the UK Government).</p> <p>Commencing in March 2025, Audit Wales ran an initiative to explore the potential use of Microsoft Copilot in enhancing efficiency, productivity, and digital confidence across the organisation. Further commentary on this project is provided in Case study 5.</p> <p>Evolving auditing standards and developments in sustainable reporting</p> <p>There were no substantive developments in this area during the reporting period. Several new auditing standards will be introduced for 2026-27 accounts, and we continue to proactively monitor upcoming changes as new guidance become available, so that we can evaluate the implications for Audit Wales and respond appropriately.</p> <p>Skills and shape of our workforce</p> <p>In 2025-26, we delivered a range of strategic workforce planning activity, including the launch of a new performance management system and the management of our establishment as we continued progress in addressing the post-pandemic backlog in local audit work.</p> <p>Our Executive Leadership Team monitored an expanded range of performance measures to determine whether our Workforce Strategy is delivering as intended and scrutinised how vacancies are managed to ensure recruitment decisions are fully aligned with that Strategy.</p> <p>Further commentary on specific actions taken to upskill our staff in support of our Audit Horizons modernisation project is provided in Case study 6.</p>



Case study 5: Using Artificial Intelligence to support a modern office

During 2025–26, Audit Wales began introducing Microsoft Copilot, an Artificial Intelligence (AI) tool, to support how our work is planned and delivered and to support personal productivity. The project initially engaged a diverse cohort of 50 colleagues in a structured pilot to test Copilot capabilities in audit and corporate contexts.

Copilot was used in a controlled and responsible way to assist staff with routine but time consuming tasks to improve efficiency, effectiveness and quality. For example, teams have used the tool to summarise background information from large volumes of documents, helping them prepare more quickly for audit planning discussions.

Another key area of use has been the transcription and summarisation of meetings. This helps ensure that important conversations are recorded accurately and consistently, supporting a clear and reliable audit trail.

Our Data Analytics team has used AI to assist with coding, with colleagues reporting impactful efficiencies and improved quality. Using the tool has supported the team in developing their coding skills through the challenge and support AI brings.

Strong safeguards are in place to ensure Copilot is used appropriately. Clear guidance covers data protection, confidentiality, ethical use and the importance of outputs being reviewed by staff. The tool supports our work, but responsibility for outputs, conclusions and judgements always remains with our people.

Early feedback from participants highlights increased confidence in using digital tools and reduced administrative burden. In a staff survey, 77% of respondents were favourable overall about Copilot. By adopting AI in a controlled and ethical way, Audit Wales is enhancing and modernising our working practices and helping build digital capability across the organisation.



Case study 6: Upskilling our staff for the future

During the year, we introduced the CIPFA Certificate in Performance Audit Fundamentals to strengthen our training provision for new entrants to performance audit. The programme provides a strong grounding in public sector governance and introduces the principles of public sector audit, with a particular focus on performance audit.

We also nominated two colleagues to begin studying for CIPFA's new Performance Audit Qualification (PfAQ). This professional pathway is designed to enhance public sector auditors' analytical capability in response to increasingly complex policy challenges. The PfAQ provides formal recognition that performance auditing requires the same rigour, independence, and adherence to international standards as the audit of accounts.

To strengthen our existing audit of accounts graduate training scheme, in 2025-26 we introduced an introductory performance audit element into each year of the programme. This ensures that graduate trainees develop relevant knowledge, skills and experience should they wish to pursue performance audit after qualification.

We are also enhancing the scheme through the implementation of the ICAEW Next Generation ACA, embedding modern technical capabilities and the wider softskill competencies required of today's - and tomorrow's - auditors. Alongside this, we are establishing a new Pathways Programme, offering two entry routes into the ACA qualification: an apprenticeship and a graduate degree route.

Summary of our use of resources in the reporting period

87 We are fully committed to embedding the sustainable development principle in the way we run our business, and in the way we resource our audit work.¹⁷ In this section we provide some high-level commentary on how we managed our use of resources during 2025-26.

Delivering sound financial management and efficiencies

Sources of funding

- 88 The key priorities for our use of resources in 2025-26 were laid out in an [Estimate and Supporting Information](#), which was considered and approved by the Senedd Finance Committee in November 2024. In May 2025 a Supplementary Estimate was approved increasing our cash requirement by £389,000 to fund the cost of the National Insurance increase. Due to staff vacancies arising in year, we committed to returning £58,000 of this funding back to WCF.
- 89 Approximately two-thirds of our funding in 2025-26 was expected to come from fees charged to audited bodies in accordance with a [Fee Scheme](#) approved by the Senedd. Most of the remainder comprised of approved financing from the Welsh Consolidated Fund, our use of which was subject to scrutiny from the Board at regular intervals during the year.

Our Expenditure

- 90 As set out in the Statement of Resource Outturn (SORO) and accompanying notes, our total budget for 2025-26 was £28.8m; of which £23.7m (82%) was due to be spent on staff costs, £4.6m (16%) on other operating costs such as our office accommodation, ICT provision, staff training and travel, £280,000 (1%) allocated for capital investment in our office accommodation and ICT equipment and £187,000 (1%) capitalisation of property leases under IFRS16.
- 91 In 2025-26 we underspent this budget by £923,000 which represented 3.2% of our gross expenditure budget. Our KPI 15 target is for a variance of 2% and hence this target was not met for the year.
- 92 The main reason for this was a significant (£650,000) underspend in staff costs. As the majority of our vacancies were in non-fee earning and trainee roles, we were still able to achieve our ambition to reduce the backlog of audit work, allowing us to almost achieve our income target of £18,610,000. Further variance analysis is provided in the [Notes to the Summary of Resource Outturn](#).

17 The Well-being of Future Generations (Wales) Act 2015 defines the sustainable development principle 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'.

- 93 We invested £262,000 of capital funding including in the following areas:
- £139,000 on new laptops and peripheral equipment in line with our rolling replacement programme
 - £78,000 to upgrade our Performance and Financial Audit Platforms.
 - £45,000 for improvements to our office accommodation.

Effective use of resources

- 94 In line with our strategic vision to be a model organisation, we continue to explore areas for savings and efficiencies across Audit Wales. In 2025-26, we achieved our £200,000 non-pay cost savings target for the year (KPI 16) and utilised some of the savings from staff vacancies to invest in our priority areas including supporting staff well-being, maximising our impact and improving our use of data.
- 95 We continue to deliver annual recurring savings of over £200,000 from our recent office moves in Cardiff and North Wales. We have realised further savings following the West Wales office move in April 2025.

Our assets and liabilities

- 96 Our assets and liabilities are set out in the Statement of Financial Position in the Financial Statements. This shows that our net assets increased by £473,000 in 2025-26. The change in net asset value was mainly driven by a decrease in liabilities, the most significant of which were:
- A reduction of just over £240,000 in the value of trade payables (creditors) and other current liabilities.
 - A reduction of just over £220,000 in deferred income (fees that have been billed where the work has yet to be delivered) as we address the backlog of audit work.

Resources for future years

- 97 The Senedd Finance Committee approved our [Estimate for 2026-27](#) in November 2025. In the Estimate we requested an increase to our baseline call from the Welsh Consolidated Fund of 3.5%, resulting in a 2.9% increase our total resource requirement for the year.
- 98 In 2025-26 our fee income increased as we delivered more audit work than in a typical year by increasing the number of fee earning staff employed to reduce the backlog of audit work built up during the COVID pandemic. As we expect to complete the backlog during 2026-27, our workforce strategy sets out our plans to manage a reduction in staffing through natural wastage, reduced recruitment and the use of short-term contracts to avoid redundancies wherever possible.
- 99 These resources will be used to meet the ambitions set out in our [Annual Plan for 2026-27](#) including our plans to continue to address the backlog of audit work.

Ensuring effective staff engagement

- 100 During the year we used a variety of media and communications channels to engage with our employees. We provided essential updates and information on accessing resources and support, and gathered feedback on their experiences.
- 101 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.
- 102 In October 2025, we ran our annual all-staff survey to keep our finger on the pulse of the employee experience and identify where we need to improve. 84% of staff completed the questionnaire, which covered a range of themes, from the leadership and culture of the organisation through to how individual teams function.
- 103 A [summary of the results of our survey](#) has been published on our website. We were proud to see our overall engagement index score (KPI 12) rise again from 71% to 73%. This is our highest ever score for this measure and substantially higher than the 2025 Civil Service benchmark of 65%.

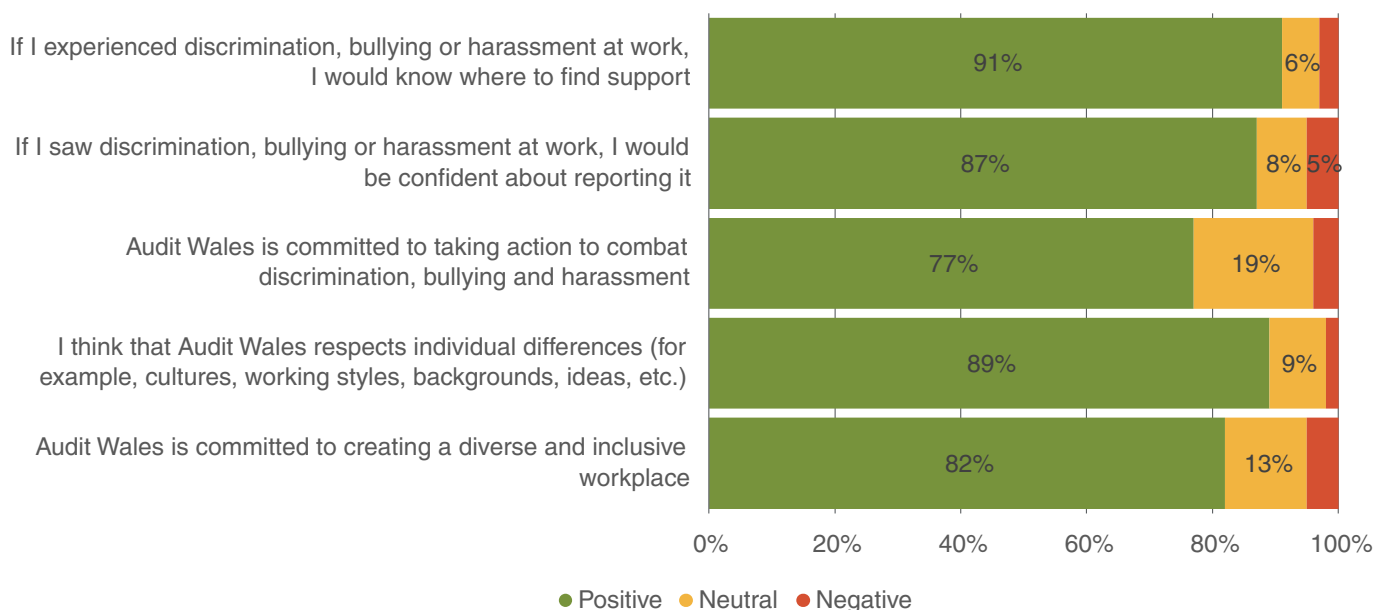
- 104 Positive scores also improved in year across most of the thematic areas covered by the survey. However, staff also provided feedback on some areas for further improvement, including recognising and rewarding outstanding performance, and refining our approach to recruitment. This feedback has informed our business planning for 2026-27.
- 105 In addition, there were a small number of survey statements where the scores from performance audit staff were especially less favourable than for the organisation as a whole. We ran a follow-up survey in early 2026 to explore these results in more detail.

Promoting health and well-being

- 106 We encourage healthy ways of working and a positive work-life balance to ensure our staff feel valued and are well supported, particularly when they experience difficulties, whether or not these affect their ability to carry out their role.
- 107 Our comprehensive well-being and attendance management policies and guidance support the proactive and sensitive identification and management of staff health and wellbeing issues. In 2025–26, the proportion of total time lost due to sickness absence (KPI 14) remained within our target of less than 4%. Further detail on sickness absence during the year is set out in the **Staff Report**.
- 108 In 2025-26, we placed wellbeing at the heart of our performance management conversations, supporting line managers to focus on staff wellbeing alongside role delivery. This was complemented by:
- a A network of mental health first aiders and well-being champions who provided informal, peer-based conversations for staff.
 - b Our 24/7 employee assistance programme, which offers staff access to confidential counselling and emotional support.
- 109 We also continued to communicate a range of initiatives to encourage good health and wellbeing at work, which included:
- a Know Your Numbers health checks offered to all staff
 - b Flu Jabs for all staff
 - c Wellbeing blogs, articles and lunch and learns
 - d Discounted gym memberships via our benefits app
 - e Eye test reimbursements

Valuing equality, diversity and inclusion

- 110 In reporting on public bodies, and in making recommendations, the Auditor General can encourage beneficial changes in terms of equality.
- 111 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.
- 112 We have an established Audit Wales staff group, Pawb, which helps ensure effective engagement with employees representing the interests of protected groups.
- 113 Our [Strategic Equality Plan for 2026-2030](#) sets out our new equality objectives, which were developed following a public consultation exercise in December 2025 and January 2026.
- 114 Our latest [Equality Report](#) summarises progress made towards delivering our previous equality objectives in 2024-25. The report is accompanied by an interactive data tool presenting our workforce diversity and pay gaps data. We will publish our progress report for 2025-26 later in 2026.
- 115 A summary of responses to relevant statements in our October 2025 staff survey statements is below.



Promoting use of the Welsh language

- 116 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 bilingual website, and throughout 2025-26 we communicated with the public, audited bodies, and the media in both languages.
- 117 Our [Compliance Notices](#) can be found on our website and in September 2025 we published our latest annual [Welsh Language Report](#).
- 118 During 2025-26 we ran several initiatives to promote the Welsh language, both internally and with partners. We continue to encourage staff to use and develop their Welsh language skills and support them on their journey.
- 119 However, in March 2026, we accepted the conclusion of the Welsh Language Commissioner that we had not met Welsh Language Standards requirements in our engagement with a Community Council Clerk. The issues highlighted were unacceptable and we have apologised for the shortcomings identified.
- 120 Since this matter was raised, we have put in place several measures to prevent a recurrence, including providing training to relevant staff and issuing a reminder to all staff about language preference requirements when communicating with audited bodies.
- 121 A risk relating to compliance with the Welsh language standards has also been added to our strategic risk register, to ensure ongoing monitoring and scrutiny of related controls in 2026-27.

Supporting community and charity work

- 122 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.
- 123 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.
- 124 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

- 125 Audit Wales recognises the need to minimise our impact on the environment and play our part in addressing:
- a the threat of climate change; and
 - b the threats posed to wildlife and natural habitats by human activities.
- 126 In 2025-26, 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 2025.
- 127 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](#).
- 128 Overall, our total CO₂ equivalent emissions (KPI 17) decreased from 333 tonnes in 2024-25 to 318 tonnes in 2025-26 but remained below our target of a 50% reduction on a 2019 baseline. This was mainly due to increased levels of staff attendance at our offices and audited body sites, as part of our work on moving to an optimum hybrid working model with an appropriate mix of in-person and online working,
- 129 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](#).
- 130 In addition, we are committed to seeking to maintain and enhance biodiversity so far as is consistent with our functions. In December 2025, we published a [Biodiversity and Resilience of Ecosystems Duty Report for 2023-2025 and Plan for 2026-2028](#). Our forward plan sets out three specific objectives and associated key actions to help us perform the Environment (Wales) Act 2016 Biodiversity and Resilience of Ecosystems Duty. Throughout 2025-26, a range of activities were carried out in support of achieving these objectives, as set out in our third report on compliance with the Duty.
- 131 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

- 132 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; and
 - b Balance the benefits of collaboration in the office with the flexibility of working from home.
- 133 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.
- 134 However, some business travel remains essential for us to effectively perform our audit and other functions. Over the last two years, Audit Wales staff attended our offices and audited body sites more regularly than previously in the post-COVID period, which has impacted on progress towards meeting our KPI target of a 50% reduction in CO₂ equivalent emissions from a pre-COVID baseline.
- 135 Our Carbon Reduction Plan, Sustainable Travel Plan and Travel and Expenses Handbook continue to help us reduce the environmental and financial impacts of business travel and commuting and encourage greater levels of physical activity for health and wellbeing benefits.
- 136 Throughout the reporting period, all staff were:
- a Encouraged to follow our sustainable business travel principles (see below);
 - b Offered participation in a salary sacrifice car lease scheme to encourage take-up of electric and hybrid vehicles;
 - c Offered participation in a cycle-to-work scheme;
 - d Offered a condensed hours working pattern option; and
 - e Signposted to other incentives and resources to promote active travel.
- 137 All our office locations have EV charging stations, cycle facilities and showers to promote active travel.

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

- 138 As reported in more detail in our [Annual Report and Accounts for 2024-25](#), between 2023 and 2025 we relocated all three of our offices into smaller, more modern premises with proximity to public transport links and significantly improved environmental performance.
- 139 The impact of these moves can be seen through a 63% reduction in carbon emissions attributed to energy use and use of natural resources across our estate in 2025-26 when compared to 2022-23. Our energy use alone has decreased by 58% in this period.
- 140 Recycling bins are suitably located in each of our offices to capture the [required separate waste streams](#). Our use of consumer single use plastics is also very low, and for most deliveries in 2025-26 we opted out of packaging altogether. Overall, our production of waste has reduced by 26 tonnes since 2022-23.

- 141 Throughout the reporting period, we proactively used reuse schemes to reduce our consumption of finite resources, and the proportion of our waste sent to landfill.
- 142 All our staff use laptops and smart phones which minimise the need for the printing of meeting papers.

Procurement

- 143 Throughout the reporting period, our procurement activities have followed a hierarchy that prioritises avoidance, reuse, refurbishment, and recycling before purchasing new. This hierarchy forms part of a 'circular economy' approach for purchase of our supplies and equipment. In 2025-26, we further developed our approaches for the consideration of social value in our procurement activities, ready for application to tendering and the supply chain in 2026-27.
- 144 Specifically in relation to our procurement of IT equipment, we prioritise security, energy efficiency and device reuse, alongside user needs.



Accountability Report

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

Adrian Crompton
Auditor General for Wales and Accounting Officer

25 June 2026

02

Corporate governance report

- 145 The corporate governance report explains the composition and organisation of Audit Wales's governance structures and how they support the achievement of our strategic objectives.
- 146 It includes key information that enables us to meet accountability requirements and demonstrate compliance with good corporate governance.

Directors' report

Our Board



Adrian Crompton
Auditor General
for Wales



Anne Beegan
Elected employee
member



Bethan Jones
Non-executive
member



Chris Bolton
Elected employee
member



Darren Griffiths
Appointed
employee member



David Francis
Non-executive
member



Dr 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



Ann-Marie Harkin
Executive Director
of Audit Services



Derwyn Owen
Executive
Director for Audit
Modernisation and
Impact



Kevin Thomas
Executive Director of
Corporate Services

147 The exhibits in this section show the composition of the Board and Executive Leadership Team (ELT) as of 31 March 2026. For the full list of individuals that have been members of the Board and its committees over the course of 2025-26, please see the **Attendance Table in the Governance Statement**.

Register of interests

148 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

- 149 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.
- 150 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.
- 151 Details of the cost of external audit services are disclosed in the **Notes to the financial statements**.

Statement of Accounting Officer's responsibilities

- 152 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.
- 153 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.

- 154 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.
- 155 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.
- 156 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

- 157 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.
- 158 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

- 159 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 below.
- 160 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.
- 161 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 whistleblowers outside the normal line management chain; and overseeing the election of employee members to the Board.
- 162 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.
- 163 The Board has established two committees which operate in an advisory capacity. The Audit and Risk Assurance Committee (ARAC) comprises three non-executive Board members, an employee Board member and an independent external member. The Remuneration and HR Committee (RHRC) comprises three non-executive Board members and two employee Board members.

- 164 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. 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.
- 165 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. During 2025-26, members of a Staff Panel also attended ELT meetings on a rotational basis to bring an employee perspective to the discussions.
- 166 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.
- 167 Further information on membership of the Board and ELT can be found in the Directors' Report.

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.



Attendance at Board, Committee and Executive Leadership Team meetings 2025-26

Table showing the number of Board, committee and ELT meetings held in 2025-26 and attendance by members.

	Board ¹⁸	ARAC	RHRC	ELT
Number of meetings held	6	4	4	25
Members of the Board and its committees				
Adrian Crompton, Auditor General and Chief Executive ¹⁹	6	4	4	25
Alison Gerrard, Non-executive member ²⁰	1		1	
Anne Beegan, Elected employee member	6	4		
Bethan Jones, Non-executive member ²¹	6	1	3	
Chris Bolton, Elected employee member ²²	6	2	3	
Darren Griffiths, Appointed employee member	3		3	
David Francis, Non-executive member, Senior Independent Director and Chair of ARAC	6	4		
Dr Ian Rees, Non-executive member and Chair of the Board ²³	6	4	3	1
Mike Norman, Non-executive member ²⁴	6	4	1	

18 On 17-18 December 2025, the Board and ELT also held a development workshop to consider how to optimise their respective roles and working relationships and develop the Board's priorities for 2026-27.

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

20 Alison Gerrard's term of office as a non-executive member ended on 30 June 2025. She had previously performed the role of Chair of RHRC.

21 Bethan Jones was appointed by the Senedd as a non-executive member of the Board on 01 July 2025. She attended one ARAC meeting as an observer in her capacity as a non-executive member of the Board and one Board meeting as an observer in her capacity as non-executive member designate.

22 Chris Bolton attended two ARAC meetings as an observer in his capacity as an elected employee member of the Board.

23 Dr Ian Rees attended one ELT meeting as an observer in his capacity as Chair of the Board

24 On the request of the Chair and in accordance with the Committee's Terms of Reference, Mike Norman attended one meeting of the RHRC to ensure that the meeting was quorate with a majority of non-executive members present.

	Board ¹⁸	ARAC	RHRC	ELT
Number of meetings held	6	4	4	25
Richard Thurston, Non-executive member and Chair of the RHRC	6		4	
Owen Purcell, Independent member of ARAC ²⁵	1	4		
Members of the Executive Leadership Team (who are not Board members)²⁶				
Anne-Louise Clark ²⁷	2	1		9
Ann-Marie Harkin	6	2		20
Derwyn Owen ²⁸	6	3		17
Kevin Thomas	6	4	4	23

Account of corporate governance

168 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

169 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, including through a quarterly integrated performance report which is underpinned by data presented in an interactive management information dashboard. Non-executive Board members and Executive Directors meet regularly to ensure that the work of the Board, its Committees and the ELT are aligned.

25 Owen Purcell attended one Board meeting as an observer in his capacity as the independent member of ARAC.

26 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.

27 Anne-Louise Clark left Audit Wales on 31 July 2025.

28 Derwyn Owen was appointed to the post of Executive Director for Audit Modernisation and Impact on 01 August 2025. He attended one meeting of ELT to participate in discussions in his previous role of Audit Director. He attended two ELT meetings and two Board meetings in his capacity as Executive Director designate.

- 170 The Board is subject to the Audit Wales Code of Conduct, and the Board Secretary maintains members' registers of interests which are reviewed annually and updated during the year to capture any changes notified by members.
- 171 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](#).
- 172 The internal and external auditors 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.
- 173 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.
- 174 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

- 175 In 2025-26, the Board commissioned an independent evaluation of its effectiveness in line with good practice set out in the Corporate Governance Code. The Board considered the results in December 2025. The assessment concluded that the Board is effective and operating in the second quartile of the Board Excellence relative assessment scale. The Board has developed an action plan to address the identified improvement areas and agreed to carry out a self-assessment of its effectiveness in 2026-27.
- 176 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 terms of reference. The Board is satisfied with the robustness of the assessments and content that there are currently no matters of concern.
- 177 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 December 2025.
- 178 The Board has a learning and development plan which is reviewed 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 independent evaluation and performance appraisal processes.

Report of the Audit and Risk Assurance Committee

- 179 The Audit and Risk Assurance Committee presented its annual report to the Board and Accounting Officer in June 2026, summarising its conclusions from the work it had undertaken during 2025-26.
- 180 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 The Wales Audit Office's counter-fraud arrangements are robust, policies and guidance are up to date, and fraud risks are recorded within the Wales Audit Office's risk and assurance framework and are subject to regular scrutiny
 - e The Wales Audit Office's practical cyber security arrangements are robust, with investments made in infrastructure modernisation to strengthen resilience, and further assurance provided through external accreditation with Cyber Essentials Plus.
- 181 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.
- 182 The Committee continued to review the performance of the internal and external auditors over the course of the year, and is satisfied that the self-assessment review of its own effectiveness carried out in Spring 2026 has revealed no significant areas of concern.

Report of the Remuneration and HR Committee

- 183 In 2025-26, the Committee scrutinised a broad range of issues in alignment with its terms of reference. These included:
- a Reviewing and monitoring performance management systems and processes.
 - b Considering and recommending a pay strategy
 - c Reviewing the development of the Strategic Workforce Plan and the delivery of year two priorities.
 - d Conducting reviews of policies and processes relating to gender identity and transitioning, organisation and workforce design, smarter working, sickness absence, and our social partnership working agreement;
 - e Reviewing the implementation of the revised performance management system and process.
- 184 The Committee appreciated that management had openly engaged with the Committee and responded positively to the Committee's feedback and suggestions.

- 185 Overall, the Committee reported that it is 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.
- 186 The Committee is satisfied that the self-assessment review of its effectiveness carried out in Spring 2026 has revealed no significant areas of concern.

Internal Auditor's report

- 187 TIAA were appointed as the internal auditors of the Wales Audit Office for a four-year period (including a one-year extension) ending 31 March 2026. The Chief Audit Executive prepared an internal audit strategy and plan for 2025-26 which was considered by the Audit and Risk Assurance Committee at its meeting on 27 February 2025.
- 188 During the reporting period, seven internal audit reports were issued. A tracker was maintained to follow up on audit recommendations and agreed actions.
- 189 In the annual statement of assurance for 2025-26, the Chief Audit Executive 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.'
- 190 Following a tender exercise conducted under the Crown Commercial Services Audit and Assurance Services agreement towards the end of 2025, Validera has been appointed as the internal auditors of the Wales Audit Office for an initial three-year period commencing 1 April 2026.

Table listing the internal audit reviews carried out in 2025-26 and the overall assessment

Internal audit review	Date of issue	Overall assessment
Risk management	June 2025	Reasonable assurance
Workforce planning	August 2025	Reasonable assurance
Carbon reduction plan	August 2025	Reasonable assurance
Procurement	August 2025	Substantial assurance
Data protection	November 2025	Reasonable assurance
Key financial controls	February 2026	Reasonable assurance
Cybersecurity	February 2026	Reasonable assurance

Risk management

191 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

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

Risk control framework

- 193 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

- 194 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.
- 195 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

- 196 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.
- 197 In June 2025, the Committee also adopted a more structured and consistent approach to undertaking 'deep dive' reviews of strategic risks which provide additional assurance on whether risk management arrangements are operating effectively in practice.
- 198 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 set out in the table below, which were subject to deep dive reviews by the Committee.

Risk area	Associated mitigations
Ensuring we have a holistic and robust workforce strategy and plan for attracting, retaining and developing staff across the whole organisation.	<ul style="list-style-type: none"> • Strategic workforce planning arrangements were monitored regularly throughout the year by the Remuneration and HR Committee. • Work on refreshing our digital skills framework was commenced, to enable Audit Wales to make good use of and adapt effectively to technological developments. • A more consistent approach to succession planning and business resilience was implemented, where we avoid overreliance on individuals and ensure sharing of critical knowledge and experience. • We launched an enhanced learning and development programme with built in improvements to address weaknesses previously identified.
The timing of the pre- election period may constrain the visibility and strategic impact of the Auditor General's legacy messaging.	<ul style="list-style-type: none"> • A clear communications strategy was developed for legacy messaging, segmented into pre-election and post-election phases. • The Auditor General commenced public engagement on legacy themes several months in advance of the last day of Senedd business. • Publication of legacy outputs was carefully targeted across a range of media to maximise their visibility and impact.

Risk area	Associated mitigations
Establishing effective relationships with a fundamentally transformed Senedd and Welsh Government following the 2026 elections.	<ul style="list-style-type: none"> • We developed a communications strategy for engaging with all members of the Senedd to explain our remit and highlight the importance of our work. • Suitable awareness raising material was prepared for sharing with new members of the Senedd. • Auditor General legacy messaging was used to reinforce engagement with all parties and Senedd members.

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

200 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.

201 We face a number of newly identified and ongoing risks in 2026-27, which are included in our strategic risk register. These include risks associated with:

- a Continuing to establish effective relationships with a fundamentally transformed Senedd and Welsh Government
- b Compliance with the Welsh language standards
- c Securing sufficient resources to achieve our technology and modernisation ambitions.

202 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

203 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.

204 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.

205 To help ensure that we meet data protection requirements and other responsibilities for safeguarding information, the Wales Audit Office has an Information Governance Policy, an Information Security Policy and an Artificial Intelligence & Digital Initiatives Policy. These policies set out staff responsibilities, processing requirements, monitoring and reporting arrangements, and information on how staff can obtain further guidance.

Data protection

206 During 2025-26, 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 training for staff, particularly in relation to data protection in the context of the use of AI.

207 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.

208 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

209 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.

210 In the 2025-26 financial year, we received 56 requests for information. Of the requests received during the year and the three already on hand²⁹ that engaged the Freedom of Information Act, we met the statutory 20-working-day deadline in 29 cases by providing the requested material, applying relevant exemptions or confirming that the material was not held. In a further five cases, we sought necessary clarification but did not receive it, so were not in a position to provide a substantive response. 19 requests were delayed beyond the statutory timeframe because of difficulties in collating relevant material. Three cases remained open within the statutory timeframe at the year end.

211 We were not subject to any reviews by the Information Commissioner in 2025-26 in respect of our handling of requests.

29 Three cases remained open within the statutory timeframe at the end of 2024-25.

Whistleblowing (internal)

- 212 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.
- 213 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. We did not, however, receive any disclosures of concern during the reporting period.
- 214 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.
- 215 We asked staff in our October 2025 staff survey (to which 84% of staff responded), to rate their response to the following statements on a strongly agree to strongly disagree scale:
- a I am aware of how to raise a concern about wrongdoing (or concerns regarding audit quality, professional judgement or values) under Audit Wales's whistleblowing arrangements.
 - b I am confident that if I raised a concern under my organisation's whistleblowing arrangements it would be investigated properly.
- 216 91% of those that completed the survey answered 'strongly agree' or 'agree' to the question on awareness, and 86% to the question on confidence.
- 217 This result indicates extensive awareness and confidence in the arrangements.

Counter fraud, bribery and corruption

- 218 Audit Wales is committed to creating a culture of zero tolerance of fraud, bribery and corruption, and maintaining high ethical standards in its use of public funds.
- 219 A Counter Fraud, Bribery and Corruption Strategy and associated Response Plan support the Auditor General for Wales as the Wales Audit Office's Accounting Officer in implementing effective arrangements for tackling fraud, bribery and corruption against and within Audit Wales.
- 220 The content of the Strategy and Response Plan comply with the CIPFA Code of practice on managing the risk of fraud and corruption and take account of the principles set out in the UK Government's Counter Fraud Functional Standard.
- 221 On a voluntary basis, the Wales Audit Office also participates in the National Fraud Initiative (NFI) - a biennial exercise which matches data across organisations and systems to help public bodies identify fraud and overpayments. No instances of fraud or overpayment were identified through our participation in the latest (2024-25) NFI exercise.

Remuneration and staff report

Remuneration report

Auditor General for Wales

- 222 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.
- 223 The current Auditor General, Adrian Crompton, was appointed by Her Late Majesty Queen Elizabeth II and took office on 21 July 2018 for a non-renewable period of eight years.

Salary and pension costs of the Auditor General

	2025-26		2024-25	
	Gross salary	Employer pension contributions	Gross salary	Employer pension contributions
	£	£	£	£
Adrian Crompton	164,283	47,297	158,022	45,779

Wales Audit Office Board

- 224 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.
- 225 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 transparency, the remuneration of the Chair is disclosed in this report.
- 226 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.
- 227 The nominated Board member receives an allowance in line with that received by the elected employee members.
- 228 The Auditor General receives no additional allowances for his Board-related duties.

The information on pages 82 to 91 in the Remuneration and Staff Report is subject to audit.

Single total figure of remuneration for Wales Audit Office Board members

	Remuneration/ Allowance		Tax-inclusive expenses ³⁰		Single total figure of remuneration	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
	£	£	£	£	£	£
Board Members at 31 March 2026						
Ian Rees (Chair)	25,000	24,722	9,346	4,246	34,346	28,968
David Francis	12,500	12,500	401	95	12,901	12,595
Alison Gerrard ³¹	3,125	12,500		360	3,125	12,860
Michael Norman	12,500	10,417	2,049	2,870	14,549	13,287
Richard Thurston	12,500	10,417	535	191	13,035	10,608
Bethan Jones ³²	9,375	-	1,629	-	11,004	-

30 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.

31 Alison Gerrard's appointment ended 30 June 2025.

32 Bethan Jones was appointed to the Board on 1 July 2025.

	Remuneration/ Allowance		Tax-inclusive expenses ³⁰		Single total figure of remuneration	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
	£	£	£	£	£	£
Anne Beegan ³³	4,167	4,167	-	-	4,167	4,167
Chris Bolton ³⁴	4,167	4,167	-	-	4,167	4,167
Darren Griffiths ³⁵	4,167	4,167	-	-	4,167	4,167
Previous members of the Board						
Elinor Gwynn ³⁶	-	2,083	-	413	-	2,496
Total	87,501	85,140	14,176	8,175	116,054	93,315

Non-executive committee members

229 The Wales Audit Office Board appointed an independent member to serve on 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	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
	£	£	£	£	£	£
Owen Purcell ³⁷	5,080	2,917	216	318	5,296	3,235
Andrew Clark ³⁸	-	1,333	-	-	-	1,333
Total	5,080	4,250	216		5,296	4,568

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

34 Chris Bolton is an elected employee Board member. Allowances disclosed above relates solely to Board-member duties

35 Darren Griffiths is a nominated Board member. Allowances disclosed above relates solely to Board-member duties.

36 Elinor Gwynn's term of appointment ended on 31 May 2024.

37 Owen Purcell was appointed as an independent ARAC member on 1 September 2024

38 Andrew Clark was appointed as an independent ARAC member from 1 July 2021 until 30 June 2024.

Wales Audit Office staff

- 230 The Wales Audit Office pay policy and details of pay ranges for all staff are available on our website.
- 231 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). Details of this scheme can be found at www.civilservicepensionscheme.org.uk.
- 232 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.
- 233 The Wales Audit Office does not pay performance-related bonuses to any members of staff but does have performance-appraisal arrangements in place that suspend incremental salary progression if performance is being formally managed until they reach the top of their pay band.

Single total figure of remuneration for senior managers

- 234 Details of the remuneration and pension interests of the Executive Leadership Team are provided in the following table.

Year to 31 March 2026			
	Salary	Pension Benefit ³⁹	Total single figure of remuneration
	Bands of £5,000	To nearest £1,000	Bands of £5,000
Kevin Thomas	145-150	21	170-175
Ann-Marie Harkin	145-150	110	255-260
Derwyn Owen ⁴⁰	80-85	42	125-130
Anne-Louise Clark ⁴¹	45-50	18	65-70

³⁹ 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

⁴⁰ Derwyn Owen was appointed as Executive Director Audit Modernisation & Impact 01/08/2025

⁴¹ Anne-Louise Clark left Audit Wales 31/07/2025

Year to 31 March 2025

	Salary	Pension Benefit	Total single figure of remuneration
	Bands of £5,000	To nearest £1,000	Bands of £5,000
Kevin Thomas	140-145	131	270-275
Ann-Marie Harkin	135-140	175	310-315
Anne-Louise Clark	130-135	51	180-185

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

Pension entitlements for members of the Executive Leadership Team

236 Like all staff, members of the Executive Leadership Team also have access to the Civil Service Pension Scheme.

	Accrued pension at pension age as at 31 March 2026	Real increase in pension at pension age	CETV at 31 March 2026	CETV at 31 March 2025	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Kevin Thomas	95-100	0-2.5	2,012	1,896	3
Ann-Marie Harkin	65-70 plus a lump sum of 165-170	5-7.5 plus a lump sum of 5-7.5	1,575	1,443	102
Anne-Louise Clark	10-15	0-2.5	223	200	15
Derwyn Owen	55-60	0-2.5	1,051	975	31

Cash Equivalent Transfer Value (CETV)

- 237 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.
- 238 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.
- 239 Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgement. The Public Service Pensions Remedy applies to individuals that were members, or were eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

Real increase in CETV

- 240 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

241 We are required to disclose the relationship between the highest paid director in Audit Wales and the average remuneration of our workforce. Based on regular reviews of our establishment and salaries, we believe that the median pay ratio is consistent with pay and progression policies for our employees taken as a whole.

242 Total remuneration includes salary and excludes employer pension contributions, severance payments or the CETV of pensions.

	2025-26	2024-25	% change
Mid-point of highest paid director's total remuneration (£'000)	£137,654	£132,360	4%
Average total remuneration based on full-time equivalent staff	£56,825	£54,651	4%

243 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.

		2025-26	2024-25
75th percentile	Total pay	£70,999	£68,268
	Pay ratio	1.94	1.94
Median	Total pay	£56,199	£54,037
	Pay ratio	2.65	2.45
25th percentile	Total pay	£38,623	£37,673
	Pay ratio	3.56	3.52
Remuneration range		£24,693- £149,017	£23,743- £143,285

244 In 2025-26, no employees received remuneration more than the highest paid director (2024-25: none).

245 For transparency, the Auditor General's total remuneration of £164,283 (excluding pension contributions) represented 2.92 times the median total remuneration for Audit Wales (2023-24: £158,022 ratio: 2.92).

Off payroll engagements

246 We had no contracts during 2025-26 which met the HM Treasury definition of off-payroll engagements (2024-25: none)⁴².

Redundancies, early retirements, and severances

247 Severance arrangements (including voluntary exits) are operated in accordance with the Civil Service Compensation Scheme and workforce planning requirements.

248 The cost of severance payments in 2025-26 was £97,032, (2024-25: £13,665).

249 During 2025-26, 2 employees (2024-25: 1) received a severance payment as detailed below.

250 There were no compulsory redundancies in 2025-26 (2024-25: none).

Number of exit packages by cost band

	2025-26	2024-25
<£15,000	-	1
£25,001-£50,000	2	-
Total	2	1

Staff report

Senior leadership

251 The following table details the number of senior staff by pay band at 31 March 2026.

	31 March 2026	31 March 2025
Band A (£120,609-£149,017)	3	3
Band C (£92,585-£114,864)	8	8
Total	11	11

Staff numbers

252 The average number of staff employed during the year increased by 3 reflecting the full-year impact of fixed-term contracts that commenced part-way through the 2024-25 reporting period.

	2025-26	2024-25
Average number of full-time equivalent, UK-based, permanent staff employed during the year	217	224
Average number of full-time equivalent, UK-based, staff on fixed-term contracts employed during the year	73	62
Audit and inspection contractors (average number of full-time equivalents in year)	1	2
Total	291	288

Staff and associated costs

	2025-26	2024-25
	£'000	£'000
Staff salaries	16,227	15,220
Seconded-in staff	-	-
Short-term contract staff	370	364
Non-executive committee remuneration	68	67
Social security costs	2,209	1,734
Pension costs (PCSPS)	4,684	4,397

	2025-26	2024-25
	£'000	£'000
Pension costs (stakeholder pensions)	22	22
	23,580	21,804
Subscriptions	132	145
	23,712	21,949
Audit and inspection contractors	54	87
Redundancy, early retirement, and severance costs	103	36
Less monies received in respect of outward secondments	-	-
	23,869	22,072

Bought-in services⁴³

	2025-26	2024-25
	£'000	£'000
Research and other consultancy costs	249	364
	249	364

253 These costs relate to services that directly relate to audit, inspection, advice or research functions. In 2024-25, they also included bi-annual costs associated with the National Fraud Initiative.⁴⁴

254 Consultancy costs for 2025-26 include⁴⁵:

- £82,000 for Quality Assurance
- £47,000 for NFI data matching
- £28,000 for the preparation of the Board Evaluation document.
- £10,000 for Audit Modernisation
- £75,000 for expert services in respect of our audits of accounts

255 No payments were made to our external auditors for additional services in 2025-26 (2024-25: £NIL).

43 Exclusive of VAT.

44 Not subject to audit.

45 Not subject to audit.

The following information on pages 92 to 94 in the Remuneration and Staff Report is not subject to audit.

Staff policies, equality and diversity

- 256 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.
- 257 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.
- 258 Our Strategic Equality Plan outlines our continued commitment to equality and our related objectives. Our annual Equality Report provides information on employment matters such as diversity issues and equal treatment in employment. Our report for 2025-26 will be published later in 2026 and this will include details of the gender pay gap for the year.
- 259 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 2026)

	2025/2026				2024/2025			
	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total
Senior leadership	8	2	-	10	9	2	-	11
Other employees	134	155	10	299	128	161	8	297
Total	142	157	10	309	137	163	8	308

Sickness absence

	2025-26	2024-25
	Days	Days
Average working days lost per member of staff	5.9	8.7
• Due to short-term absence	2.4	2.9
• Due to long-term absence (periods > 21 days)	3.5	5.8

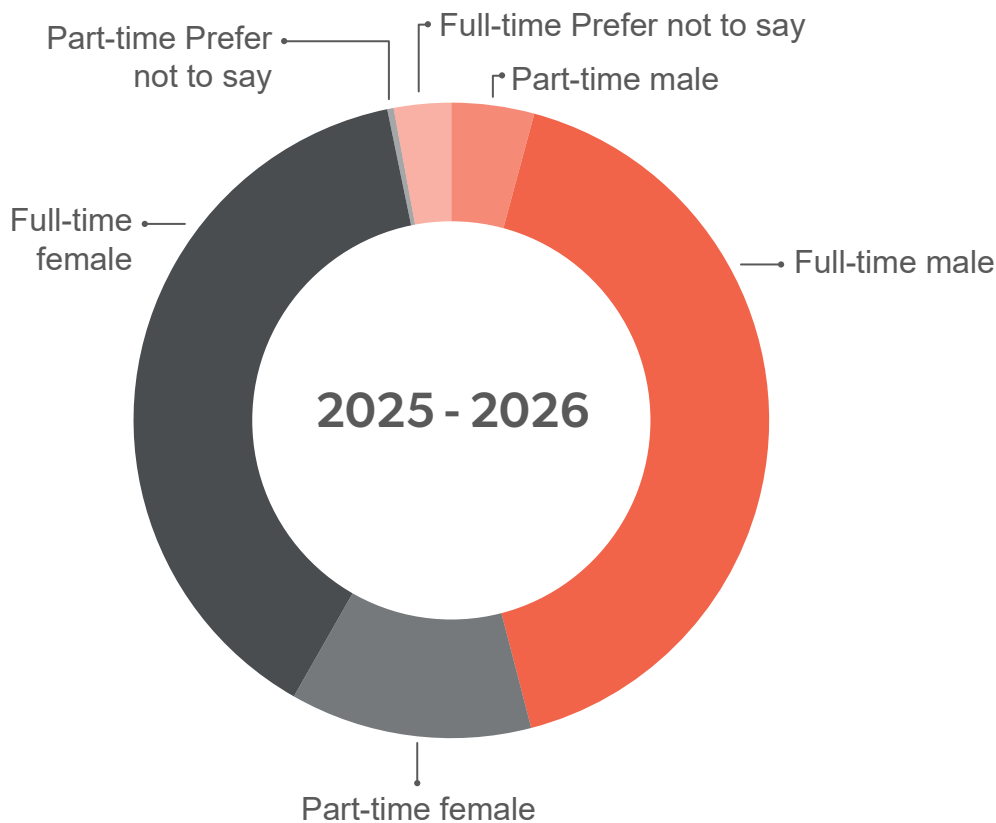
260 Staff sickness levels in 2025-26 have reduced by 2.8 days as compared to 2024-25, with levels dropping for both short and long term sickness. The proportion of time lost due to sickness absence equated to 3.3% (KPI 14) – under our target of 4%

261 To help our employees manage their health, we have in place health screening, annual flu vaccinations, an Employee Assistance Programme (EAP), mental health champions, and a programme of well-being events with 19 well-being champions across the organisation providing day to day support to employees.

Our workforce

	2025-26	2024-25
	%	%
Working patterns		
Part-time employees as a percentage of the total by gender	16.8	16.9
• for men	9.2	9.5
• for women	24.2	23.9
• for those who prefer not to say	10	-
Employment contract type		
Percentage of staff on permanent contracts	72.2	74.7
Turnover		
Annual staff turnover rate percentage	10.8	10.7

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



262 There has been a minor decrease in the percentage of part time workers as compared to 2024-25. Attributable to an increase in full time workers of one full time equivalent.

263 The proportion of staff on permanent employment contracts reduced slightly in 2025-26. 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.

264 Our annual staff turnover rate remains consistent with 2024-25.

Resource outturn and auditor's report

Summary of resource outturn 2025-26

The information on pages 95 to 98 is subject to audit.

265 This statement provides a comparison of the Estimate for 2025-26, as voted by the Senedd, with actual income and expenditure for the year.

Summary of resource outturn 2025-26

Note	2025-26 Estimate			2025-26 Outturn			2024-25 Outturn		
	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total	Net outturn compared to Estimate	Net Total	
	£'000	£'000	£'000	£'000	£'000	£'000		£'000	
SORO1 & 2	Total Resources	28,790	(18,610)	10,180	27,786	(18,529)	9,257	(923)	8,595
SORO3 & 4	Net cash requirement	9,625	-	9,625			9,279	(346)	7,125

266 Arising from the operations of the Wales Audit Office for the financial year 2025-26:

- The net total outturn on revenue resources was £907,000 less than the approved net resources of £9,713,000,
- The outturn on capital spend was £16,000 less than the approved capital budget of £467,000. This includes the capitalisation of two Right of Use Assets (property leases) under IFRS16.
- The balance of cash held by the Wales Audit Office (£346,000) is shown as being due to the Welsh Consolidated Fund (WCF) and will be returned via an administrative adjustment in 2026-27. This includes £58,000 in respect of NI contributions to be returned to the fund. (See Note SORO 4).

- 267 An explanation of cost efficiency at the Wales Audit Office is provided in the financial management summary on page 52.
- 268 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.

Notes to the summary of resource outturn

Note SORO1: analysis of net resource outturn 2025-26

2024-25 Outturn		2025-26 Estimate	2025-26 Outturn	Variance	Reason for significant variances against the Estimate
£'000		£'000	£'000	£'000	
Expenses					
21,301	Staff costs	23,749	23,100	(649)	Staff vacancies in non-fee earning and trainee roles
241	Travel and subsistence	352	236	(116)	Savings identified in year
710	Accommodation	718	658	(60)	On-going efficiencies in estate expenditure
444	Irrecoverable VAT	500	503	3	
630	ICT	683	584	(99)	Savings identified in year
320	Audit Wales Governance	345	345	-	
395	External training	368	400	32	Planned investment from savings in other budgets
161	NFI costs	95	47	(48)	An element of this funding was used to fund a new role in our Data Analytics team
1,566	Other supplies and services	1,513	1,462	(51)	Planned investment from savings in other budgets
25,768	Total Expenses	28,323	27,335	(988)	
Income					
(17,092)	Audit fees	(17,612)	(17,301)	311	Work required to clear old audits as part of addressing the backlog
(1331)	Grant certification fees	(998)	(1,228)	(230)	More work carried out in year
(14)	Other income	-	(1)	(1)	

2024-25 Outturn		2025-26 Estimate	2025-26 Outturn	Variance	Reason for significant variances against the Estimate
£'000		£'000	£'000	£'000	
961	Income in excess of estimate	-	-	-	
(17,476)	Total income	(18,610)	(18,529)	81	
8,292	Net revenue resources	9,713	8,806	(907)	
303	Capital resources	467	451	(16)	

Note SORO 2 – Reconciliation of resource outturn to net expenditure

	2025-26	2024-25
	£'000	£'000
Total revenue resources	8,806	8,292
Income in excess of estimate	-	(961)
Total comprehensive net expenditure	8,806	7,331

Note SORO3: reconciliation of net resource outturn to net cash requirement

	2025-26		2024-25	
	Estimate	Outturn	Variance	Outturn
	£'000	£'000	£'000	£'000
Revenue resources	9,713	8,806	(907)	8,292
Capital resources	467	451	(16)	303
Adjustments				
Non-cash items (depreciation & interest)	(608)	(559)	49	(539)
Lease rental payments	200	273	73	108
Capitalisation of ROU asset	(187)	(190)	(3)	-
Movements in working capital other than cash:	40	-	(40)	
• Increase/(reduction) in receivables and work in progress	-	28	28	(914)
• (Increase)/reduction in payables and deferred income	-	469	469	885

	2025-26			2024-25
	Estimate	Outturn	Variance	Outturn
	£'000	£'000	£'000	£'000
• Increase in provisions	-	1	1	(49)
Income in excess of Estimate	-	-	-	(961)
Total net cash requirement	9,625	9,279	(346)	7,125

Note SORO 4 – Reconciliation of net cash requirement to increase in cash

	2025-26	2024-25
	£'000	£'000
Net cash requirement	(9,279)	(7,125)
Cash due from WCF (supply)	9,625	9,127
Amounts due from WCF not drawn		(1,483)
Amounts returned to WCF	(519)	(294)
Increase/ (reduction) in cash	(173)	225

Note SORO 5 – Reconciliation to statement of cash flows

	2025-26	2024-25
	£'000	£'000
Cash due from WCF (supply)	9,625	9,127
Amounts due from WCF not drawn	-	(1,483)
Amount recognised in statement of cashflows	9,625	7,644

269 Future budgeted expenditure and income of the Wales Audit Office are voted on annually by the Senedd.

270 The Auditor General is not aware of any remote contingent liabilities that will impact long-term expenditure plans.

271 Any special payments and disclosable losses are disclosed in Note 14 to the Financial Statements.

Independent auditors' report to the Senedd

Opinion of financial statements

272 We certify that we have audited the financial statements of the Wales Audit Office for the year ended 31 March 2026 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.

273 The financial reporting framework that has been applied in their preparation is HM Treasury directions issued under the Public Audit (Wales) Act 2013.

274 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 2026 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

275 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.

276 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

- 277 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.
- 278 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

- 279 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

- 280 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.
- 281 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.
- 282 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

- 283 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.
- 284 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.
- 285 We have nothing to report in this regard.

Opinion on other matters

- 286 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

- 287 As explained more fully in the Statement of the Accounting Officer's responsibilities set out on page 65, 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.

- 288 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.
- 289 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

- 290 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

- 291 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.
- 292 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.

- 293 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.
- 294 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;
 - 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.
- 295 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 (FReM 2025-26) 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.
- 296 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.

- 297 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.
- 298 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

- 299 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

300 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 Quay

Bristol

BS1 6DG



Financial Statements

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 2026

		2025-26	2024-25
	Note	£'000	£'000
Expenditure			
Staff and associated costs	Staff report ⁴⁶	23,869	22,072
Bought-in services	Staff report	249	364
Other operating costs	3	3,141	3,252
		27,259	25,688
Income			
Audit fee income	1	(18,528)	(18,423)
Other operating income	2	(1)	(14)
		(18,529)	(18,437)
Interest payable	12	76	80
Total comprehensive net expenditure for the year		8,806	7,331

The notes that follow on pages 111 to 131 form part of these financial statements

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

46 Staff costs note on pages 90 and 91 of the Remuneration and Staff Report.

Statement of financial position at 31 March 2026

		31 March 2026	31 March 2025
	Note	£'000	£'000
Non-current assets			
Property, plant and equipment	4	2,233	2,254
Intangible assets	5	282	293
		2,515	2,547
Current assets			
Trade receivables and work in progress	6	5,241	4,923
Other receivables	7	462	752
Cash and cash equivalents	8	346	519
		6,049	6,194
Total assets		8,564	8,741
Current liabilities			
Trade and other payables	9	(1,374)	(1,615)
Deferred income	10	(5,058)	(5,286)
Provisions	11	(103)	(47)
Lease liabilities	12	(236)	(195)
Welsh Consolidated Fund (WCF)	SORO	(346)	(519)
Total current liabilities		(7,117)	(7,662)
Total assets less current liabilities		1,447	1,079
Non-current liabilities			
Provisions	11	(332)	(329)
Lease liabilities	12	(1,550)	(1,658)
Total non-current liabilities		(1,882)	(1,987)
Total assets less liabilities		(435)	(908)
Taxpayers' equity			
General fund		(435)	(908)
Total taxpayers' equity		(435)	(908)

The notes that follow on pages 111 to 131 form part of these financial statements

The financial statements on pages 107 to 131 were approved by the Wales Audit Office Board and authorised for issue on 26 June 2026 and are signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Adrian Crompton', with a long horizontal stroke underneath.

Adrian Crompton

Auditor General for Wales and Accounting Officer

25 June 2026

Statement of cash flows for the year ended 31 March 2026

		31 March 2026	31 March 2025
	Note	£'000	£'000
Cash flows from operating activities			
Comprehensive net expenditure		(8,806)	(7,331)
Adjustments for non-cash transactions: depreciation, amortisation, interest and loss on disposal of assets	3	559	539
Increase /(Decrease) in provisions	11	(1)	49
Changes in working capital			
(Increase)/decrease in trade receivables, work in progress and other receivables	6,7	(28)	914
Increase / (Decrease) in trade and other payables	9	(241)	319
Increase / (Decrease) in deferred income	10	(228)	(1,204)
Net cash outflow from operating activities		(8,745)	(6,714)
Cash flows from investing activities			
Purchases of property, plant and equipment	4	(183)	(242)
Purchases of intangible assets	5	(78)	(61)
Net cash outflow from investing activities		(261)	(303)
Cash flows from financing activities			
WCF	SORO 5	9,625	7,644
WCF repaid	SORO 4	(519)	(294)
Capital element on lease liability payments	12	(197)	(106)
Interest element on lease liability payments	12	(76)	(2)
Net financing		8,833	7,242
Movements in cash and cash equivalents		(173)	225

The notes that follow on pages 111 to 131 form part of these financial statements

Statement of changes in taxpayers' equity for the year ended 31 March 2026

	£'000
Balance at 31 March 2024	(702)
Changes in taxpayers' equity 2024-25	
- Total comprehensive net expenditure	(7,331)
- WCF finance	7,644
	<u>(389)</u>
Due to WCF	(519)
Balance at 31 March 2025	(908)
Changes in taxpayers' equity 2025-26	
- Total comprehensive net expenditure	(8,806)
- WCF finance	9,625
	<u>(89)</u>
Due to WCF	(346)
Balance at 31 March 2026	(435)

The notes that follow on pages 111 to 131 form part of these financial statements

Notes to the financial statements

302 These financial statements have been prepared in accordance with the 2025-26 Financial Reporting Manual (FReM), issued by the relevant authorities.

Basis of preparation

- 303 The accounting policies contained in the FReM apply UK-adopted International Accounting Standards as adapted or interpreted for the public sector context.
- 304 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.
- 305 The financial statements are prepared on a going concern basis as set out below:
- 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).
 - 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.
 - 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.
 - 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.
- 306 The Wales Audit Office received no income which would have been liable for corporation tax in 2025-26.

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. Losses for loss making contracts are recognised upfront.

The calculation of the cost of completing audit projects involves estimates..

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.

See **Note 11** for more information

Areas of judgement

For PPE, management's assessment concluded that these are low value assets that do not meet the requirements of the changes to PPE valuation contained in the FReM. Instead, the depreciated historical cost is used as a proxy for current value in existing use.

See **Note 4** for more information.

In calculating the lease term for each of our offices, we have applied judgment in determining that the lease break in year five will not be exercised.

New accounting standards

- 307 The Wales Audit Office discloses accounting standards not yet applied and assesses the possible impact that initial application would have on the financial statements.
- 308 IFRS17 (Insurance Contracts) which is applicable from 1 April 2025 has no impact on these financial statements.

- 309 IFRS 18 (Presentation and Disclosure in Financial Statements) applicable from January 2027 is unlikely to have any impact on these financial statements unless a change of form is required by the FreM.
- 310 IFRS 19 (Subsidiaries without Public Accountability: Disclosures) which is applicable from 1 January 2027 will have no impact on these financial statements.

Note 1 (a): Operating segments

- 311 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).
- 312 These segments represent business activities, from which it incurs expenses, whose operating results are regularly reviewed by the Executive Directors to make decisions about resources and assess performance.
- 313 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 Leadership 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.
- 314 In 2024/25 Audit Services included the direct costs associated with Financial Audit and Performance Audit services along with direct support functions such as Audit Development and Guidance and Data Analytics. Corporate Services included our Business Services, Law and Ethics, HR, and Finance. It also included the costs of office accommodation and ICT provision. Communications and Change included the Communications and GPX, Planning and Reporting and Change teams.
- 315 Following a restructure of portfolios in early 2025-26, Data Analytics and our ICT provision moved into the Communications and Change remit to form the Audit Modernisation and Impact Directorate. The Audit Services Directorate is now operating as Audit Delivery.

2025-26

	Audit Delivery	Corporate Services	Audit Modernisation & Impact	Total
	£'000	£'000	£'000	£'000
Audit fees ⁴⁷	(18,528)	-	-	(18,528)
Other income	-	(1)	-	(1)
Total income	(18,528)	(1)	-	(18,529)
Staff costs	18,528	2,548	2,792	23,868
Non-staff costs	797	1,914	756	3,467
Total Expenditure	19,325	4,462	3,548	27,335
Net Expenditure	797	4,461	3,548	8,806

2024-25

	Audit Services	Corporate Services	Communications and Change	Total
	£'000	£'000	£'000	£'000
Audit fees	(18,423)	-	-	(18,423)
Other income	-	(14)	-	(14)
Total income	(18,423)	(14)	-	(18,437)
Staff costs	17,568	2,672	1,832	22,072
Non-staff costs	953	2,388	355	3,696
Total Expenditure	18,521	5,060	2,187	25,768
Net Expenditure	98	5,046	2,187	7,331

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

Note 1 (b): Analysis of audit fee income

	2025-26			2024-25		
	Financial Audit	Performance Audit	Total	Financial Audit	Performance Audit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Local Government Audit	(8,055)	(2,791)	(10,846)	(7,736)	(2,632)	(10,368)
Local Government Grant Certification	(1,228)	-	(1,228)	(1,331)	-	(1,331)
NHS Audit	(2,754)	(1,828)	(4,582)	(3,081)	(1,728)	(4,809)
Central Government Audit	(1,872)	-	(1,872)	(1,915)	-	(1,915)
	(13,909)	(4,619)	(18,528)	(14,063)	(4,360)	(18,423)

- 316 Fees charged for audit work are set in accordance with a [Fee Scheme](#) agreed by the Finance Committee of the Senedd.
- 317 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.
- 318 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).
- 319 All revenue is generated in the UK.
- 320 Funding from the WCF is not direct government grant and is credited directly to taxpayers' equity.
- 321 The Wales Audit Office has applied the requirements of IFRS 15 to income earned from fee-paying audits and other services.

- 322 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.
- 323 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.
- 324 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

	2025-26	2024-25
	£'000	£'000
Other operating income ⁴⁸	(1)	(14)
	(1)	(14)

48 Mostly recovery of exam fees for trainees who have left voluntarily before the end of their training contracts.

Note 3: Other operating costs

	2025-26	2024-25
	£'000	£'000
Accommodation	379 ⁴⁹	473
Supplies and services	1,507	1,489
Recruitment	33	40
Depreciation and amortisation	477	455
Professional fees		
• Internal audit services	22	32
• External audit services	58	58
• Other professional fees	29	69
Staff travel and subsistence	236	241
Staff learning and development	400	395
	<u>3,141</u>	<u>3,252</u>

325 Costs disclosed above relate to goods and services received during 2025-26. Costs are disclosed net of VAT, the cost of which is included in other supplies and services.

Note 4: Property, plant and equipment

	Furniture and fittings	Right of Use Assets	Information technology	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
2025-26					
Cost					
At 1 April 2025	664	2,288	466	21	3,439
Additions	19	190	164	0	373
Disposals	(88)	(279)	(80)	0	(447)
At 31 March 2026	595	2,199	550	21	3,365
Depreciation					
At 1 April 2025	207	689	278	11	1,185
Charged in period	59	220	104	5	388
Disposals	(88)	(279)	(74)	0	(441)
At 31 March 2026	178	630	308	16	1,132
Net book value					
At 31 March 2026	417	1,569	242	5	2,233
At 1 April 2025	457	1,599	188	10	2,254
Asset financing					
Owned	417		242	5	664
Leased	-	1,569	-	-	1,569

	Furniture and fittings	Right of Use Assets	Information technology	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
2024-25					
Cost					
At 1 April 2024	528	2,288	497	21	3,334
Additions	136	-	106	-	242
Disposals	-	-	(137)	-	(137)
At 31 March 2025	664	2,288	466	21	3,439
Depreciation					
At 1 April 2024	164	454	308	6	932
Charged in period	43	235	102	5	385
Disposals	-	-	(132)	-	(132)
At 31 March 2025	207	689	278	11	1,185
Net book value					
At 31 March 2025	457	1,599	188	10	2,254
At 1 April 2024	364	1,834	189	15	2,402
Asset financing					
Owned	457	-	188	10	655
Leased	-	1,599	-	-	1,599

Reconciliation to the statement of cashflows

	2025-26	2024-25
	£'000	£'000
Tangible additions (Note 4)	373	242
Capitalised ROUA additions	(190)	-
Payments to acquire capital assets	183	242

- 326 In line with IFRS16, from April 2022, Property Plant & Equipment includes Right of Use assets of £1.569 million (31 March 2025: £1.599m) related to leased properties. For more information see Note 12 – Leases.
- 327 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.
- 328 PPE is stated at historical cost less accumulated depreciation and impairment and is exclusive of VAT. For Furniture and Fittings, IT and Office Equipment, the depreciated historical cost is used as a proxy for current value in existing use. Compliant with para 10.1.20 of the FreM these assets represent those that have short useful lives or low values. 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. Per para 322 above, our Right of Use assets are recorded in accordance with IFRS16 and relate to leased properties only; these leases are subject to rent reviews in year five and will be remeasured accordingly.
- 329 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

- 330 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 assets⁵⁰

	£'000
2025-26	
Cost	
At 1 April 2025	926
Additions	78
Disposals	-
At 31 March 2026	<u>1,004</u>
Amortisation	
At 1 April 2025	634
Charged in period	88
Disposals	-
At 31 March 2026	<u>722</u>
Net book value	
At 31 March 2026	282
At 1 April 2025	<u>293</u>
Asset financing	
Owned	282

50 Mainly computer software.

	£'000
2024-25	
Cost	
At 1 April 2024	864
Additions	61
Disposals	-
At 31 March 2025	925
Amortisation	
At 1 April 2024	563
Charged in period	69
Disposals	-
At 31 March 2025	632
Net book value	
At 31 March 2025	293
At 1 April 2024	301
Asset financing	
Owned	293

- 331 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.
- 332 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.
- 333 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

	31 March 2026	31 March 2025
	£'000	£'000
Trade receivables		
• Central Government	269	621
• Local Government	1,081	1,106
• NHS	373	425
• External to government	20	50
Work in progress		
• Central Government	973	372
• Local Government	2,352	2,162
• NHS	173	187
	5,241	4,923

Trade receivables

334 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 2025-26 no allowance has been made for expected credit losses (2024-25: NIL).

335 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.

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

Work in progress

337 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

	31 March 2026	31 March 2025
	£'000	£'000
Prepayments and accrued income ⁵¹	452	746
Loans to employees ⁵²	10	6
	462	752

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

Note 8: Cash and cash equivalents

	31 March 2026	31 March 2025
	£'000	£'000
Balance at 1 April	519	294
Net change in cash and cash equivalents	(173)	225
Balance at 31 March	346	519

	31 March 2026	31 March 2025
	£'000	£'000
Current account (Government Banking Service)	346	519
	346	519

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

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

51 Mainly advance payments for computer software including cyber security, accommodation service charges and business rates,

52 Mainly Cycle to work scheme.

Note 9: Trade payables and other current liabilities

	31 March 2026	31 March 2025
	£'000	£'000
Trade payables (due within one year)	150	236
VAT	54	45
Taxation and social security costs	-	1
Accrual for holiday entitlement not yet taken	828	731
Other accruals	342	602
	1,374	1,615

341 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

	31 March 2026	31 March 2025
	£'000	£'000
Deferred income	5,058	5,286
	5,058	5,286

342 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.

Note 11: Provisions for liabilities and charges

	Dilapidations⁵³	Staff Exits	Total
	£'000	£'000	£'000
As at 31 March 2025	376	-	376
Provided in-year	74	103	177
Utilised in-year	(17)	-	(17)
Released in-year	(101)	-	(101)
As at 31 March 2026	332	103	435

Analysis of expected timing

	Dilapidations	Staff Exits	Total
	£'000	£'000	£'000
Not later than one year	-	103	103
Later than 5 years	332	-	332
	332	103	435

Reconciliation to the statement of cashflows

	2025-26	2024-25
	£'000	£'000
Provided in year	177	49
Utilised/released in year	(118)	-
Capitalised as ROUA	(60)	-
Movement	(1)	49

343 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.

344 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.

53 We used HM Treasury's discount rate as set out in PES (2025)09 for balances of zero to five years of 3.64% and for balances up to 10 years of 4.22% to calculate this balance.

Dilapidations

- 345 The dilapidations provision represents an estimate of the costs we may incur in making good its leased properties at the end of the leases.
- 346 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.
- 347 Structural dilapidations for the Cardiff office, Llandudno Junction and the new office in Llys Y Ddraig have been capitalised as part of the right-of-use-asset cost in accordance with IFRS 16 para 24(d).
- 348 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.

Staff Exits

- 349 This provision represents the future liability in respect of members of staff who are contractually committed to leave under redundancy, early retirement or severance schemes. No provision had been required for 2024-25

Note 12: Leases

Right of use assets

- 350 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
- 351 Audit Wales has leases for three operational offices at Cardiff, Swansea and Llandudno Junction. These leases are subject to periodic rent reviews.
- 352 In April 2025, the Wales Audit Office ended its West Wales office lease at Penllergaer and entered a new 10-year lease at the Welsh Government offices in Llys Y Ddraig. The lease on the Cardiff office extends until March 2033 – with a break clause in March 2028. The lease on the Llandudno Junction office in North Wales extends until December 2033 with a break clause in December 2028.
- 353 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.

	2025-26	2024-25
	£'000	£'000
Balance at 1 April	1,853	1,881
Additions in year	130	-
Lease payment	(273)	(108)
Interest charge	76	80
Balance at 31 March	1,786	1,853
Current lease liabilities	236	195
Non-current lease liabilities	1,550	1,658
	1,786	1,853

Maturity Analysis – contractual undiscounted cashflows

	31 March 2026	31 March 2025
	£'000	£'000
Less than 1 year	290	195
1-5 years	1,119	1,034
Over 5 years	599	959
Total undiscounted liabilities	2,008	2,188

Amounts recognised in statement of comprehensive net expenditure

	2025-26	2024-25
	£'000	£'000
Interest on lease liabilities	76	80
Depreciation	220	236

Change in liabilities arising from financing activities

	Lease liabilities	WCF54
	£'000	£'000
Balance at 31 March 2024	1,881	294
2024-25		
Net cash used in financing activities	(108)	225
Acquisition of leases	80	-
Balance at 31 March 2025	1,853	519
2025-26		
Net cash from/ (used) in financing activities	(273)	(173)
Acquisition of leases	130	-
Interest charged	76	-
Balance at 31 March 2026	1,786	346

Note 13: Capital commitments

354 There were no outstanding capital commitments at 31 March 2026 (31 March 2024: £1,086).

Note 14: Losses and special payments

355 There were no reportable losses or special payments in 2025-26 (2024-25: NIL).

Note 15: Financial instruments

356 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.

357 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.

358 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.

54 Closing cash balance is returned to WCF in the subsequent financial year via an administrative adjustment.

Liquidity risk

- 359 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.
- 360 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

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

Foreign currency risk

- 362 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

- 363 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

- 364 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 2026 (31 March 2025: £NIL).

Note 16: Related party transactions

- 365 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.
- 366 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 85).

Note 17: VAT

- 367 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

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 (WCF)	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

1 Auditor General's Report on Disclosures of Information

1 Auditor General's Report on Disclosures of Information

The Auditor General for Wales is a Prescribed Person for receiving whistleblowing disclosures about the proper conduct of public business; value for money, fraud and corruption in public bodies in Wales.

46 individuals contacted us between 1 April 2025 and 31 March 2026 indicating that they wished to make a whistleblowing disclosure to the Auditor General.

However, in only 31 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 31 apparently qualifying disclosures, in five 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 26 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.



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.