

Cyngor Sir CEREDIGION County Council

REPORT TO:	Governance and Audit Committee
DATE:	21 June 2023
LOCATION:	Remotely by Video Conference
TITLE:	Regulator & Inspectorate Reports & Updates
PURPOSE OF REPORT:	To provide the Governance and Audit Committee with updates on the progress with studies Audit Wales have undertaken or are undertaking
For:	Decision

Introduction

This Report sets out Regulator and Inspectorate Reports and updates and has 3 parts:

- a) Audit Wales quarterly update to Governance and Audit Committee*
- b) Any local risk work issued/published since the last Governance and Audit Committee meeting*
- c) Audit Wales National Reports*

Current Position

a) Audit Wales quarterly update to Governance and Audit Committee

b) Any local risk work issued/published since the last Governance and Audit Committee meeting

- Audit Wales – Letter to LG Bodies (**Appendix 1**)
- Audit Wales – Ceredigion County Council Detailed Audit Plan 2023 (**Appendix 2**)
- Audit Wales – Certification of Grant and Returns 2021-22 – Ceredigion County Council (**Appendix 3**)
- Audit Wales – Project Brief – Use of performance information – service user perspective and outcomes – Ceredigion Council (**Appendix 4**)
- Audit Wales – Annual Plan 2023-24 (**Appendix 5**)

c) Audit Wales National Reports

- Audit Wales – Our work programme for 2023-26 (**Appendix 6**)

RECOMMENDATIONS: To consider the Regulator and Inspectorate reports and updates

Reasons for Recommendation To keep the Governance and Audit Committee informed of reports, proposals and work being undertaken

Appendices: **Appendix 1** Audit Wales – Letter to LG Bodies

- Appendix 2** Audit Wales – Ceredigion County Council Detailed Audit Plan 2023
- Appendix 3** Audit Wales – Certification of Grant and Returns 2021-22 – Ceredigion County Council
- Appendix 4** Audit Wales – Project Brief – Use of performance information – service user perspective and outcomes – Ceredigion Council
- Appendix 5** Audit Wales – Annual Plan 2023-24
- Appendix 6** Our Work Programme for 2023-26

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Date of Report 21/06/2023

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Local Government Finance Policy and
Sustainability Division – Welsh
Government
WLGA

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[by-email]

Reference: AMH/DO

Date issued: 23 March 2023

Dear colleague

Local Government – Audit of Accounts 2022-23

- 1 We are about to commence our accounts audit work for all LG bodies. We are therefore taking the opportunity to write to you with some important information on the introduction of a revised auditing standard which fundamentally impacts on how we will undertake your 2022-23 audit.
- 2 Within this letter we consider:
 - the impact of the revised standard;
 - the resultant impact on audit fees; and
 - the timetable for the Audit of Accounts 2022-23 and for future years.

The impact of ISA 315

- 3 Our audits of LG accounts for the year ended 31 March 2023 will be carried out under a revised auditing standard ([ISA 315 \(UK\) Identifying and Assessing the Risks of Material Misstatement \(Revised July 2020\)](#)).
- 4 This revised standard is effective for audits of accounts for periods beginning on or after 15 December 2021 and applies to the audit of all private and public sector entities across the UK, regardless of their nature, size or complexity.

- 5 The revised standard will have significant and far-reaching impacts on how auditors undertake audit risk assessments and our overall audit approach.
- 6 In planning our audit, we will be required to undertake more detailed and extensive risk assessment procedures to identify risks of material misstatement. The subsequent design and performance of our audit approaches will be responsive to each assessed risk.
- 7 **Appendix 1** outlines the key changes and the potential impact on your organisation in terms of information requests from our audit teams.
- 8 The standard has been amended to drive better quality, more effective risk assessments, as well as to promote greater exercise of professional scepticism. It also requires us to obtain a much more robust understanding of an organisation's IT systems.
- 9 Financial reporting frameworks and governance structures are becoming increasingly more complex while technology continues to play a more advanced role in the control environment of entities. These changes require risk identification and assessment to be enhanced and rigorous audit processes.
- 10 The previous standard did not address automated tools and techniques, which are increasingly being used by auditors to inform risk assessment. Our audits are increasingly incorporating elements of our Analytics Assisted Audit. The revised standard introduces specific considerations relating to the auditors' use of automated tools and techniques.

Impact on audit fees

- 11 As a result of the changes outlined above, we expect 2022-23 audits to take longer to complete. We will also be required to use more experienced CCAB qualified staff on audits to deal with the higher level of judgement necessitated by the standard.
- 12 In our August 2022 Consultation on Fee Scales, we indicated that our initial assessment of the impact of this richer skill mix on fees was a potential average increase in fee scales for our financial audit work of between 12% and 18%. This is consistent with expectations in other UK public audit bodies and the private sector audit firms.
- 13 We have now started more detailed risk assessment under the new audit approach and will be able to provide you with an updated assessment of the audit fee once we have completed that initial risk planning. Our initial estimate is that audit fees will increase by 10.2% for ISA 315 in addition to the 4.8% inflationary increase set out in our Audit Wales [2023-24 Fee Scheme](#). Your

Engagement Director will discuss the proposed fee for your audit once that risk assessment has been completed.

Timetable for the Audit of Accounts 2022-23

- 14 The introduction of the revised Standard and a radically different audit approach has implications for audit timetables. We have worked closely with the other UK Public Audit Bodies to develop an audit methodology which we believe will add value to Audited Bodies whilst continuing to maintain the high-quality audit which we know you expect from us. However, it is inevitable that the new approach will require additional time to implement.
- 15 From our discussions with various audited bodies, we are aware that a number of you are struggling to recruit experienced finance staff and that this may also impact audit timetables. We are facing similar challenges and know that this position is consistent with the National Audit Office (NAO), Audit Scotland and the Northern Ireland Audit Office. The NAO's recovery plan article is a useful reference in this context¹. In addition, a more recent report by the National Audit Office (January 2023) highlights the delays to local government audit opinions in England, and describes plans to get back on track with the timetable for published audit opinions².
- 16 As the auditors of Local Government Bodies in Wales, we have also been experiencing delays in completing our audit of the 21-22 accounts. These delays result from a variety of factors though mainly from a technical issue regarding the valuation of Local Government infrastructure assets. This issue affected all local government bodies across the UK that hold infrastructure assets. CIPFA issued its final accounting guidance in early January 2023. Consequently, the Welsh Government issued a letter setting out its expectation that Welsh authority accounts would be certified by 31 January 2023. These issues, together with the late submission of some 21-22 accounts, has impacted

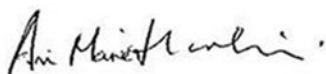
¹ [The NAO: getting government accounts back on track | ICAEW](#)

² [Timeliness of local auditor reporting on local government in England](#)

our ability to commence our 2022-23 audits in line with previous year timetables.

- 17 We support the ambition of the Society of Welsh Treasurers and the sector in general to return to an earlier timetable. We understand from our discussions to date that the sector has an ambition to return to the point where accounts are prepared and available for audit by 30 June each year. Assuming this date can be achieved by a majority of bodies in 2023, and taking into account the issues referred to above, we are therefore proposing an audit certification deadline of **30 November 2023** for LG Bodies in Wales. Should any issues arise that may delay the completion of the audit we will of course discuss an alternative timetable with you at the earliest opportunity.
- 18 We recognise that this is later than many bodies would like but we believe it is important to set realistic timescales we can all work to. Over the next three years our plan would be for a staged return to a 30 September deadline as follows:
 - Audit of Accounts 2022-23 – certification by 30 November;
 - Audit of Accounts 2023-24 – certification by 31 October 2024; and
 - Audit of Accounts 2024-25 – certification by 30 September 2025.
- 19 We value the constructive working relationship we have with your finance teams and will continue to work closely with you to bring forward the deadlines for future years.
- 20 We remain committed to working collaboratively with you to successfully navigate this challenge, building on our shared experiences. We will ensure we attend all the relevant local government fora to discuss the content of this letter with you.
- 21 Thank you to you and your teams for working so well with us.

Yours sincerely



Ann-Marie Harkin
Executive Director Audit Services

Appendix 1 – the key changes to the standard and the potential impact on your organisation

Key change	Potential impact on your organisation
<p>More detailed and extensive risk identification and assessment procedures</p>	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"> • information on your organisation’s business model and how it integrates the use of information technology (IT); • information about your organisation’s risk assessment process and how your organisation monitors the system of internal control; • more detailed information on how transactions are initiated, recorded, processed and reported. This may include access to supporting documentation such as policy and procedure manuals; and • more detailed discussions with your organisation to support the audit team’s assessment of inherent risk.
<p>Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT</p>	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"> • IT applications relevant to financial reporting; • the supporting IT infrastructure (e.g. the network, databases); • IT processes (e.g. managing program changes, IT operations); and • the IT personnel involved in the IT processes. <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may</p>

Key change	Potential impact on your organisation
	need to engage with members of your IT team who have not previously been involved in the audit process.
Enhanced requirements relating to exercising professional scepticism	Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.
Risk assessments are scalable depending on the nature and complexity of the audited body	The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.
Audit teams may make greater use of technology in the performance of their audit	Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.

Ceredigion County Council – Detailed Audit Plan 2023

Audit year: 2023

Date issued: June 2023

Document reference: 3608A2023



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

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

This document is also available in Welsh.

About Audit Wales

Our aims and ambitions

Assure



the people of Wales that public money is well managed

Explain



how public money is being used to meet people's needs

Inspire



and empower the Welsh public sector to improve



Fully exploit our unique perspective, expertise and depth of insight



Strengthen our position as an authoritative, trusted and independent voice



Increase our visibility, influence and relevance



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

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Introduction

I have now largely completed my planning work.

This Detailed Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2023.

It also sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.



Adrian Crompton

Auditor General for
Wales

My audit responsibilities

I complete work each year to meet the following duties:

- I audit Ceredigion County Council (the Council)'s financial statements to make sure that public money is being properly accounted.
- the Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.
- the Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

Audit of financial statements

I am required to issue a certificate and report on your financial statements which includes an opinion on their 'truth and fairness' and an assessment as to whether the Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with your financial statements and my knowledge of the Authority.

In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:

- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
- the independent examination of the Annual Returns for Ceredigion Harbour Authority, Growing Mid Wales and Mid Wales Corporate Joint Committee;
- the certification of a number of grant claims and returns as agreed with the funding bodies.

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material is set out later in this plan.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

There have been no limitations imposed on me in planning the scope of this audit.

Performance audit work

I carry out a programme of performance audit work to discharge my duties¹ as Auditor General in relation to value for money and sustainable development.

My local performance audit programme will continue to be delivered through a combination of an Assurance and Risk Assessment Project, bespoke local projects and thematic projects examining risks common to all councils.

The majority of my performance audit work is conducted using INTOSAI auditing standards. The International Organisation of Supreme Audit Institutions is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

¹ When we undertake audit work under our statutory powers and duties we may collect information from public bodies that contains some personal data. Our general audit fair processing notice, explains what we do with personal data, and how you can contact our Data Protection Officer.

Your audit at a glance



My financial statements audit will concentrate on your risks and other areas of focus

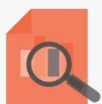
My audit planning has identified the following risks:

Significant financial statement risk

- Risk of Management Override

Other areas of audit focus

- Valuation of pension fund disclosures
- Valuation of land and buildings



My performance audit will include:

- Assurance and Risk Assessment including any follow-up work
- Thematic reviews
 1. Commissioning and contract management
 2. Financial sustainability in local government
- Local Report – to be confirmed if any



Materiality

Materiality	£2.8 million
Reporting threshold	£140,000

Financial statements materiality



Materiality £2.8 million

My aim is to identify and correct material misstatements, that is, those that might otherwise cause the user of the accounts to be misled.

Materiality is calculated using:

- 2021-22 gross expenditure of £280,679 million
- Materiality percentage of 1%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality ie £140,000).



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts and we have set a lower materiality level for these:

- Remuneration report £1,000
- Related party disclosures £10,000 (Individuals), £2.8 million (Other Bodies)

Significant financial statements risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

Exhibit 1: significant financial statement risks

Significant risk	Our planned response
<p>Risk of management override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].</p>	<p>The audit team will:</p> <ul style="list-style-type: none">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;• review accounting estimates for bias; and• evaluate the rationale for any significant transactions outside the normal course of business.

Other areas of audit focus

I set out other identified risks of material misstatement which, whilst not determined to be significant risks as above, I would like to bring to your attention.

Exhibit 2: other areas of focus

Audit risk	Our planned response
<p>Valuation of pension fund disclosures</p> <p>The Local Government Pension scheme (LGPS) pension fund disclosures as reflected in the financial statements represents a material estimate.</p> <p>The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the instructions issued by management to their management expert (actuary) for this estimate and the scope of the actuary’s work; • assess the competence, capabilities and objectivity of the actuary who carried out the valuations; • assess the accuracy and completeness of the information provided by the Council to the actuary; • test the accuracy of the pension fund disclosures in the financial statements with the actuarial report from the actuary; and • assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor’s expert) and undertaking any additional procedures required.
<p>Valuation of Land and Buildings</p> <p>Accounting for Property, Plant and Equipment and Intangible Assets is a challenging area of the accounts.</p> <p>In our 2021-22 Audit of Accounts Report, reported to the Council in January 2023, we reported difficulties arising from the audit of the Council’s assets (in particular Asset Valuations) in terms of insufficient audit trail and lack of effective Quality Assurance to ensure that issues and errors are identified internally and not when audit are engaged.</p>	<p>We will work with the Estates team to monitor progress in identifying issues raised in prior year.</p> <p>We will review the Council’s asset valuation programme to establish when individual groups of assets were valued and seek to confirm that valuations carried out earlier than as at 31 March 2023 are not materially different to the current value of assets as at the year-end.</p>

Further, in light of uncertainties over market values for assets since the start of the pandemic and increasing building costs, there is a risk that the carrying value of assets reported in the accounts may be materially different to the current value of assets as at 31 March 2023. In particular, this may be the case where assets have been valued on a rolling basis and not as at the financial year-end.

Financial statements audit timetable

I set out below key dates for delivery of my accounts audit work and planned outputs.

Exhibit 3: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2023 Outline Audit Plan	March 2023	March 2023
2023 Detailed Audit Plan	March – May 2023	June 2023
Audit of financial statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on the Financial Statements	August – November 2023	November 2023

Planned performance audit work

I set out below details of my performance audit work and key dates for delivery of planned outputs.

Exhibit 4: key dates for delivery of planned outputs

<p>Assurance and risk assessment including any follow-up work</p>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle. This Assurance and Risk assessment work may involve any follow up/tracer work that we may identify from our audit reports and recommendations in previous years.</p>	<p>Ongoing</p>
<p>Thematic review – financial sustainability of local government</p>	<p>A review of councils’ financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term.</p>	<p>Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each audit</p>
<p>Thematic review – commissioning and contract management</p>	<p>A review focusing on how councils’ arrangements for commissioning, and contract management apply value for money considerations and the sustainable development principle.</p>	<p>Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each audit</p>
<p>Bespoke local project</p>	<p>To be confirmed if any</p>	<p>Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each audit</p>

We will provide updates on the performance audit programme through our regular updates to Council Officers and the Council’s Governance and Audit Committee when required.

Certification of grant claims and returns, and statutory audit functions

Certification of grant claims and returns

I have also been requested to undertake certification work on the Council's grant claims, which I anticipate will include Housing Benefits, Teachers' Pensions, NDR and pooled budget returns.

Statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee and audit team

In January 2023, I published the [fee scheme](#) for the 2023-24 year as approved by the Senedd Finance Committee. My fee rates for 2023-24 have increased by 4.8% for inflationary pressures. In addition, my financial audit fee has a further increase of 10.2% for the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake are set out in **Appendix 1**.

I estimate your total audit fee will be £324,595.

Exhibit 5: audit fee

This table sets out the proposed audit fee for 2023, by area of audit work, alongside the estimated audit fee for last year.

Audit area	Proposed fee (£) ²	Estimated fee last year (£)
Audit of accounts ³	183,344	159,446
Performance audit work ⁴	108,948	103,684
Grant certification work ⁵	26,850	25,605
Ceredigion Harbour Authority Annual return examination	1,886	1,790
Growing Mid Wales Annual Return examination	1,803	1,700
Mid Wales Corporate Joint Committee annual return examination	1,764	0
Total fee	324,595	292,225

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.

² Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

³ Payable November 2022 to October 2023.

⁴ Payable April 2023 to March 2024.

⁵ Payable as work is undertaken.

Our financial audit fee is based on the following assumptions:

- The agreed audit deliverables sets out the expected working paper requirements to support the financial statements and includes timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

Exhibit 6: my local audit team

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Director	02920 320 651	derwyn.owen@audit.wales
Jason Blewitt	Audit Manager (Financial Audit)	02920 320 700	jason.blewitt@audit.wales
Non Jenkins	Audit Manager (Performance Audit)	02920 320 500	non.jenkins@audit.wales
Eleanor Ansell	Audit Lead (Financial Audit)	02920 320 500	eleanor.ansell@audit.wales
Nigel Griffiths	Audit Lead (Performance Audit)	02920 320 500	nigel.griffiths@audit.wales

I can confirm that my team members are all independent of the Council and your officers. In addition, we are not aware of any potential conflicts of interest that we need to bring to your attention.

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).

Our People



The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review

Arrangements for achieving audit quality



The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support

Independent assurance



The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

* QAD is the quality monitoring arm of ICAEW.

Appendix 1

The key changes to ISA315 and the potential impact on your organisation

Key change	Potential impact on your organisation
More detailed and extensive risk identification and assessment procedures	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none">• information on your organisation's business model and how it integrates the use of information technology (IT);• information about your organisation's risk assessment process and how your organisation monitors the system of internal control;• more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and• more detailed discussions with your organisation to support the audit team's assessment of inherent risk.
Obtaining an enhanced understanding of your organisation's environment, particularly in relation to IT	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none">• IT applications relevant to financial reporting;• the supporting IT infrastructure (e.g. the network, databases);• IT processes (e.g. managing program changes, IT operations); and• the IT personnel involved in the IT processes. <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>

Key change	Potential impact on your organisation
<p>Enhanced requirements relating to exercising professional scepticism</p>	<p>Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.</p>
<p>Risk assessments are scalable depending on the nature and complexity of the audited body</p>	<p>The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.</p>
<p>Audit teams may make greater use of technology in the performance of their audit</p>	<p>Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.</p>

Through our Good Practice work we share emerging practice and insights from our audit work in support of our objectives to assure, to explain and to inspire.

Our newsletter provides you with regular updates on our public service audit work, good practice and events, which can be tailored to your preferences.

For more information about our Good Practice work click [here](#).

Sign up to our newsletter [here](#).



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We welcome correspondence and telephone calls in Welsh and English.

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

Certification of Grants and Returns 2021-22 – Ceredigion County Council

Audit year: 2021-22

Date issued: April 2023

Document reference: 3510A2023

This document has been prepared as part of work performed in accordance with statutory functions.

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Summary of certification work outcomes

- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
- 2 We undertook our work with the aim of certifying individual claims and to answer the question:
'Does Ceredigion County Council (the Council) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
- 3 We have completed the audit and conclude that the Council had adequate arrangements in place for the production and submission of the grant claims which required certification within 2021-22.
- 4 For 2021-22, we certified six grant claims (compared with six in 2020-21), with an aggregate value of £44 million (£45 million in 2020-21).
- 5 The Council submitted all six grant claims (100%) by the agreed deadlines (100% in 2020-21) and all of these have now been certified. The cost of the audit for 2021-22 is £25,605 (£23,158 in 2020-21).
- 6 Overall, the audits resulted in no proposed amendments, with no change in grant entitlement.

- 7 Detailed on the following pages is a summary of the key outcomes from our certification work of the Council's 2021-22 grants and returns, showing where either audit amendments were made, as a result of our work, or where we had to qualify our audit certificate.
- 8 A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate. There is a potential risk that grant-paying bodies claw back grant from the Council where issues are not addressed.

Exhibit 1: grant claim amendments and qualifications

Ref	CI Ref	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate	
1	BEN01	Housing Benefits Subsidy	30-04-22	25-04-22	No				✓	
2	HLG01	Section 33 NHS (Wales) Act 2006 Pooled Budgets	11-06-21	31-08-22	No ¹				✓	
3	HLG03	Section 34-194 NHS (Wales) Act 2006 Money Transfers	30-09-22	30-09-22	No				✓	
4	LA01	National Non-Domestic Rates Return	28-05-22	25-05-22	No				✓	
5	PEN05	Teachers' Pension Scheme Return	31-05-22	03-05-22	No				✓	
6	SOC07	Social Care Workforce Development Programme	30-09-22	29-09-22	No				✓	
Total							0	0	0	6

¹ Extension of the submission of the HLG01 claim was agreed.

Fees

- 9 Our overall fee for the certification of grants and returns is higher than that charged in 2020-21, and higher than the estimate provided within the Audit Plan, which was £24,000.

Exhibit 2: breakdown of fee by grant/return

Breakdown of fee by grant/return	2021-22	2020-21
BEN01 – Housing Benefits Subsidy	£12,024	£11,271
HLG01 – Section 33 NHS (Wales) Act 2006 Pooled Budgets	£1,278	£1,298
HLG03 – Section 34 – 194 NHS (Wales) Act 2006 Money Transfers	£1,273	£1,212
LA01 – National Non-Domestic Rates Return	£2,517	£2,362
PEN05 – Teachers’ Pension Scheme Return	£2,950	£2,775
SOC07 – Social Care Workforce Development Programme	£2,925	£2,297
Grants Supervision, Planning and Control	£2,638	£1,943
Total fee	£25,605	£23,158

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Project Brief – Use of performance information – service user perspective and outcomes – Ceredigion Council

Audit year: 2022-23

Date issued: April 2023

Document reference: 3527A2023

This document has been prepared for the internal use of Ceredigion Council as part of work to be performed in accordance with statutory functions contained within in the Public Audit (Wales) Act 2004 and the Well-being of Future Generations Act 2016.

No liability is accepted by the Auditor General or the staff of the Wales Audit Office in relation to any member, director, officer or other employee in their individual capacity, or to any third party in respect of this report.

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This document is also available in Welsh.

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Project brief

Background

1. Understanding how well services and policies are meeting the needs of service users and how well they are helping the council to achieve the outcomes it is working towards is an important part of arrangements to ensure that councils are securing value for money in the use of their resources. It is also an important way in which the Council can assure itself that it is acting in accordance with the 'involvement' way of working in taking steps to meet its well-being objectives. Performance information relating to progress towards outcomes and the service user perspective enables senior leaders to monitor progress and ensure that the Council takes action where necessary to improve outcomes.
2. More broadly in relation to use of performance information, in our 2022 Annual Audit Summaries we also noted a reduced reference to comparative performance information that as part our examination of councils' performance assessments covering the 2020-21 financial year. We also noted that the ability to compare data and performance with other organisations would continue to be an important element of arrangements to secure value for money and would be a challenge for councils to consider particularly as they continue to implement the requirements relating to self-assessment set out in the Local Government and Elections Act (Wales) 2021.
3. As part of our 2022-23 performance audit programme at Ceredigion Council (the Council), we will undertake a project to understand the Council's use of data relating to outcomes and the service user perspective in its performance management processes.
4. This work is being undertaken at each of the 22 principal councils as part of our 2022-23 performance audit programme.

Legal basis

5. We are carrying out this audit under the duties contained within:
 - section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) to help enable the Auditor General to be satisfied (or not) that the Council has put in place proper arrangements to secure value for money in the use of its resources and;
 - section 15 of the Well-being of Future Generations (Wales) Act 2015 to help enable the Auditor General to assess the extent to which the Council is acting in accordance with the Sustainable Development Principle in taking steps to meet its well-being objectives.

Audit objective

6. Our objectives for this audit are to gain assurance that:
 - the performance information the Council provides to senior officers and elected members enables them to understand the service user perspective and the outcome of its activities; and
 - this information forms part of the Council's arrangements to secure value for money in the use of its resources and its application of the Sustainable Development Principle.
7. We will also seek to identify opportunities for the Council to strengthen its arrangements.

Audit questions

8. [Appendix 1](#) contains the audit questions and audit criteria for this audit.

Audit scope

9. The proposed audit will cover key service user perspective and outcome data provided to members and senior officers, and how this information is used. It will not be a full review of the Council's performance management arrangements or an in-depth data quality review.

Audit criteria

10. The proposed audit will use the audit criteria set out in [Appendix 1](#), which also shows how the criteria relate to the audit questions. This has been informed by our cumulative knowledge as well as the question hierarchy and positive indicators we have developed to support our Sustainable Development Principle examinations.

11. [Appendix 1](#) shows how they relate to the audit questions.

Audit methods

12. The review will involve document reviews and interviews.

13. We may also view recordings of public meetings.

Output

14. We will provide a short report at the completion of our work which will be published on our website.

Timetable

15. [Exhibit 1](#) shows the high-level timetable of the main audit stages.

Exhibit 1: audit timetable

Stage	Date
Issue project brief	April 2023
Issue draft output	01/08/2023
Publish final output ¹	01/09/2023

Publishing an output means uploading the output to the Audit Wales website.

¹ For local / regional outputs this will be issuing the final output. For VFM Studies, Local Government studies, national themed reviews and other stand-alone outputs that are press released and have a national profile, this will be publishing the final output.

Audit Wales contacts

16. Exhibit 2 sets out the Audit Wales team that will be working on this audit.

Exhibit 2: Audit Wales contacts

Name	Contact Details
Gary Emery - Audit Director	Gary.Emery@audit.wales
Tim Buckle - Audit Manager	Timothy.Buckle@audit.wales
Martin Gibson - Audit Lead	Martin.Gibson@audit.wales
Gareth W. Lewis - Senior Auditor	Gareth.Lewis2@audit.wales

Fieldwork schedule

17. We will conduct our fieldwork in line with the organisation's stated language preference. We will make every reasonable effort to accommodate language preferences of individuals during the audit, if we receive these at the point of setting up fieldwork.

Document request

18. We will undertake a review of the documents listed below. The list is not exhaustive, and we may request additional documents during the course of the project. Where documents in the list below are publicly available, please direct us to their online location. Where we already have copies of the documents, we will confirm this at the project set up meeting. Also, we would be grateful if you could provide us with any additional documents that you feel may be relevant to this work.

Exhibit 3: initial document request

Document title
<p>We would like to review the following documents covering the last 12 months:</p> <ul style="list-style-type: none">• performance reports to Scrutiny Committees and Cabinet.• Internal performance reports considered at CMT.• Other internal performance reports• documents covering data quality arrangements and reviews• annual performance reports and evaluations

Interviews

19. Exhibit 4 sets out the initial list of people we would like to interview during our work. We will contact you again to arrange mutually convenient dates and times when we begin the evidence gathering stage.
20. Following our document review, we may identify further interviews. These may relate to specific service areas. We will update the Council should this be the case.

Exhibit 4: interviewees

Title
Cabinet Member with the portfolio for corporate performance management arrangements: <ul style="list-style-type: none">• Cllr. Bryan Davies – Leader of the Council
Director with responsibility for corporate performance management arrangements: <ul style="list-style-type: none">• Barry Rees – Corporate Director
Senior officer(s) with responsibility for corporate performance management arrangements: <ul style="list-style-type: none">• Alun Williams – Corporate Lead Officer for Policy, Performance, and Public Protection• Diana Davies – Corporate Manager for Partnership and Performance

Unless otherwise agreed with the council we intend to conduct interviews virtually via Microsoft Teams.

Project brief

Appendix 1 - Audit questions and criteria

Main audit question: **Does the Council's performance data enable senior leaders to understand the service user perspective and the outcomes of its activities to effectively manage its performance?**

L2 questions	Audit Criteria ² (what we are looking for)
Level 2	
2.1 Does the performance information provided to senior leaders include appropriate information on the perspective of service users?	<ul style="list-style-type: none">• The information is:<ul style="list-style-type: none">○ relevant to the objectives the Council has set itself○ sufficient to enable an understanding of the service user perspective○ sufficient to provide an understanding of progress towards the outcomes the Council is planning to achieve○ drawn from the diversity of service users including groups who share protected characteristics○ used to inform comparisons with the performance of similar bodies where relevant• The Council has involved service users in determining which information to collect.

² Our Audit Criteria has been informed by our cumulative knowledge of previous audit work as well as the question hierarchy and positive indicators we have developed to support our Sustainable Development Principle examinations

2.2 Does the performance information provided to senior leaders include appropriate information on the outcomes of the Council's activities?

- The information draws on a range of evidence sources to provide a holistic view of progress.
- The information enables senior leaders to monitor progress over the short, medium and long term.
- The information enables senior leaders to monitor the delivery of outcomes that cover multiple service areas and/or organisations.

2.3 Does the Council have robust arrangements to ensure that the data provided is accurate?

- The Council has clear arrangements to check the quality and accuracy of the data it provides to senior leaders.
- Where weaknesses in data quality are identified, the Council addresses them.

2.4 Does the Council use the information to help it achieve its outcomes?

- Where poor performance is identified the Council uses the information to make changes/interventions.
- There is evidence of the Council improving its progress towards its outcomes as a result of interventions.

2.5 Does the Council review the effectiveness of its arrangements?

- The Council reviews the information provided to senior leaders to ensure it is appropriate and relevant.
- The Council compares the information it collects with the information collected by similar organisations to identify opportunity to strengthen its arrangements.

Appendix 2 - Fair processing notice

Date issued: August 2021

Auditor General for Wales – Privacy Notice

This privacy notice tells you about how the Auditor General for Wales and staff of the Wales Audit Office (WAO) process personal information collected in connection with our work.

Who we are and what we do

The Auditor General for Wales' work includes examining how public bodies manage and spend public money, and the WAO provides the staff and resources to enable him to carry out his work. "Audit Wales" is a trademark of the Wales Audit Office and is the umbrella identity of the Auditor General for Wales and the Wales Audit Office.

Data Protection Officer (DPO)

Our DPO can be contacted by telephone on 029 2032 0500 or by email at infoofficer@audit.wales

The relevant laws

We process your personal data in accordance with data protection legislation, including the Data Protection Act 2018 (DPA) and the UK General Data Protection Regulation (GDPR). Our lawful bases for processing are the powers and duties set out in the Public

Audit (Wales) Acts 2004 and 2013, the Government of Wales Acts 1998 and 2006, the

Local Government (Wales) Measure 2009, the Local Government & Elections (Wales) Act 2021 and the Well-being of Future Generations (Wales) Act 2015. Depending on the particular power or function, these statutory bases fall with Article 6(c) and (e) of the UK GDPR—processing necessary for compliance with a legal obligation, for the performance of a task carried out in the public interest or in the exercise of official authority.

Who will see the data?

The Auditor General and relevant WAO staff, such as the study team, will have access to the information you provide.

Our published report may include some of your information, but we will contact you before any publication of information that identifies you—see also "your rights" below.

We may share information with:

- a) Senior management at the audited body(ies) as far as this is necessary for exercising our powers and duties;
- b) Certain other public bodies/ public service review bodies such as the Office of the Future Generations Commissioner, Care Inspectorate Wales (Welsh Ministers), Estyn and the Public Services Ombudsman for Wales, where the law permits or requires this, such as under section 15 of the Well-being of Future Generations (Wales) Act 2015.

How long we keep the data

We will generally keep your data for 6 years, though this may increase to 25 years if it supports a published report—we will contact you before any publication of information that identifies you—see also “your rights” below. After 25 years, the records are either transferred to the UK National Archive or securely destroyed. In practice, very little personal information is retained beyond 6 years.

Our rights

The Auditor General has rights to information, explanation and assistance under paragraph 17 of schedule 8 Government of Wales Act 2006, section 52 Public Audit (Wales) Act 2004, section 26 of the Local Government (Wales) Measure 2009 and section 98 of the Local Government & Elections (Wales) Act 2021. It may be a criminal offence, punishable by a fine, for a person to fail to provide information.

Your rights

You have rights to ask for a copy of the current personal information held about you and to object to data processing that causes unwarranted and substantial damage and distress.

To obtain a copy of the personal information we hold about you or discuss any objections or concerns, please write to The Information Officer, Wales Audit Office, 24 Cathedral Road, Cardiff, CF11 9LJ or email infoofficer@audit.wales. You can also contact our Data Protection Officer at this address.

Information Commissioner’s Office

To obtain further information about data protection law or to complain to complain about how we are handling your personal data, you may contact the Information Commissioner at: Information Commissioner’s Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF, or by email at casework@ico.gsi.gov.uk or by telephone 0162

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Annual Plan 2023-24

Including additional information on
our longer-term ambitions and key
performance indicators

This Annual Plan covers the period from 1 April 2023 to 31 March 2024 and includes additional information on our longer-term ambitions and key performance indicators. It has been jointly prepared, and is laid before the Senedd, by the Auditor General for Wales and the Chair of the Wales Audit Office, in accordance with the requirements of the Public Audit (Wales) Act 2013.

The Senedd has made provision for its Finance Committee to be responsible for considering and reporting to the Senedd on this Annual Plan.

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

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

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.
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Foreword

Rydym yn falch o gyflwyno ein Cynllun Blynyddol ar gyfer 2023-24

We are pleased to present our Annual Plan for 2023-24

We are pleased to present our Annual Plan for 2023-24 which sets out our priorities for the next 12 months, in terms of our audit work and the running of the business.

The outlook for public finances in Wales is bleak. High inflation combined with the economic and social impacts of austerity, the pandemic and the departure from the European Union have eroded the spending power of public bodies and individuals alike. The rising cost of living is placing more and more families into poverty and demand for services continues to rise.

In this rapidly changing and complex world, audit plays a vital role in providing the public, politicians, decision-makers and influencers with the information and assurance they need about how well public money is being spent.

With public finances under such strain, our core work auditing the financial statements of public bodies is more important than ever and must be prioritised. It provides assurance, transparency and accountability to taxpayers, the Senedd and other elected representatives. It provides public bodies with accurate and reliable financial information with which to plan and manage their services and finances.

Our value for money work programme will reflect some of the biggest challenges facing the country where Audit Wales can add most value:

- Tackling inequality
- Responding to the climate and nature emergency
- Service resilience and access
- Well-managed public services

Our relentless drive to improve the quality of our work will see the embedding of new international standards for financial and performance audit.

We will look to increase the impact of our audits through enhancements to our products, digital platforms and channels. A programme of Good Practice Exchange (GPX) activities will further increase the impact of our work, bringing people together in person and virtually to share knowledge and ideas.

Audit Wales is not immune to the financial pressures faced by the rest of the public sector. We are undertaking a financial sustainability review to ensure the business is operating in the most efficient and effective way possible.

Our Future Ways of Working project will see us start the year in smaller, more energy efficient, and accessible premises in Cardiff. We will continue to assess how our assets around Wales are enabling us to deliver our best audit work while also making a significant contribution to our net zero ambitions. We will continue to develop our approach to hybrid working to recognise the business and individual benefits of a blend of in-person and remote working.

None of our work is possible without our staff – the highly skilled and motivated teams who make a vital contribution to our national public services. Supporting the wellbeing of our people and making Audit Wales a great place to work will remain, therefore, our highest priority as it underpins all that we do.



Adrian Crompton

Auditor General for Wales

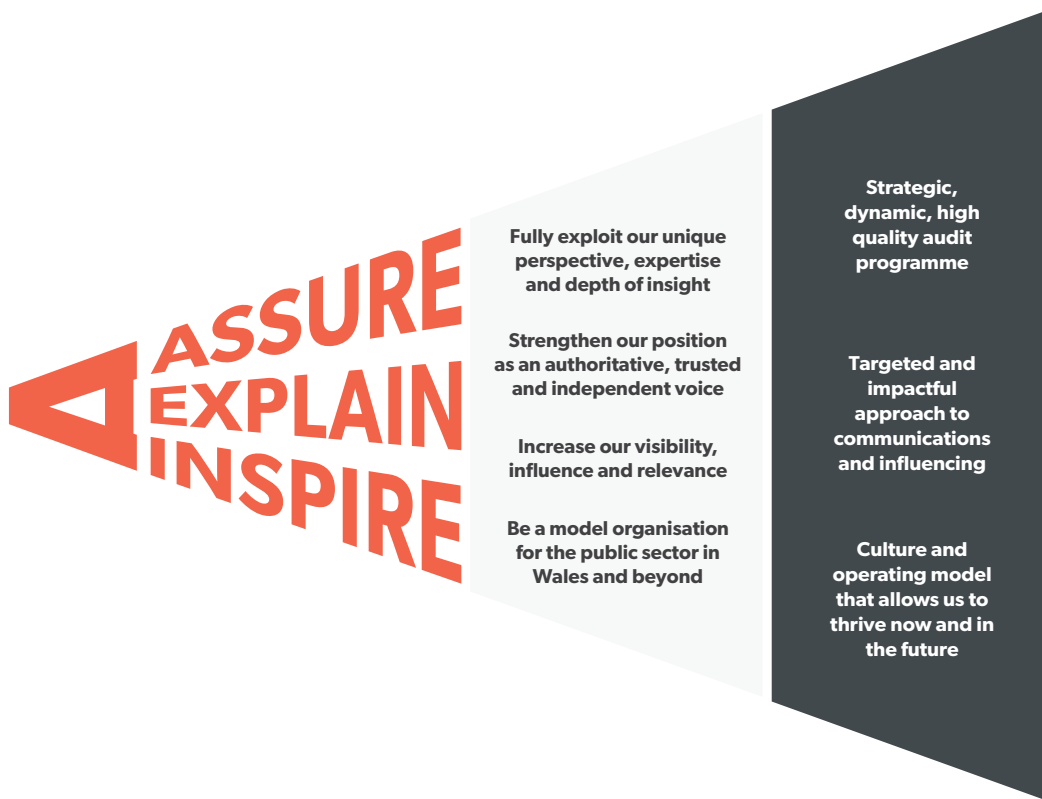


Dr Kathryn Chamberlain

Chair, Wales Audit Office

Our role and purpose

- 1 The Auditor General for Wales is the statutory external auditor of most of the Welsh public sector. The Auditor General is responsible for the audit of most of the public money spent in Wales, including the funds that are voted annually by the Senedd. Significant elements of this funding are passed by the Welsh Government to the NHS and local government in Wales.
- 2 The Wales Audit Office has functions of providing resources, such as staff, for the exercise of the Auditor General’s functions, and of monitoring and advising the Auditor General.
- 3 Together, as Audit Wales, our purpose is at the heart of everything we do – to assure people that public money is being managed well, to explain how that money is being spent and to inspire the Welsh public sector to improve.



- 4 Assure, Explain, Inspire: Our Strategy 2022-27 describes the path we are taking towards reaching our full potential as a driver of change and improvement at the heart of public services and democratic accountability in Wales. It sets out our vision to increase our impact by:
 - fully exploiting our unique perspective, expertise and depth on insight;
 - strengthen our position as an authoritative, trusted and independent voice;
 - increasing our visibility, influence, and relevance; and
 - being a model organisation for the public sector in Wales and beyond.
- 5 Our strategy provides the context for this Annual Plan, which sets out the work programmes of the Auditor General and the Wales Audit Office during the second year of delivering our strategy. Our focus is in three key areas:
 - Strategic, dynamic and high-quality audit programme
 - Targeted and impactful approach to communications and influencing
 - Culture and operating model that enables us to thrive both now and in the future

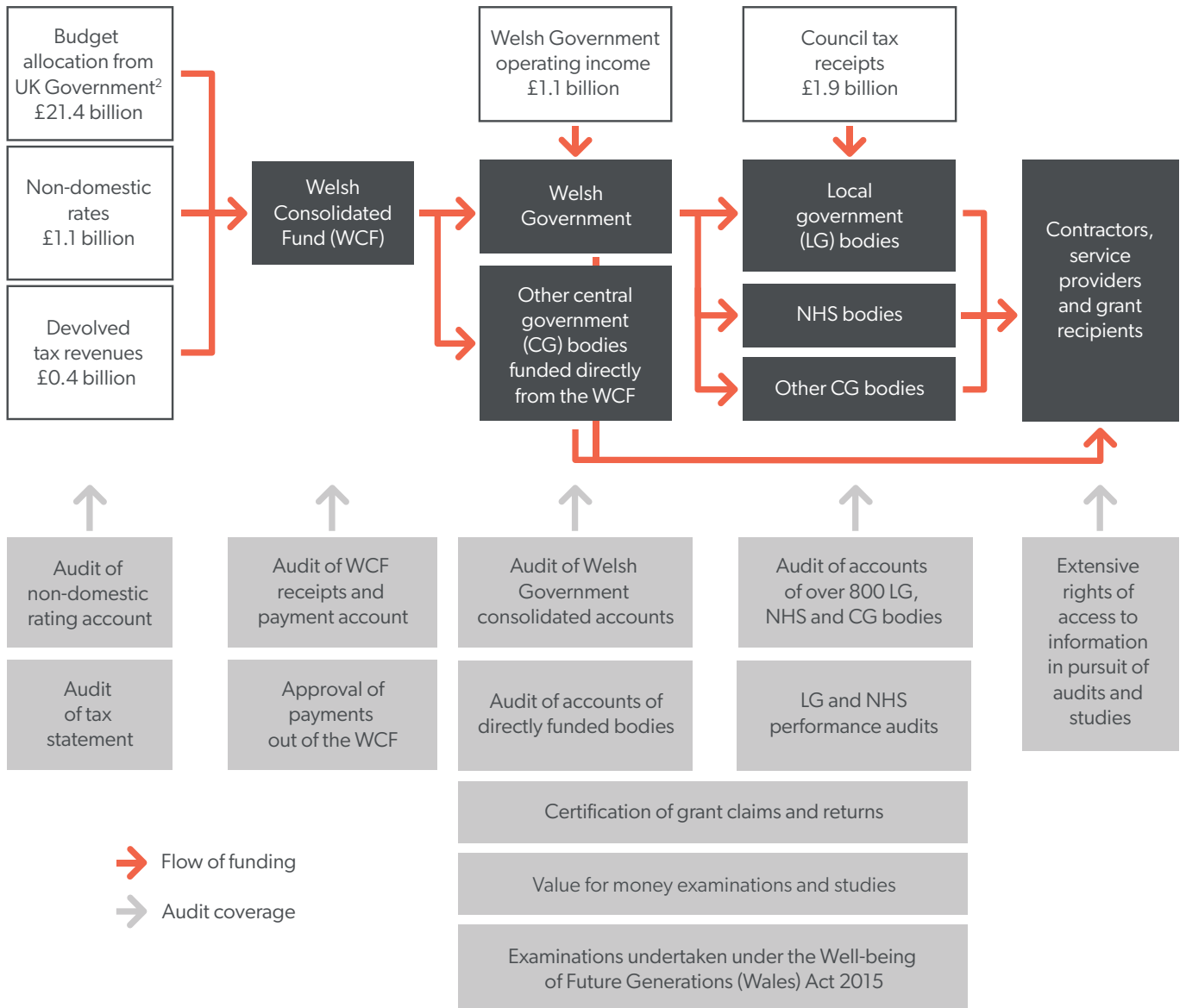


What we do

- 6 On behalf of the people of Wales, we examine public spending and identify ways to improve public services. Our work supports the effective scrutiny of public money by the Senedd and locally elected representatives. We are entirely independent of government.
- 7 The Auditor General's functions include auditing accounts and undertaking local performance audit work at a broad range of public bodies, alongside conducting a programme of national value for money examinations and studies. These functions may be exercised in combination, if necessary, across different types of bodies, to examine public spending irrespective of who delivers the services.
- 8 Increasingly, we are considering the stewardship of human and natural resources alongside our consideration of financial resources and the way in which public bodies account for their use.
- 9 We identify good practice from across the full breadth of our audit work and disseminate this through a range of media, including blogs, podcasts and shared learning seminars and webinars.
- 10 We undertake our work in accordance with the [Auditor General's Code of Audit Practice](#). The Code prescribes the way in which audit and certain other functions are to be carried out and embodies what the Auditor General considers to be best professional practice.
- 11 We also work closely with other UK audit agencies and with the other main external review bodies in Wales to enhance the collective impact of our work.

How we follow the public pound in Wales¹

12 Together, as Audit Wales, we audit nearly £26 billion of income and expenditure, which is over a quarter of Welsh GDP.



1 Funding sources highlighted in exhibit do not include income generation activities at individual public bodies.

2 Includes receipts from the Wales Office, HMRC Distribution from the National Insurance Fund in respect of Social Security, and the Welsh Rate of Income Tax

Our operating environment

- 13 The breadth of our audit work across the Welsh public sector and devolved policy areas, our place as part of a wider UK and international accounting and audit profession, and the impact of wider changes in society, all contribute to the operating environment for Audit Wales.
- 14 We monitor wider developments relevant to our audit work programme and running of the business. This includes consideration of risks to our delivery but also areas of opportunity for our work programme. Issues that have emerged or amplified over the past year and as we head into 2023-24 are set out below.

Resourcing our work

Funding our work

- 15 The way our work is funded means that we must be mindful of our own costs while also managing the impact of inflationary pressures. However, it is vital that we maintain the high quality of our audit work, discharge effectively the various powers and duties placed on the Auditor General and meet the standards that the public and its representatives have a right to expect from an independent national audit body. Meanwhile, the impact of possible changes to the audit profession at a UK level need considering in the devolved context.

Recruitment and retention challenges

- 16 New auditing requirements will require a change in our skill mix for our audit of accounts work and increase the costs of that work (as set out in our [Fee Scheme 2023-24](#)). However, we also face competition from the wider accounting and audit profession where we are seeing evidence of pay rates increasing markedly, particularly in the private sector. This presents significant challenges for our ability to recruit and retain suitably qualified staff within our funding constraints.
- 17 We also face possible further disruption to our resourcing, and our income generation, through any ongoing industrial action involving our staff.

The legacy of the COVID-19 pandemic

Adapting to changes in our ways of working

- 18 Like many public bodies, we have seen a significant and likely permanent change in the way we work and the balance between office-working, home-working, and on-site audit activity at other locations. We will need to continue to adapt as we establish a 'new normal' that supports our organisational efficiency, the wellbeing and development of our staff, and the overall culture we want at Audit Wales.

The impact on our accounts audit timetable

- 19 The pandemic, combined with other resourcing pressures, has impacted on the timetable for the delivery of our annual accounts audit work and we will be dealing with the legacy of this through 2023-24 and beyond. Audited bodies have engaged constructively with us during the pandemic, despite being under significant pressure themselves. However, we have also seen examples of audited bodies taking longer to prepare accounts for audit. In addition, we are still working through a substantial backlog of town and community council audit work that we brought back in-house shortly before the pandemic.

Governance and capacity issues in Welsh public services

- 20 We have already seen the impact that governance failings within the bodies we audit can have on our programmes of work. Any increase in such issues, arising for example from the financial pressure on services, could impact significantly on our own delivery.
- 21 We have also reported previously on capacity pressures across various parts of the public sector. Pressure on audited bodies' staff resources could impact on how they engage with us to support delivery of our work, as could wider industrial action.

Responding to wider societal issues

The climate and nature emergency

- 22 There is a clear role for audit in reporting on how effectively public bodies are responding to the climate emergency, including supporting a just transition. But we also want to demonstrate that we are playing our part through our own net zero and biodiversity plans.

Promoting equality, diversity and inclusion

- 23 Inequality in Wales remains a significant concern and with the cost-of-living crisis presenting additional challenges and risks. Our [Joint Strategic Equality Plan](#) sets out our key commitments for the period 2022-2026 and how we will play our part in helping eliminate discrimination, advance equality of opportunity and foster good relations, both as an employer and through our audit work.
- 24 We also want to embrace the Welsh language. We take pride in providing a bilingual audit service and are committed to implementing and maintaining the [Welsh Language Standards](#). We intend to push beyond our statutory requirements to become a truly bilingual organisation as we implement our Welsh language strategy for 2022-2027.

Digitisation

- 25 Digital opportunities are supporting changes to the way public bodies are delivering services and our own ways of working. However, an increasing reliance on digital approaches presents increasing risks in an environment where cyber-attacks are becoming more sophisticated and aggressive. Maximising these digital opportunities also poses challenges around digital skills and inclusion.

Developments in our audit landscape

New powers, duties and audit coverage


- 26 In 2022-23, the Welsh Government consulted on extending the well-being duty under the Well-being of Future Generations (Wales) Act 2015 to a further eight public bodies. We have been liaising with the Welsh Government about the practical and resource implications of discharging the Auditor General's duties under the Act in the current (2020-2025) reporting period.
- 27 From 2023-24, the Auditor General will be the external auditor for the new [Citizen Voice Body for Health and Social Care](#). We will also be monitoring developments in readiness for our audit work at the new [Commission for Tertiary Education and Research](#) once it is fully operational.

Changes in public funding

- 28 With EU funding programmes coming to an end in December 2023, we will continue to plan for the impact of no longer auditing the EU funds that support farmers and agriculture. Meanwhile, developments around the UK Government's Levelling Up Fund and the Shared Prosperity Fund raise new questions around the flow of funding through to the bodies we audit in Wales and any consideration of how projects supported by that funding are being managed locally and contribute to bodies' wider objectives.

Considering the work of other external review bodies

- 29 As we look to work efficiently, minimise duplication of work and minimise demands on audited bodies, we consider work undertaken or planned by other external review bodies and liaise regularly with those bodies. This includes, for example, Healthcare Inspectorate Wales, Care Inspectorate Wales, Estyn, the various commissioners in Wales and the Public Services Ombudsman. We also liaise with other bodies that focus on public services, such as the Wales Centre for Public Policy and the Wales Governance Centre.



Our work programmes: how we organise and fund our work

- 30 Our planned work for 2023-24 can be broadly divided into two work programmes – audit delivery and running the business.
- 31 Audit delivery comprises the Auditor General’s work programme and priorities for 2023-24 in exercising his functions. The second section on running the business encapsulates the work programme and priorities for 2023-24 of the Wales Audit Office in exercising its functions.
- 32 The resources available, and which may become available to the Wales Audit Office, as per the approved Estimate of Income and Expenses for the year ending 31 March 2024, are to be used in delivering these work programmes.

Audit delivery

Core work



Undertaking audit work at over **800** public bodies



Delivering a programme of **value for money** examinations and studies



Certifying grant schemes worth approaching **£1.5 billion**



Approving around **£1.8 billion** of payments out of the Welsh Consolidated Fund every month



Supporting effective scrutiny including the work of the Senedd Committees



Sharing the **good practice** we see across Wales's public services



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



Participating with **observer status** on a range of key policy working groups

For further information see:

Appendix 1 – Local audit work

Appendix 2 – National value for money examinations and studies

Appendix 3 – Supporting effective scrutiny and accountability

- 33 Alongside legal and professional requirements, four widely recognised principles underpin our audit delivery:



- 34 The audit work that we do at individual public bodies involves:
- providing an opinion on the accounts;
 - considering how public money is being used for approved purposes (regularity);
 - considering how public business is being conducted (propriety);
 - examining whether proper arrangements are in place to secure value for money; and
 - assessing the extent to which public bodies have acted in accordance with the sustainable development principle when setting and taking steps to meet their well-being objectives.

- 35 We are committed to working closely with the other UK audit agencies through the [Public Audit Forum](#), and with our colleagues at the other main external review bodies in Wales, to enhance the efficiency and effectiveness of public audit and the collective impact of our work. We are proud to represent Wales on occasion on the international audit stage, including at EURORAI events³.
- 36 We can also arrange with certain types of bodies, both in the UK and overseas, to undertake commissioned work⁴. This includes auditing the European funds used to support farmers and agriculture across Wales⁵ and acting as Chief Auditor to, and auditing the accounts of, the Government of Anguilla, work with other regulators and supporting opportunities in Jersey and New Zealand.

Running the business

Core work



Setting the overall budget of **£24.3 million** and charging fees for audit work



Employing around **290 staff** and managing a diverse range of physical and information assets



Providing **strong leadership** and embedding our values and behaviours



Monitoring the exercise of the Auditor General's functions and providing him with advice

For further information see:
Appendix 4 – Our Finances

- 3 The ([EURORAI](#)) is a co-operation project among public sector audit institutions across Europe.
- 4 Where we provide services to, or exercise the functions of, those bodies. We are mindful that all such activities should be self-financing and must not be undertaken to the detriment of our core audit work in Wales.
- 5 On behalf of the Comptroller and Auditor General.

- 37 Our Board is responsible for setting and overseeing the strategic direction of the organisation and ensuring we are on track in the delivery of our ambitions. The Board membership includes non-executive and executive members, alongside two employee-elected members and an employee member nominated by the Auditor General, who provide an extra dimension of insight and experience.
- 38 The Executive Leadership Team (ELT), which includes three Executive Directors and is chaired by the Auditor General, advises him in his capacity as Auditor General, Chief Executive and Accounting Officer. A staff perspective to help inform ELT decision making is sought from a panel of staff representatives.
- 39 More detailed information on our governance arrangements can be found in the Governance Statement section of our [Annual Report and Accounts 2021-22](#).

Our priorities and how we plan to achieve them

- 40 Alongside delivery of our core statutory responsibilities, we have identified priority areas for action in 2023-24, achievement of these will support us in realising our strategic ambitions by 2027. Our priorities are organised around three areas of focus:
- Strategic, dynamic and high-quality audit programme
 - Targeted and impactful approach to communications and influencing
 - Culture and operating model that enables us to thrive both now and, in the future
- 41 The next sections provide more information on each of the strategic areas of focus, why they are important, our progress so far and our priority actions for 2023-24. These priority actions are set out in two parts – audit delivery comprises the Auditor General’s work programme and priorities in exercising his functions. Running the business encapsulates the work programme and priorities of the Wales Audit Office in exercising its functions.

Strategic, dynamic and high-quality audit programme

Why it is important

- 42 Many of the challenges we face in Wales today are complex, interconnected and span the remits of a range of organisations. We will continue to explore the opportunity for a change in our funding model to give us improved flexibility to examine more cross-cutting and whole-system issues and as part of this explore how the sustainable development principle and its ‘five ways of working’ are being applied.

- 43 We have developed our thinking, building on feedback from our [work programme consultation in spring 2022-23](#) and our [Picture of Public Services analysis](#) in 2021, to focus an indicative three-year audit programme of work around four key themes:
- Tackling inequality
 - Responding to the climate and nature emergency
 - Service resilience and access
 - Well-managed public services
 - Good governance
 - Workforce, assets, and finance
- 44 Like all public sector organisations, we face financial challenges and need to live within our means. Building on good management practices, we have embarked on a financial sustainability review designed to give clear options on how we will face the future and will take a strategic approach to align our medium-term financial position, our service provision, and the shape of our workforce.
- 45 As the audit landscape changes, Audit Wales must adapt and respond to industry changes including adopting international standards in the delivery of our performance audit work and ensuring the compliance of our audit of accounts work with new requirements. For our accounts work, these changes require us to revisit our workforce planning and funding arrangements to provide an appropriate skill mix. Alongside this, we want to address the slippage in the timetable for our accounts audit work and other backlogs.
- 46 We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can consider matters of concern that may arise and developments in Welsh Government policy.
- 47 We will enhance our approach to monitoring performance, focusing on a holistic view of our risks, KPIs, impact and delivery of our work programmes, business plans and internal projects, and ensuring that we are able to adapt our approach, maximise opportunities and remain responsive to challenges.

Achievements so far include:

- As we have developed our work programme themes, we have been building on relevant work already published over the past year, including for example on the net zero agenda and flood risk management, the challenge of tackling poverty in Wales, the NHS planned care backlog, cyber resilience and equality impact assessment. We have also been exploring opportunities for additional data-matching work to consider fraud risks, building on our work as part of the UK-wide National Fraud Initiative.
- Audit quality is always a key focus, we have invested in our technical support function and developing our audit approaches through implementing new risk-based standards for our audit of accounts work and introducing new professional standards for our performance audit work. The launch of these new approaches is underpinned by extensive learning and development programmes to equip our audit teams with the knowledge and confidence they need to achieve high standards of audit quality.
- Our Research and Development function is supporting the development of our audit programme, our wider horizon scanning and the development of networks, with academia, think tanks and other bodies to help inform the scoping of audit projects.

Priority areas for action in 2023-24

Audit Delivery

Embed a new- ISA 315⁶ compliant -approach to our audit of accounts work and INTOSAI⁷ standards in the delivery of our Performance Audit work.

Deliver a more dynamic programme of high-quality audit work that reflects the challenges facing the public sector locally and nationally.

Work with key stakeholders to identify, agree and bring forward audit deadlines for our accounts work for 2023 and future years.

Running the Business

Develop our approach to integrated performance management.

Scope our Financial Sustainability Review and begin to implement changes necessary to live within our means in 2023-24 and future years, demonstrating our own commitment to value for money.

6 Revised International Standard on Auditing (ISA 315).

7 International professional standards for public-sector auditing set out by the International Organization of Supreme Audit Institutions, INTOSAI.

Targeted and impactful approach to communications and influencing

Why this is important

- 48 To achieve our vision, it is vital that our work is impactful and that our messages land well and influence decision making. Our ability to achieve this relies on our engagement with a wide range of stakeholders. Managing these relationships well is important to our position as an authoritative, trusted and independent voice and requires us to be proactively engaging with others to communicate key messages from our work and support public services with the challenges they face. It is also vital that we understand how key stakeholders perceive our work and that we respond to the different ways that our audiences want to receive information in the modern world, including through our digital platforms.
- 49 To enhance the impact of our audit products we will place greater emphasis on planning our approach, ensuring that the form and presentation of our work is engaging and inspiring to a wide range of diverse stakeholders. We will continue our drive towards shorter, sharper, and responsive audit products, including real-time commentary on important topical issues, and use our digital platforms and tools to improve visibility of our work and engagement with our stakeholders.
- 50 We intend to place a greater emphasis on thematic reporting, comparisons across audited bodies and the identification and sharing of good practice and shared experience supporting public services to improve. Some of the areas of focus we choose to take forward may lend themselves to different types of output – short briefings, blogs, data tools or facilitating an exchange of ideas and practice through other means – rather than or alongside a full report.

Achievements so far include:

- We are improving how we display information and communicate our audit findings using data analytics and interactive data tools to support our audit reports.
- We have strengthened our relationships and participation with audit institutions, and collaboration with other UK audit agencies in the Public Audit Forum (PAF), providing a joint response to the Department for Business, Energy and Industrial Strategy (BEIS) consultation on the future of the UK audit profession.

- Held a series of Good Practice Exchange events aligned to our strategy and focussed on common challenges across public services including responding to the climate emergency, tackling poverty in Wales and equality impact assessment.
- We regularly participate as keynote speakers at national and international conferences.

Priority areas for action in 2023-24

Audit Delivery

Implement new stakeholder engagement approach to gather independent feedback from our audited bodies.

Refresh our website.

Deliver a refreshed, rolling programme of good practice sharing (GPX), which is aligned to our audit programme and planned in from the outset.

Running the Business

Improve our internal communication arrangements including frequent ELT engagement sessions, sharing stories focused on the quality, impact and interactions we have through our work, and refreshing communications channels including our intranet.

Culture and operating model that enables us to thrive both now and, in the future

Why this is important

- 51 None of our objectives for high-quality public audit can be achieved without having the right staff, culture and resources in place. We are committed to ensuring Audit Wales is a model organisation for the Welsh public sector, one that recognises and values our people within a culture that allows everyone to thrive.

- 52 Our reputation and impact depend upon the quality of work we deliver and the effectiveness of our internal operation. Our People and Organisational Development strategy focuses on attracting and retaining capable and highly skilled staff and prioritising the development of our people to fulfil their roles, grow and perform at their best.
- 53 Our ambition is for Audit Wales to become a modern, forward focused model organisation for Wales. We will ensure that our strategic focus on future workplaces, net zero, digitisation, workforce and financial plans is interconnected and fit for the future – creating synergies and efficiency in their implementation across the organisation.
- 54 We will grasp the opportunity to be a digitally mature, data-driven organisation, while proactively managing the risks of cyber security to ensure that our systems are secure, resilient, and fit for purpose. There is so much happening in this space and we will ensure we are at the forefront of developing new ways of delivering our core business.
- 55 Our commitment to challenging inequality is embedded in our work and we will always challenge ourselves to do more. We recently published our new Strategic Equality Plan with a new set of equality objectives. This stretches our ambitions as does our new Welsh Language Strategy published earlier in 2023. We are proud to be a bilingual organisation and continue to embrace the Welsh language in our activities.

Achievements so far include:

- Staff wellbeing is a significant focus, recognising that we have a responsibility to ensure that our workplace culture encourages positive behaviours and provides support networks for our employees. In September 2022 we launched our Wellbeing Strategy designed around three themes of wellbeing that are at the centre of our aims for Audit Wales – Work Well, Live Well and Mean Well.
- We continue to review all our accommodation needs and evolve our hybrid ways of working post-COVID. We have extended the lease on our West Wales office and relocated our Cardiff office. Staff have been piloting the use of Hubs, alongside the re-opening of a small number of audit rooms on client sites, enabling staff to work effectively, flexibly and in collaboration with others.
- The implementation of our workforce plan that supports the achievement of the vision set out in our People and Organisation Development Strategy – ‘to develop a capable and diverse workforce that is motivated to deliver our purpose and ambitions and reach our full potential’.

- We have invested in the training and development of our audit staff, supporting our trainees to achieve their qualifications, upskilling staff in preparation for the implementation of new professional standards and working practices and continued provision of an extensive L&D programme to further develop capability.
- We published our Strategic Equality Plan 2022-2026, which sets out a fresh suite of objectives for equality, diversity, and inclusion and are committed to being an employer of choice and increasing the diversity of our workforce.

Priority areas for action in 2023-24

Audit Delivery

Embed our new time recording and management (TRM) system so as to provide better management information, ensuring more efficient and effective use of staff skills and supporting more accurate income profiling.

Enhance the capacity and capability of our workforce through implementation of the People & Organisation Development Plan and the Strategic Equality Plan.

Running the Business

Address falling performance on engagement and employee experience.

Embed net zero ambitions through ways of working, travel plan and estates development.

See a return to regular in-person working, as part of a hybrid working model, for all teams in Audit Wales to enhance productivity, quality, and organisational culture.

Deliver and realise benefits of the Wellbeing Strategy.

Embed effective ways of working in new Cardiff office that support productivity, quality, and collaborative organisational culture, and utilise learning across all Audit Wales offices.

Measuring and reporting on our performance

- 56 In 2023-24, we will continue to use a combination of quantitative and qualitative methods to measure, report and reflect on our performance, value for money and risks, and to seek evidence on the impact of our work. This includes regular reporting to our Executive Leadership Team and Board on progress made towards delivering our priority areas of action and achieving our key performance indicator (KPI) targets. It will also include internal audit reports to our Executive Leadership Team and Audit and Risk Assurance Committee.
- 57 For each of our work programmes, we have identified a suite of high-level KPIs that will help us to measure progress made towards delivering our overall ambitions. We will place emphasis on evaluating our direction of travel and pace of improvement, alongside comparison with appropriate benchmarking.
- 58 We will report on our performance externally through our Interim Report and Annual Report and Accounts, and by providing evidence at meetings of the Senedd Finance Committee. It should be noted that our KPIs are part of a broader suite of operational and corporate performance indicators, many of which are also reported on externally in our Annual Report and Accounts and other corporate publications.
- 59 When preparing this Plan, we reviewed our KPI targets with reference to current levels of performance and appropriate external benchmarks, to ensure alignment with our overall ambitions and our strategy for achieving them.

Audit delivery KPIs

Strategic, dynamic and high-quality audit programme

No.	Indicator	Description	Target
1	Statutory deadlines	Proportion of audit products delivered by the required statutory deadline.	100%
2	On time	Proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting.	90%
3	Quality	Proportion of reviewed audits that are delivered in accordance with <u>Financial Reporting Council (FRC) quality standards</u> .	100% of sample assessed as in the highest two audit quality categories
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.	At least 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%
6	Driving improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services.	At least 80%
7	Savings identified	Value of potential savings, income, productivity gains and other financial benefits identified through our work.	At least £30 million during 2023-2026

Targeted and impactful approach to communications and influencing

No.	Indicator	Description	Target
8	Good practice events	Proportion of stakeholders who rate our good practice events useful of very useful.	At least 90%
9	Website visits	Number of visits to our website where at least one action is performed, eg download a report, click on a video.	35,000 each year
10	Social media	Number of social media engagements, ie interactions with our posts such as a like, a comment, or retweet/share.	3,000 each year
11	Sharing audit learning	Number of instances where we present audit learning to key policy working groups or at relevant externally hosted events.	50 each year

Running the business KPIs

Culture and operating model that allows us to thrive both now and in the future

No.	Indicator	Description	Target
12	Employee engagement	Percent positive annual staff survey engagement index score.	At least the median benchmark score for the latest CSPS
13	Employee experience	Percent positive annual staff survey thematic ⁸ employee experience scores.	At least the median benchmark scores for the latest CSPS
14	Sickness absence	Average working days lost per member of staff per annum.	Less than six days
15	Financial balance	Net underspend variance on income and expenditure from that set out in our Estimate for the current year.	Less than 2% of gross expenditure budget
16	Cost savings and efficiencies	Value of cost savings and efficiencies identified throughout the business.	£1.4 million
17	Greenhouse gas emissions	Total CO ₂ equivalent emissions.	20% reduction on a recalculated ⁹ 2019-20 baseline
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%

8 The key CSPA employee experience themes are: organisational objectives and purpose; leadership and managing change; my manager; my work; my team; inclusion and fair treatment; learning and development; resources and workload; and pay and benefits.

9 Which takes account of the latest [Guidance on net zero carbon reporting published by the Welsh Government](#).



Appendices

- 1 Local audit work
- 2 National value for money examinations and studies
- 3 Supporting effective scrutiny and accountability
- 4 Our finances

1 Local audit work

The Auditor General carries out local work at most public bodies in Wales. The programme includes audits of accounts, local performance audit work and well-being of future generations work.

Public body	Audit of accounts	Local performance audit work ¹⁰	Well-being of future generations work
Senedd Commission	✓		
Welsh Government	✓		✓
11 Welsh Government sponsored bodies	✓		✓ ¹¹
Welsh Revenue Authority including the tax statement	✓		
5 Welsh Government companies	✓		
6 Commissioners, Inspectorates and Regulators	✓		
7 Local Health Boards	✓	✓	✓
3 NHS Trusts and 2 Special Health Authorities	✓	✓	✓ ¹²
22 Councils (Unitary Authorities)	✓	✓	✓
4 Police and Crime Commissioners and Chief Constables	✓	✓	
3 Fire and Rescue Authorities	✓	✓	✓
3 National Park Authorities	✓	✓	✓
9 Pension funds	✓		
Corporate Joint Committees	✓	✓	✓
City region growth deals	✓	✓	
Several smaller local government bodies including joint committees and harbour authorities	✓		
Over 730 Town and Community Councils	✓ ¹³		

10 The Auditor General is not required to conduct a programme of local performance audit work at each central government body. Performance audit work conducted within this sector currently sits within his programme of national value for money examinations and studies.

11 Only for listed bodies under the Well-being of Future Generations (Wales) Act 2015.

12 Only for listed bodies under the Well-being of Future Generations (Wales) Act 2015.

13 On a limited assurance basis.

2 National value for money examinations and studies

This programme of work includes value for money examinations, local government studies, and the preparation of summary reports of the findings from local audit work across multiple NHS, central government and/or local government bodies.

It also includes examinations undertaken in response to issues of public concern identified through our audit work or raised with the Auditor General through correspondence. The outputs from much of this programme support the work of the Senedd Public Accounts and Public Administration Committee and other Senedd committees (see also **Appendix 3**).

As noted earlier in this Plan, we have been developing an indicative three-year forward work programme under four over-arching themes. These themes will frame all our audit work, including our national studies. We will also continue to make time and space in our work programme for follow-up work on topics we have reported on previously.

The tables below summarise work in progress and other national work that we intend to start during 2023-24, including thematic local work across principal councils and NHS bodies. Other outputs may also emerge during the year and our interim report will provide an update.

Work in progress at 1 April 2023

NHS quality governance	Corporate Joint Committees
Managing assets and workforce in local government	Maximising EU funding
Net zero (pan UK overview – with other UK audit bodies)	Unscheduled care
Covering teachers’ absence – follow up	NHS workforce
Planning for sustainable development – brownfield regeneration	Building safety

Work in progress at 1 April 2023

Ukrainian refugee services	Governance/oversight of National Park Authorities
Digital strategy in local government	Use of performance information in local government
Affordable housing	Cancer services
Active travel	

Other work that we intend to start during 2023-24

Capital planning and programme management	Challenges for the cultural sector
Homelessness	Addressing biodiversity decline
Rebalancing care and support	Tackling NHS waiting lists
Access to education for children with Additional Learning Needs.	Further and higher education funding and oversight – Commission for Tertiary Education and Research
Governance of Fire and Rescue Authorities	The senior public service
Financial sustainability in local government	Commissioning and contract management in local government

3 Supporting effective scrutiny and accountability

Supporting the work of the Public Accounts and Public Administration Committee and other Senedd Committees

Our work plays a key role in supporting the work of the Public Accounts and Public Administration Committee (PAPAC) in its consideration of the use of resources in the discharge of public functions in Wales. Our work can also, where applicable, inform the work of other Senedd committees whose wider remit includes scrutinising the expenditure and policies of the Welsh Government, holding Ministers to account, and examining proposed legislation.

In 2023-24, we will provide regular briefings to the PAPAC on outputs from the Auditor General's work programme, which will help the Committee determine its subsequent course of action. We will also provide further advice and support to the Committee as required, particularly in relation to:

- the development of members' briefings for evidence sessions with witnesses from the Welsh Government and other organisations;
- the development of the Committee's reports; and
- the adequacy of the Welsh Government's formal responses to recommendations in the Committee's reports, and those of other bodies.

We will continue to engage with the Committee about the overall content of the Auditor General's work programme and on matters of concern to the Committee. We will also continue to look for opportunities to share audit learning with other Senedd committees through our engagement with other clerking teams and researchers, responding to consultations and, where relevant and requested, briefing other committees on the findings from our work and potentially supporting their own inquiries.

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

Throughout the year, we will attend most meetings of the audit committees of the principal bodies that we audit to provide regular briefings and report on our audit work.

We will also provide further advice and support to audit and scrutiny committees, where applicable, particularly in relation to:

- providing support and guidance to committee chairs to support them in being more effective in their role; and
- providing good practice learning opportunities and awareness raising sessions for committee members on particularly relevant issues.

Supporting the public and their local representatives

We regularly receive correspondence from the public, their local and national elected representatives and others that raises potential concerns about the stewardship of public money and assets. The Auditor General is also a 'prescribed person' for receiving whistle-blowing disclosures about the proper conduct of public business and fraud, value for money and corruption in relation to the provision of public services.

In 2023-24, we will continue to ensure that we:

- respond to such concerns promptly and in a fair, objective, and professional manner;
- appreciate the importance of the issues to those who have taken the time to highlight them;
- examine issues in more detail where we consider this is merited, and report as appropriate; and
- make sure that we do not use public money looking at issues that are not relevant to our audit work or spend too much time on minor issues.

4 Our finances

The Senedd Finance Committee scrutinises our use of resources, including through consideration of this Plan, our Interim Report and Annual Report and Accounts.

Approximately two-thirds of our funding come from fees charged to audited bodies in accordance with a [Scheme of Fees](#) approved¹⁴ by the Senedd. Most of the remainder comprises approved financing from the Welsh Consolidated Fund (WCF), our use of which is subject to scrutiny from the Board at regular intervals during the year.

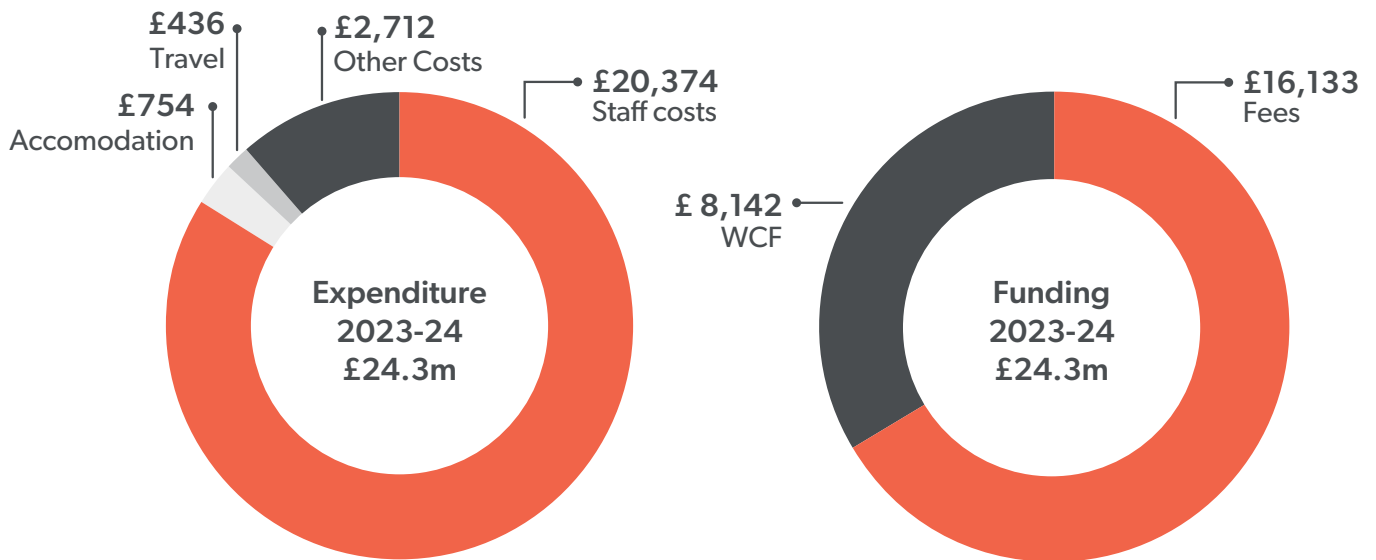
The key priorities for our use of resources in 2023-24 are laid out in our most recent [Estimate of Income and Expenses](#) and [Supporting Information](#), which was considered and approved by the Senedd Finance Committee in November 2022. £20.4 million of our planned expenditure relates to staffing resources to be made available to the Auditor General to carry out his work programme¹⁵. A further £3.9 million provides a range of other services, including accommodation, travel, ICT and professional fees.

The Board reviews our financial performance each time it meets throughout the year. Each month, our Executive Leadership Team considers a risk assessment of our financial health with a view to ensuring value for money and a year-end outturn within budget.

14 Following a consultation exercise with the bodies we audit and other key stakeholders.

15 This is the maximum amount of the resources available, and which may become available, that it is anticipated will be allocated by the Wales Audit Office to the Auditor General for undertaking his work programme.

Our revenue expenditure and funding 2023-24





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



Our work programme for 2023-2026

Our work programme for 2023-2026

About our work programme

- 1 Our Audit Wales strategy for 2022-2027 includes a focus on the development and delivery of a ‘strategic, dynamic and high-quality audit programme’, as well as a ‘targeted and impactful approach to communications and influencing’.
- 2 In spring 2022, we consulted on our work programme. Informed by responses to that consultation, and our 2021 Picture of Public Services analysis, we have been shaping an indicative medium-term programme of performance audit work that sits alongside our annual audit of accounts at over 800 public bodies in Wales. By identifying a clearer medium-term horizon and drawing together different parts of our overall work programme, we aim to enhance our overall research and development, and the timeliness and impact of our audit work.
- 3 Our audit programme for 2023-2026 will be focused on four themes:



**Tackling
inequality**



**Responding to the
climate and nature
emergency**



**Service resilience
and access**



**Well-managed
public services**

About this paper

- 4 We have prepared this paper in advance of work to develop our website and the information it holds about our work programme to improve our engagement with the public and other stakeholders about our work.
- 5 The paper focuses on our national value for money examinations and studies. This programme of work includes value for money examinations, local government studies, and the preparation of summary reports of the findings from local audit work across multiple NHS, central government and/or local government bodies. It also includes examinations undertaken in response to issues of public concern identified through our audit work or raised with the Auditor General through correspondence. Our work will include consideration of how the sustainable development principle and its 'five ways of working' are being applied.
- 6 The topics identified below as work in progress at 1 April 2023, or to start during 2023-24, mirror Appendix 2 of our Annual Plan 2023-24. Plans for other outputs may emerge as our work programme evolves at both a national and local level, including follow up work and local audit work already planned as part of previous years' programmes.
- 7 In addition, our local audit plans will include other new work at individual bodies to be progressed during 2023-24:
 - For principal councils: local reviews include coverage waste and recycling, planning services, the Welsh Housing Quality Standard, performance management and reporting, counter fraud and whistleblowing, transformation programmes, roads and transport, arrangements to support application of the sustainable development principle, corporate governance, scrutiny, and safeguarding.

- For NHS bodies: as an extension to our annual structured assessment work across all bodies we will undertake a deeper dive into digital developments. While planning arrangements for local bespoke projects are still ongoing, emerging areas of focus at individual bodies include follow up of previous audit recommendations in areas such as primary care, quality governance, clinical coding and outpatient services, use of strategic assistance funding in escalated organisations, and the robustness of operational governance arrangements.
- For Fire and Rescue Authorities: our local audit programme will include consideration of approaches to targeting fire prevention work.
- For National Park Authorities: our local audit programme will include consideration of arrangements for ensuring under-represented groups are encouraged and supported to visit.

8 We have also listed below indicative topics that we have identified for possible national work to start during 2024-25 and 2025-26, some of which we would expect to then flow into 2026-27. These indicative plans will be revisited as part of our annual planning cycle and taking accounts of any emerging areas of interest / concern and ongoing risk assessment.

National value for money examinations and studies 2023-2026

Work in progress at 1 April 2023

NHS quality governance	A summary of how NHS bodies' quality governance arrangements are supporting good quality and safe care, building on local audit work.
Corporate Joint Committees (CJCs)	Whether CJCs are making good progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration.
Managing assets and workforce in local government	How councils' strategic approaches to workforce and asset management are supporting their ability to transform, adapt, and maintain service delivery in the short and longer term.
Maximising EU funding	Progress in maximising drawdown of EU funds under the Structural Funds Programme and Rural Development Programme by the end of December 2023.
Net zero (pan-UK overview)	An overview of policy and delivery arrangements across different parts of the UK, and in partnership with other UK audit bodies.
Unscheduled care	A whole system review, undertaken in phases, that will examine the effectiveness of hospital discharge arrangements, management of unscheduled care demand and the effectiveness of national leadership arrangements.

Covering teacher's absence	Developments since our November 2020 report on this topic , and a March 2021 report by the Senedd Petitions Committee .
NHS workforce	NHS bodies' approaches to workforce planning and drawing together key data.
Planning for sustainable development – brownfield regeneration	Action local councils are taking to support and encourage vacant non-domestic properties and vacant brownfield sites being repurposed into homes or for other uses.
Building safety	How responsible public bodies are discharging their statutory responsibilities to ensure buildings in Wales are safe, against the backdrop of the UK Building Safety Act 2022.
Ukrainian refugee services	How the Welsh Government, working with its partners, has responded to support Ukrainian refugees in Wales.
Governance/oversight of National Park Authorities	Whether authorities have effective governance arrangements that support good outcomes for citizens.
Digital strategy in local government	Councils' strategic approach to digital, including application of the sustainable development principle and arrangements for securing value-for-money.

Use of performance information in local government	Whether councils' use of performance data enables senior leaders to understand the service-user perspective and the outcomes of their activities to effectively manage performance.
Cancer services	Examining different stages of the patient pathway and building on local audit work at Public Health Wales around the recovery of screening services.
Affordable housing	Arrangements to deliver the Welsh Government's target and realise wider benefits, progress to date and risks to delivery, and application of the sustainable development principle.
Active travel	Delivery of Welsh Government objectives and how associated funding is being managed and deployed.

Other work that we intend to start during 2023-24

Capital planning and programme management	A programme of work, covering the Welsh Government's overall approach to capital and infrastructure, local audit work on capital planning and work on specific capital programmes, including possible further work on the Welsh Government's investment programme for schools and colleges following on from our report in 2017 .
Challenges for the cultural sector	Covering Amgueddfa Cymru (Museum Wales), the National Library of Wales, Sport Wales, and the Arts Council of Wales to examine how they are applying the sustainable development principle when taking steps to meet their well-being objectives.
Homelessness	Examining how services are working together to progress the response to homelessness, informed in part by our previous work on people sleeping rough , and in the context of the Welsh Government's 2021-2026 homelessness action plan .
Addressing biodiversity decline	<p>A high-level look at how audited bodies are responding to the biodiversity and resilience of ecosystems duty under the Environment (Wales) Act 2016.</p> <p>Also, a more focused review to examine action that Natural Resources Wales is taking around terrestrial, freshwater and/or marine protected sites.</p>

Rebalancing care and support	A programme of work looking at different aspects of the Welsh Government's <u>Rebalancing Care and Support agenda</u> and associated funding streams, including the <u>Health and Social Care Regional Integration Fund</u> and the <u>Health and Social Care Integration and Rebalancing Capital Fund</u> .
Tackling NHS waiting lists	Local audit work across health boards following on from our <u>national overview report on the planned care backlog</u> in May 2022.
Access to education for children with Additional Learning Needs.	Considering costs associated with <u>the Welsh Government's transformation programme</u> and challenges around its implementation.
Further and higher education funding and oversight – Commission for Tertiary Education and Research	Early work to look at the application of the sustainable development principle by <u>the newly created Commission</u> as it becomes fully operational from 1 April 2024. This could include reflecting more broadly on financial and other challenges for the sectors, picking up from our October 2021 <u>Picture of Higher and Further Education report</u> .
Governance of Fire and Rescue Authorities	Considering whether authorities have effective governance arrangements that support good outcomes for citizens (applying a similar approach to our current work at National Park Authorities – see above).

The senior public service	Building on other work that we have been undertaking on public service workforce issues, this review would focus on issues around senior leadership, potentially encompassing issues including pay and secondments, performance management, departures, succession planning, and leadership development.
Financial sustainability in local government	Local audit work across the 22 principal councils to revisit local government finances and approaches to financial sustainability, also considering application of the sustainable development principle. This work would build on themes in our <u>national summary report in September 2021</u> .
Commissioning and contract management in local government	Local audit work to consider how principal councils' arrangements for commissioning, and subsequent contract management where a client-contractor model is chosen, apply value-for-money considerations and the sustainable development principle.

Indicative topics for work to start in 2024-25 or 2025-26

Narrowing educational attainment gaps	Picking up from issues summarised in our October 2021 Picture of Schools report , this work could examine variation across Wales and good practice, as well as the impact of funding associated with deprivation.
Public health challenges	Examining key public health challenges of our time, with a possible focus on tackling obesity or planning for future health pandemics.
Post Brexit economic developments	Exploring potentially the Welsh Government's support – financial and other – for sectors most impacted by Brexit, such as ports and export-led companies.
The socio-economic duty	Building on our September 2022 report on Equality Impact Assessment , to consider how public bodies are integrating the socio-economic duty under the Equality Act 2010 into their decision-making processes since it came into force in March 2021.
Health inequalities	Linked to work on public health challenges, considering the issues which effect equality of access to services and the wider impact on individuals, communities and our health and social care systems.
Foundational economy	Examining the impact of Welsh Government policy and support around the foundational economy and its provision of basic goods and services that society relies upon.

Net zero follow up	Following up on issues relevant to our July 2022 report on public sector readiness for net zero carbon by 2030. This work is likely to focus in more detail on specific areas of concern, such as the robustness of public bodies' net zero reporting arrangements.
National Transport Delivery Plan	Building on our current work on Active Travel to look at other key areas of delivery for Llwybr Newydd: the Wales transport strategy 2021 .
Decarbonising housing	Examining progress in decarbonising housing across different tenures and the delivery and impact of related Welsh Government funding.
Adult mental health services	Considering issues of demand for and access to mental health services, including potentially community mental health support.
Primary care – dentistry	Looking at progress with the national strategic approach and various initiatives to improve access, as well as the dental contract and its impact on NHS dental provision in Wales.
The National Fraud Initiative (NFI) 2022-23	Reporting in autumn 2024 on the results of the latest NFI exercise 2022-23 .

Partnership governance	Building potentially on evidence from other work and/or following up on our October 2019 review of Public Services Boards , this review could reflect on the partnership working landscape in Wales, with a possible good practice focus.
Applying the sustainable development principle	Reporting by May 2025 on findings from our examinations of how public bodies prescribed under the Well-being of Future Generations (Wales) Act 2015 are applying the sustainable development principle.
Delivering the Digital Strategy for Wales	Following on from other work, including our March 2023 report on digital inclusion , work that we have undertaken on cyber resilience, and other local audit work, this review would examine issues relevant to the six 'missions' that the Welsh Government has set out in the Digital Strategy for Wales .
Public sector workforce challenges	Drawing together findings from other relevant work supported, potentially, by some additional data analysis to consider challenges around workforce planning and management across Welsh public services.
Public procurement	A pan-public sector review examining developments in the public procurement landscape including, potentially, early consideration of the implementation of new duties proposed by the Welsh Government in its Social Partnership and Public Procurement (Wales) Bill .
Picture of public services	An update to our 2021 Picture of Public Services analysis and ahead of the end of the current Auditor General's term of office in summer 2026.



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