

Agenda – Finance Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 11 July 2019

Meeting time: 09.10

For further information contact:

Bethan Davies

Committee Clerk

0300 200 6372

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1 Introductions, apologies, substitutions and declarations of interest

(09:10)

2 Paper(s) to note

(09:10)

(Pages 1 – 5)

Minutes of the meeting held on 19 June 2019

Minutes of the meeting held on 27 June 2019

2.1 PTN1 – Letter from the Minister for Finance and Trefnydd – Welsh Government First Supplementary Budget 2019–20 – 5 July 2019

(Page 6)

3 Consideration of proposals to amend the Public Audit (Wales) Act 2013: Evidence session 2

(09:10–09:40)

(Pages 7 – 32)

Alan Bermingham, Policy Manager, Governments, Chartered Institute for Public Finance and Accountancy

Paper 1 – Background briefing

Research brief

4 Consideration of proposals to amend the Public Audit (Wales) Act 2013: Evidence session 3

(09:40–10:20)

(Pages 33 – 49)

Huw Thomas, Director of Finance, Hywel Dda University Health Board

Lynne Hamilton, Director of Finance, Swansea Bay University Health Board



John Rae, Director of Resources, Welsh Local Government Association

Research brief

- 5 Motion under Standing Order 17.42 to resolve to exclude the public from part of the meeting (Items 6, 7, 8, 9, 11 and 12)**
(10:20)
- 6 Wild Animals and Circuses (Wales) Bill: Consideration of financial scrutiny**
(10:20–10:25)
[Wild Animals and Circuses \(Wales\) Bill](#)
[Explanatory Memorandum](#)
- 7 The Landfill Disposals Tax (Wales) Act 2017 (Reliefs) (Miscellaneous Amendments) Regulations 2019**
(10:25–10:30) (Pages 50 – 51)
Paper 2 – The Landfill Disposals Tax (Wales) Act 2017 (Reliefs) (Miscellaneous Amendments) Regulations 2019 – Summary legal briefing
[The Landfill Disposals Tax \(Wales\) Act 2017 \(Reliefs\) \(Miscellaneous Amendments\) Regulations 2019](#)
[Explanatory Memorandum](#)
- 8 Code of Relationship Practice between the Auditor General for Wales and the Wales Audit Office**
(10:30–10:45) (Pages 52 – 70)
Paper 3 – Code of Relationship Practice between the Auditor General for Wales and the Wales Audit Office
Paper 4 – Letter from the Auditor General and the Wales Audit Office – 18 June 2019
- 9 Consideration of the Welsh Government's response to the joint committee report: 'Assessing the impact of budget decisions'**
(10:45–11:00) (Pages 71 – 84)

Paper 5 – Welsh Government response to the joint committee report:
'Assessing the impact of budget decisions'

Paper 6 – Children's Commissioner for Wales' view on the Welsh
Government's response

Paper 7 – Equality and Human Rights Commission's view on the Welsh
Government's response

Paper 8 – Future Generations Commissioner for Wales' view on the Welsh
Government's response

[Assessing the impact of budget decisions](#)

Break: 11:00–11:10

10 Consideration of proposals to amend the Public Audit (Wales) Act 2013: Evidence session 5

(11:10–11:55)

(Pages 85 – 100)

Rebecca Evans AM, Minister for Finance and Trefnydd

Gawain Evans, Finance Director

Paper 9 – Letter from the Minister for Finance and Trefnydd – 27 June 2019
Research brief

11 Consideration of proposals to amend the Public Audit (Wales) Act 2013: Consideration of evidence

(11:55–12:15)

12 Welsh Government Budget 2020–21: Budget timetable

(12.15–12.20)

(Pages 101 – 102)

Paper 10 – Letter from the Minister for Finance and Trefnydd – Budget
timetable – 5 July 2019

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 4 – Tŷ Hywel

Meeting date: Wednesday, 19 June 2019

Meeting time: 09.02 – 12.21

This meeting can be viewed

on [Senedd TV](#) at:

<http://senedd.tv/en/5499>

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd AM (Chair) Rhun ap Iorwerth AM Alun Davies AM Mike Hedges AM Nick Ramsay AM Mark Reckless AM
Witnesses:	Robert Chote, Office for Budget Responsibility Shaun Butcher, Office of Budget Responsibility Andy King, Office of Budget Responsibility Marcus Hanson, Office of Budget Responsibility Dr Paul Mathews, Office of Budget Responsibility Daniel Fairhead, National Audit Office Simon Reason, National Audit Office Matthew Mortlock, Wales Audit Office, Wales Audit Office Mike Usher, Wales Audit Office
Committee Staff:	Leanne Hatcher (Second Clerk)



	Georgina Owen (Second Clerk) Samantha Williams (Deputy Clerk) Christian Tipples (Researcher)
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1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting.

1.2 Apologies were received from Rhianon Passmore AM.

2 Children (Abolition of Defence of Reasonable Punishment) (Wales) Bill; consideration of draft report

2.1 The Committee agreed the draft report with minor changes.

3 International taxation and tax scrutiny – Background paper

3.1 The Committee considered a background paper on international taxation and tax scrutiny.

4 Office of Budget Responsibility: Tax forecasting briefing

4.1 The Committee received a briefing from the Office of Budget Responsibility on tax forecasting.

5 Inquiry into the Welsh Government's capital funding sources: Private briefing from the National Audit Office and Wales Audit Office

5.1 The Committee received a briefing from the National Audit Office and the Wales Audit Office as part of its inquiry into the Welsh Government's capital funding sources.

6 Inquiry into the Welsh Government's capital funding: consideration of private briefing

6.1 The Committee considered the briefing received.

Concise Minutes – Finance Committee

Meeting Venue:

External Location – External

Meeting date: Thursday, 27 June 2019

Meeting time: 10.00 – 11.02

This meeting can be viewed
on [Senedd TV](#) at:

<http://senedd.tv/en/5543>

Marine Hotel, Aberystwyth

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd AM (Chair) Rhun ap Iorwerth AM Alun Davies AM Mike Hedges AM Nick Ramsay AM
Witnesses:	Rebecca Evans AM, Minister for Finance and Trefnydd Sharon Bounds, Welsh Government Matthew Denham-Jones, Welsh Government
Committee Staff:	Bethan Davies (Clerk) Samantha Williams (Deputy Clerk) Owen Holzinger (Researcher)

1 Introductions, apologies, substitutions and declarations of interest

- 1.1 The Chair welcomed Members to the meeting.
- 1.2 Apologies were received from Mark Reckless and Rhianon Passmore.

2 Papers to Note

2.1 The papers were noted.



- 2.1 PTN1 – Letter from the Llywydd on Financing and accountability of the Electoral Commission – 13 June 2019
- 2.2 PTN2 – Letter from the Counsel General on Legislation (Wales) Bill – 18 June 2019
- 3 Welsh Government First Supplementary Budget 2019–20: Evidence session**
 - 3.1 The Committee took evidence from the Minister for Finance and Trefnydd on the Welsh Government First Supplementary Budget 2019–20.
 - 3.2 The Minister agreed to provide a written response to the Committee on the pension funding arrangements for school support staff.
- 4 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting and the start of the next meeting on 3 July 2019**
 - 4.1 The motion was approved.
- 5 Welsh Government First Supplementary Budget 2019–20: Consideration of evidence**
 - 5.1 The Committee considered the evidence received.



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Llŷr Gruffydd AM
Chair, Finance Committee
National Assembly for Wales

5 July 2019

Dear Llŷr,

Further to the Committee's scrutiny of the first supplementary budget, I agreed to provide a note on the pensions of school support staff.

As school support staff are usually part of the Local Government Pension Scheme, they were not affected by the SCAPE changes introduced by the UK government.

The additional funding provided for schools in the first supplementary budget was for the Teachers Pensions Scheme only.

Yours sincerely,

Rebecca Evans AC/AM
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

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Agenda Item 7

By virtue of paragraph(s) vi of Standing Order 17.42

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Agenda Item 8

By virtue of paragraph(s) vi of Standing Order 17.42

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Reference: AC/149/IG/19007/caf

Date issued: 18 June 2019

Dear Llyr

Code of Practice governing the relationship between the Auditor General for Wales and the Wales Audit Office

Under Schedule 2 of the Public Audit (Wales) act 2013, we are required to prepare, and lay before the Assembly for approval, this Code of Practice. The current version has been in place since 2014 when the Wales Audit Office was first fully constituted as a corporate body.

We have taken the opportunity of the appointment of a new Auditor General and the outcome of some Board effectiveness work completed in 2018 to review and refresh the Code. We attach the revised version which we laid on 14 June 2019.

The Code is much simplified in that we have reduced the duplicated text between the body of the document and the appendix and brigaded the text slightly differently under clearer headings. We have also strengthened the references to the Board's Code of Conduct which governs the registration of members' interests that allows us to identify, on an ongoing basis, any risks to the Auditor General's independence.

We have used our experience of the last five years to also strengthen the references to:

- the practical arrangements in place for monitoring and advising on the exercise of the Auditor General's functions under section 17 of the Act; and
- the processes we use to prepare and approve documents, such as the annual plan, that we are required to produce under the Act.

We have recognised explicitly that the effectiveness of the relationship depends as much on how the Chair and Auditor General work together on a day-to-day basis as on the framework of checks and balances we have in place to protect audit independence whilst implementing robust governance.

We hope that the Committee finds the revised Code a useful reference document that provides sufficient assurance on the arrangements we have in place to govern the relationship. If anything is unclear or if you have any questions that will ease its path through the approval process, please do let us know.

Yours sincerely



Adrian Crompton
Auditor General for Wales



Isobel Everett
Chair, Wales Audit Office

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Code of Relationship Practice between the Auditor General for Wales and the Wales Audit Office



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

This Code of Practice has been jointly prepared by the Auditor General for Wales and the Wales Audit Office under paragraph 1 of Schedule 2 the Public Audit (Wales) Act 2013.

It is laid by the Auditor General and the Chair of the Wales Audit Office before the National Assembly for Wales under the same provision.

This document is also available in Welsh.

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Purpose

- 1 As required by paragraph 1 of Schedule 2 to the Public Audit (Wales) Act 2013 ('the Act'), this Code of Practice ('Code') deals with the relationship between the Wales Audit Office and the Auditor General for Wales. The Code is subject to approval by the National Assembly for Wales. Once approved, the Wales Audit Office and the Auditor General must comply with its provisions.
- 2 The Act creates a complex relationship between the Wales Audit Office and the Auditor General. This Code is designed to ensure that the Wales Audit Office:
 - observes, protects and defends the Auditor General's statutory audit independence; and
 - provides the organisation with the high standards of governance that the Welsh public sector and the people of Wales are entitled to expect.

Governance framework

- 3 Under the Act, the office of Auditor General is a corporation sole. The office holder is personally responsible for audit and inspection functions in respect of a wide range of public bodies. The Auditor General has complete discretion as to how he exercises those functions, subject to adhering to best professional practice, having regard to advice given by the Wales Audit Office and operating efficiently and cost-effectively.
- 4 Under the Act the Wales Audit Office:
 - (a) must monitor the exercise of the Auditor General's functions;
 - (b) may provide advice to the Auditor General about those functions;
 - (c) must ensure the provision of resources required for the exercise of those functions and that the operational independence of the office of Auditor General is preserved;
 - (d) exercises specific functions, jointly with the Auditor General or in its own right.
- 5 The Auditor General is a member of the Wales Audit Office as well as its Chief Executive and Accounting Officer. Therefore, the Auditor General's role is complex; he is responsible for:
 - his own audit and inspection functions; and
 - as a member of the Board, for providing the resources to undertake those functions and to advise on and monitor his activities.

The Auditor General's independence

- 6 The principle of audit independence is well-established in legislation and in the standards of conduct set by professional accountancy bodies.
- 7 Section 8 of the Act sets out that the Auditor General has complete discretion as to the manner in which he exercises the functions of that office and that he is not subject to the direction or control of the National Assembly or the Welsh Government.
- 8 The Wales Audit Office will not do anything to undermine the Auditor General's actual or perceived independence and objectivity.

Principles governing the relationship between the Auditor General and the Wales Audit Office

- 9 The Auditor General and the other members of the Wales Audit Office adhere to the following principles in their dealings with one another:
- (a) working together in the common aim of running an effective public audit organisation;
 - (b) protecting the audit independence of the Auditor General;
 - (c) ensuring adherence to ethical and professional auditing standards;
 - (d) operating and demonstrating high standards of corporate governance;
 - (e) recognising and respecting the particular roles of the members, including not seeking to operate beyond their respective functions set out in statute (or properly incidental to those functions);
 - (f) working in an open and constructive manner, providing mutual respect; and
 - (g) keeping one another informed of significant developments in the operation of the organisation and the environment in which it works.

Requirement to comply with the Wales Audit Office Code of Conduct for Board members

- 10 The Code of Conduct sets standards for the conduct of Board members. It reinforces the core values that underpin the Wales Audit Office's work and is a reference point for decisions and courses of action in carrying out the statutory and professional responsibilities of the Board.
- 11 Board members are required to comply with the Code of Conduct and to confirm that they have done so annually. Each year they also review and update their registers of interest identifying any potential conflicts, including those that might carry risks to the Auditor General's independence.

Roles and responsibilities

- 12 Appendix 1 summarises the main roles of the Auditor General and the Wales Audit Office.

Processes for undertaking particular functions

Monitoring and advising on the exercise of the Auditor General's functions (section 17 of the Act)

- 13 The Wales Audit Office may advise the Auditor General and must monitor the exercise of his functions. The Auditor General must have regard to any advice given.
- 14 The nature and scope of the Wales Audit Office's activities under this provision must not risk compromising the Auditor General's independence. It does not seek to direct individual components of his work programme but needs sufficient information to ensure that he has the necessary staff and other resources to fulfil his functions efficiently and effectively.
- 15 The formal processes are as follows.
 - (a) In jointly preparing the annual plan, the Wales Audit Office has an opportunity to understand the nature and scope of the Auditor General's work programme and the financial and other resources required to deliver it (which it needs to provide).
 - (b) Alongside the annual plan, the Wales Audit Office reviews its workforce strategy which governs more detailed plans for recruiting, retaining and deploying staff and for their learning and development.
 - (c) During the year, the Wales Audit Office receives regular reports that allow it to scrutinise and monitor:
 - i outturn against the approved budgets;
 - ii progress against the key performance indicators and ambitions set out in the annual plan; and
 - iii the management of strategic risks to delivering against the aim, objectives, ambitions and targets in the annual plan.
 - (d) Periodically, the Wales Audit Office receives reports of the arrangements in place for monitoring and assuring the quality of the Auditor General's work and their effectiveness.
 - (e) The Auditor General provides timely updates on any matters that do or may have a significant effect on the proper exercise of his or the Wales Audit Office's statutory functions.
 - (f) In the event that the Auditor General requires more resources to deliver his work programme than was estimated in preparing the annual plan, he puts forward proposals for funding the work.
- 16 This information allows the Wales Audit Office to explore and challenge the efficiency and effectiveness of the exercise of the Auditor General's functions and the management of the organisation overall.
- 17 The Chair and the Auditor General recognise that trust, communication, mutual understanding and flexible co-working across the boundaries of their complex roles in informal settings are important. This recognition enables them to clearly and robustly hold their respective roles on the Board, within the organisation and with external stakeholders in a coherent and joined-up way.

- 18 The Chair and the Auditor General liaise regularly on a one-to-one basis to develop and maintain their working relationship. These discussions allow them to:
- update each other on current issues, including any emerging concerns that might lead to increasing or new strategic risks;
 - discuss matters that might be coming forward for the Board's consideration, thus helping to shape and manage its forward work programme;
 - develop a mutual understanding of how the functions of the Auditor General and the Wales Audit Office are delivered;
 - provide advice and mutual support as well as challenging each other constructively within safe boundaries.
- 19 These arrangements are designed to ensure that the Auditor General and the Wales Audit Office operate in an environment of "no surprises" such that they can collectively drive the delivery of an efficient and effective public audit service for Wales.

Delegation and joint exercise of the functions of the Auditor General (section 18 of the Act)

- 20 Section 18 of the Act provides for the Auditor General to delegate his statutory functions to an employee of the Wales Audit Office, a person who provides services to the Wales Audit Office, or such persons acting jointly.
- 21 The Act requires such delegations to be set out in a scheme of delegation on which the Auditor General consults the Wales Audit Office.

Provision of services (section 19 of the Act)

- 22 Under Section 19, the Wales Audit Office may arrange:
- to receive administrative, professional or technical services that it or the Auditor General may need;
 - to provide administrative, professional or technical services to public authorities.
- 23 Before making such arrangements, the Wales Audit Office must consult the Auditor General.
- 24 The Wales Audit Office must also consult the Auditor General before making any arrangements for any public authority, registered auditor or approved accountancy body to co-operate with or give assistance to the Auditor General.
- 25 The Auditor General may decline any agreement work if he considers that the likely available resource is insufficient.

Annual estimate of income and expenses (section 20 of the Act)

- 26 The annual estimate of income and expenses provides for the resources required to cover the capital and revenue expenditure (including non-cash costs) incurred by the Wales Audit Office. It will include funding for the Auditor General's work programme.

- 27 For each financial year, the Auditor General estimates the resources required to deliver his work programme. The funds required are a first charge on the resources allocated to the Wales Audit Office which cannot amend that part of the estimate without the Auditor General's agreement.
- 28 The Wales Audit Office and the Auditor General jointly lay the estimate before the National Assembly at least five months before the beginning of the financial year to which it relates. They give evidence on the joint estimate at any hearing that the responsible committee may hold on it.
- 29 The responsible committee consults the Auditor General and the Wales Audit Office before making any modifications to the joint estimate which is incorporated into the Annual Budget Motion.

The fee scheme (sections 23 and 24 of the Act)

- 30 The Wales Audit Office charges fees for certain audit work carried out by or on behalf of the Auditor General and for services that it provides under Section 19 of the Act. Fees are charged only in accordance with a scheme prepared under Section 24 of the Act. The Wales Audit Office reviews the scheme at least once a year.
- 31 As part of the process for preparing the joint estimate of income and expenses with the Auditor General, the Wales Audit Office considers the arrangements for setting fee rates which provide a framework for actual fees charged to individual audit bodies (and therefore are relevant to an assessment of the overall resource requirement).
- 32 The Wales Audit Office consults publicly on its proposed fee scales for all areas of audit work. The outcome of the consultation informs the fee scheme and the resource requirement in the joint estimate of income and expenses.
- 33 The Wales Audit Office lays the fee scheme, and any revisions to it before the National Assembly. The Auditor General and the Chair of the Wales Audit Office give evidence at any hearing that the responsible committee holds on the fee scheme before deciding whether to approve it¹.

The Annual Plan (sections 25 to 27 of the Act)

- 34 Section 25 of the Act requires the Auditor General and the Wales Audit Office to jointly prepare an annual plan before the beginning of the financial year to which it relates. Such plans must set out:
 - the Auditor General's and the Wales Audit Office's work programmes (i.e. their ambitions for the year);
 - the resources available, and which may become available, to the Wales Audit Office; and
 - how those resources will be used to deliver the work programmes.

¹ The responsible committee's approval is not required if the only revision is to incorporate a scale of fees prescribed by the Welsh Ministers (section 24(5) and (6) of the Act refers)

- 35 In addition, the Auditor General and the Wales Audit Office have agreed that the annual plan will include their longer-term vision and ambitions for a three-year period.
- 36 Each year, Wales Audit Office staff prepare a draft of the annual plan under the direction of the Auditor General and Chief Executive. The Wales Audit Office scrutinises the plan which helps to inform its understanding of the nature and scope of the Auditor General's work programme and which forms the basis of its monitoring activities under section 17 of the Act. Subject to clarifying any issues or concerns with each other's work programmes, the Wales Audit Office and the Auditor General jointly finalise the plan.
- 37 The Chair of the Wales Audit Office and the Auditor General lay the plan jointly before the National Assembly and give evidence at any hearing of the responsible committee. There is no statutory deadline for laying the plan but the Auditor General and the Wales Audit Office endeavour to do so before the start of the financial year to which the plan relates.
- 38 The Auditor General and the Wales Audit Office are not bound by the annual plan but must have regard to it in the exercise of their functions.

Wales Audit Office accounts and audit (paragraphs 33 to 35 of Schedule 1 to the Act)

- 39 The Auditor General is the Accounting Officer for the Wales Audit Office and is responsible for the preparation of the annual accounts, the keeping of proper financial records and other responsibilities specified by the responsible committee of the National Assembly².
- 40 The Chair is responsible for submitting the accounts to the external auditor appointed by the National Assembly.
- 41 The Board considers the annual accounts prepared by the Auditor General, taking account of the view of the Audit and Risk Assurance Committee. The Board recommends to the Auditor General whether he should sign the accounts.
- 42 The Auditor General gives evidence at any hearing that the responsible committee may hold in relation to the Wales Audit Office's accounts or any report laid before the National Assembly by the Wales Audit Office's external auditor.

Annual and interim reports (paragraph 3 of Schedule 2 to the Act)

- 43 The annual and interim reports cover the exercise of functions in relation to the ambitions and programmes described in the annual plan.
- 44 Staff of the Wales Audit Office draft the reports under the direction of the Auditor General and Chief Executive. The Auditor General and the Chair jointly prepare the reports after seeking the Board's views and making any modifications they consider appropriate.

² Additional responsibilities are normally established in the Accounting Officer memorandum

- 45 The Chair of the Wales Audit Office and the Auditor General lay the reports jointly before the National Assembly and give evidence at any hearing that the responsible committee may hold on them.
- 46 For reasons of efficiency and effectiveness and to present a comprehensive picture of performance across the year, the annual report required by paragraph 3 of Schedule 2 to the Act is prepared with the annual report and accounts required by paragraph 33 of Schedule 1 to the Act and laid as a single document for consideration by the responsible committee.

Maintaining standards of corporate governance

- 47 As the Accounting Officer of the Wales Audit Office the Auditor General is accountable for the stewardship of resources. His responsibilities are detailed in paragraph 33 of Schedule 1 to the Act and as set out by the Assembly's relevant committee, usually in the Memorandum for the Accounting Officer of the Wales Audit Office.
- 48 The Accounting Officer must ensure that the Wales Audit Office operates to a high standard of probity. This includes having in place:
- a governance structure which transmits, delegates, implements and enforces decisions;
 - robust internal controls to safeguard, channel and record resources as intended;
 - arrangements to give timely, transparent and realistic accounts of the business and decisions.
- 49 The Wales Audit Office monitors the governance arrangements and internal control systems to ensure that they are operating effectively. It is supported in that role by two committees, for audit and risk assurance and for remuneration and HR, both of which operate in an advisory capacity.
- 50 In constructing its corporate governance framework, the Wales Audit Office takes into account good practice. On a voluntary basis, it completes a self-assessment against the Code of Good Practice for corporate governance in central government departments insofar as it is applicable.
- 51 The Chair and the Auditor General report on these arrangements in the annual report and accounts. The Wales Audit Office, with the Auditor General taking the lead in his role as Accounting Officer seeks to identify and manage risks effectively, and conducts its business in an economic, efficient and effective way.

Publicity and public comment

- 52 Publicity and comment on the work of the Auditor General and of the Wales Audit Office are integral incidental aspects of their respective public reporting functions. Those functions are quite distinct and it is important to be clear about who may comment publicly in relation to them.
- 53 The Chair and other non-executive members of the Wales Audit Office may not comment about questions of audit opinion and judgement, including the selection and design of value for money examinations and studies, which are matters for the Auditor General.

- 54 The Chair and other non-executive members of the Wales Audit Office may, with the Chair's approval, comment publicly on other (i.e. non-audit) aspects of the work of the Wales Audit Office in general terms and on the governance of the organisation.
- 55 The Auditor General consults the Chair on any public comment that he plans to make in his capacity as Chief Executive of the Wales Audit Office or where such comment concerns matters (including audit-related matters) that could affect the reputation of the Wales Audit Office.

Conflict resolution

- 56 In the event of a disagreement between the Auditor General and the Chair of the Wales Audit Office, the matter in dispute is referred to the members in a Board meeting for resolution save for matters relating to the Auditor General's statutory audit and inspection functions (where the Auditor General makes a final decision).
- 57 In some circumstances, it may be appropriate for the Wales Audit Office's Senior Independent Director to act as mediator in disagreements between the Auditor General and the Chair of the Wales Audit Office.

Appendix 1

Overview of the responsibilities of the Auditor General and the Wales Audit Office

Board member	Main responsibilities
All members	<p>Exercise collectively the statutory functions of the Wales Audit Office including:</p> <ul style="list-style-type: none">• making rules for the purpose of regulating its own procedures;• delegating Wales Audit Office functions where permitted;• making a recommendation to the National Assembly regarding the appointment of an external auditor to the Wales Audit Office;• preparing, for the National Assembly's approval, a scheme relating to the charging of fees by the Wales Audit Office; and for reviewing (and if necessary revising) that scheme at least once a year;• designating (with the agreement of the National Assembly) a person to exercise the functions of the Auditor General on a temporary basis if the office is vacant or the incumbent Auditor General is unwilling or unable to discharge his/her functions;• making arrangements under Section 19 of the 2013 Act to provide or receive administrative, professional or technical services subject to consultation with the Auditor General when required;• making provision for any additional payments to be made to the Auditor General to cover expenses properly and necessarily incurred by him/her in the capacity as a Board Member and Chief Executive;• providing resources for the exercise of the Auditor General's functions as the Auditor General requires;• employing staff to assist in the exercise of the Auditor General's functions;• procuring services for the purposes of the Auditor General's functions;• holding documents or information acquired in the course of, or otherwise, for the purposes of the Auditor General's functions; and• keeping records in relation to the Auditor General's functions. <p>Aiming to carry out all functions efficiently and cost-effectively.</p> <p>Exercise functions jointly with the Auditor General as follows:</p>

Board member	Main responsibilities
	<ul style="list-style-type: none"> • preparing and laying the annual estimate of the Wales Audit Office's income and expenses, which must cover the resources required by the Auditor General for the exercise of their functions; • preparing an annual plan; • preparing a Code of Practice dealing with the relationship between the Wales Audit Office and the Auditor General; • complying with the Code of Practice approved by the Assembly. <p>Exercise the implied responsibilities of a board by providing collective leadership in a manner that is compatible with the Auditor General's functions, including duties as Accounting Officer. In particular, the Board:</p> <ul style="list-style-type: none"> • sets and drives the Wales Audit Office's strategic direction taking into account the Auditor General's plans and ambitions; • sets the Wales Audit Office's values and behaviours; • as part of preparing the annual plan, advises on the allocation of financial and human resources to achieve the aim and objectives; • oversees the management of the Wales Audit Office's resources and monitors progress against performance measures and ambitions; • satisfies itself that it is supplied in a timely manner with information in a form and of a quality that enables it to discharge its responsibilities effectively • ensures that, in his capacity as Accounting Officer, the Auditor General maintains strong and transparent systems of governance, risk management and internal control consistent with good practice, reporting on the effectiveness of the arrangements in the annual report and accounts; • advises on, and oversees change processes, encouraging innovation to enhance the Wales Audit Office's capacity to delivery; • has due regard to succession planning and satisfies itself that plans are in place to maintain an appropriate balance of skills and experience on the Board, its committees and within the organisation; • authorise the use of the Corporate Seal.
All members except the Auditor General	<p>Monitor, and advise on, the exercise of the Auditor General's functions.</p> <p>Jointly preparing with the Auditor General the joint estimate of income and expenses, the annual plan and the Relationship Code.</p>
All non-executive	Appointing (if thought fit) the employee member nominated

Board member	Main responsibilities
members	<p>by the Auditor General.</p> <p>Appointing and setting terms for the two employee members elected in accordance with the result of a ballot of employees.</p> <p>Determining the terms of appointment for the employee members.</p> <p>Considering whether to terminate the appointment of an employee member if one of the conditions specified in paragraph 21 of Schedule 1 to the Act occurs</p>
Chair	<p>Exercising the implied functions of the Chair including:</p> <ul style="list-style-type: none"> • leading the proceedings of the Board, including ensuring all members are given the opportunity to contribute to balanced and appropriate discussion of issues; • overseeing board effectiveness at the individual and collective level, including by securing external, independent input when appropriate; • supporting and advising the Chief Executive and other senior executives as appropriate, respecting the boundaries between the Board's role and that of the management team; • acting as the spokesperson for the Wales Audit Office; • as required by the National Assembly, participating in the appointment of non-executive members and the Auditor General. <p>Submitting to the auditor of the Wales Audit Office the accounts prepared by the Auditor General in his capacity as Accounting Officer.</p> <p>Jointly with the Auditor General:</p> <ul style="list-style-type: none"> • laying before the National Assembly the annual plan; • laying the Code of Practice dealing with the relationship between the Wales Audit Office and the Auditor General; • preparing and laying, as soon as practicable after the end of each financial year, an annual report on the exercise of the functions of the Auditor General and the Wales Audit Office during the year in relation to the annual plan; • preparing and laying, at least once during each financial year, an interim report on the exercise of the functions of the Auditor General and the Wales Audit Office in relation to progress against the annual plan.
Auditor General	<p>Exercising the range of audit etc functions under the Government of Wales Acts 1998 and 2006, the Public Audit (Wales) Acts 2004 and 2013, the Local Government (Wales) Measure 2009, the Well-being of Future Generations (Wales) Act 2015 and various other enactments.</p> <p>Exercising discretion as to the manner in which functions are exercised subject to:</p>

Board member	Main responsibilities
	<ul style="list-style-type: none"> • aiming to carry out those functions efficiently and cost-effectively; • having regard to the standards and principles that an expert professional provider of accounting or auditing services would be expected to follow; and • having regard to advice given by the Wales Audit Office. <p>Issuing a Code of Audit Practice prescribing the way in which certain functions are to be carried out.</p> <p>Preparing, and consulting the Wales Audit Office on, a scheme of delegation of functions.</p> <p>Exercising implied (and delegated) Chief Executive functions.</p> <p>Exercising Accounting Officer functions.</p> <p>Recommending a person to be the appointed member of the Wales Audit Office.</p>
Appointed Employee Member	As all members.
Elected Employee Member	As all members.

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Agenda Item 9

Response to the Finance Committee's, Children, Young People and Education Committee's and Equality, Local Government and Communities Committee's joint report on 'Assessing the impact of budget decisions' (March 2019).

The Welsh Government welcomes the publication of the joint report on *Assessing the impact of budget decisions*. We also welcome the constructive debate that has taken place during the scrutiny of our budget proposals and will consider all the evidence and feedback received in relation to impact assessments, including from individual policy committees.

We were the first Government in the UK to publish an equality impact assessment of our spending plans as part of the 2011-12 Budget. Since then we have continually looked to review and build an increasingly sophisticated approach to assessing the impact of the Welsh Government budget. From 2015-16 this has evolved into our producing a Strategic Integrated Impact Assessment (SIIA) of the budget.

In addition, but separately to this, the Welsh Government has worked to develop and streamline the approach to assessing and appraising the impacts of policies across Government.

We accept, or accept in principle, all of the report's recommendations. The report includes a number of recommendations in relation to both the SIIA of the budget and the new integrated impact assessment (IIA) tool. As the then Leader of the House said in her evidence to the joint session last November, the IIA tool is the mechanism by which the impact assessment of a particular policy is arrived at. The approach to assessing the impact of spending decisions (the SIIA of the budget) is complementary to, and dependent on the individual assessments of impact from policies that are being brought together under Integrated Impact Assessments.

To aid future consideration, the following provides an overview of each:

- **Strategic Integrated Impact Assessment (SIIA) of the budget** The SIIA aims to fulfil our responsibility to consider spending decisions taken as part of the annual budget process through a number of lenses to understand their impact. These are equalities, human rights, children's rights, Welsh language, climate change, rural proofing, health, biodiversity and economic development. Socio-economic disadvantage is an underpinning consideration when assessing the impact of budget decisions. The SIIA therefore sets out how these considerations have informed the strategic budget allocations taken as part of the annual budget process to improve the economic, social, environmental and cultural well-being of Wales (sustainable development).
- **Integrated Impact Assessment (IIA) tool** The IIA tool was launched in July 2018 and has been developed to streamline the Welsh Government's existing impact assessments into a single, integrated framework that will guide policy and legislative development. It is structured using the Well-being of Future Generation Act's sustainable development principle of improving Wales' economic, social, environmental and cultural well-being (as expressed through the seven well-being goals for Wales). It also provides guidance on applying the five ways of working in decision-making. The IIA tool is designed to support the

policy process by helping decision makers understand the potential impacts (positive and negative) of policies from an early stage and throughout their development. Assessment of impact on people and places and social, economic, environmental and cultural well-being is key to good policy-making, and the tool supports these considerations throughout the policy-development process.

Recommendation 1. That the Welsh Government clearly sets out the SIIA process (in greater detail than provided previously), its purpose and expected outcomes, following engagement with and agreement from the relevant statutory commissioners.

Response: Accept

In the response to recommendations by the Finance Committee in its report *Scrutiny of the Assembly Commission's Draft Budget 2019-20*, we committed to continuously building on improvements to the Strategic Integrated Impact Assessment (SIIA) to increase its value in considering the impact of strategic spending decisions. We will reflect further on the evidence provided to the committees in relation to the SIIA.

As part of this, we will work with the relevant statutory commissioners to provide greater clarity on the purpose and expected outcomes of the SIIA process, in considering how our approach can be used more effectively to inform spending decisions and priorities as part of the annual budget process.

To ensure these discussions support wider developments, we will also ensure this engagement aligns with the 2019 review of the IIA tool (see response to Recommendation 3).

Recommendation 2. That the Welsh Government publish all of its individual impact assessments to a central location, which can then be referenced by the SIIA.

Response: Accept in principle

The Welsh Government is committed to the concept of 'Open Government' as demonstrated in the publication of our *Open Government National Action Plan*¹. The commitments outline our ambitions to be more open and responsive to citizens, more accountable and to take a more collaborative approach to the way we work. We fully recognise the need to build upon the work done to date by continuing to drive forward openness and transparency.

Individual impact assessments on significant decisions are generally published as part of policy documentation on the Welsh Government website. They can be found alongside published policy documents but are not held in a separate central location. This is in order that those seeking the information can access and understand all of

¹<https://gov.wales/uk-open-government-national-action-plan-2016-2018-welsh-government-commitments>

the considerations and supporting suite of documents in relation to a particular policy and/or decision. While it would be possible, in principle, to place all published impact assessments in one area, further consideration needs to be given as to whether this would aid accessibility, understanding and transparency.

Recommendation 3. That the Welsh Government commission, at the end of this Assembly, a focused piece of work to consider the progress made in relation to SIAs. This should consider matters such as (but not restricted to) the tool's relative complexity, how the tool has approached the weighting of multiple rights and impacts, and the uses made of the tool's outputs.

Response: Accept

Strategic Integrated Impact Assessment (SIIA) of the budget

In line with our commitment to continuously improve how we consider the impact of spending decisions taken through the annual budget process, we recognise the need to review the approach underpinning the SIIA of the Budget.

Since we first published an equality impact assessment of the 2011-12 Budget, we have evolved our approach to develop an SIIA of the budget since 2015-16. This reflects that we now aim to fulfil our responsibility to consider strategic spending decisions through a number of lenses to understand their impact.

Alongside preparations of the forthcoming budget we are intending to test alternate approaches aimed at improving how we take and understand the impacts of spending decisions. We are also looking at how the Future Generations Commissioner's journey checker might support this work. We would be happy to engage with the Committees as this work progresses.

Over a longer time frame, we will consider how a more-focussed piece of work that reviews the progress made in relation to the SIIA might support further improvements. This work would need to align to the planned 2019 review of the Integrated Impact Assessment tool described below.

Integrated Impact Assessment (IIA) tool

As set out earlier in this response, the IIA tool is the mechanism by which the impact assessment of a particular policy is arrived at. The IIA tool has been developed to streamline the Welsh Government's existing impact assessments into a single, integrated framework that will guide policy and legislative development. The development of the IIA tool was informed by a report Welsh Government commissioned from the then Public Policy Institute for Wales (PPIW) *Reducing Complexity and Adding Value: A Strategic Approach to Impact Assessment in the Welsh Government*².

One of the report's key themes was the need for a coherent system of assessing impact in the context of it being an integral part of the policy-making process. The

² https://www.wcpp.org.uk/wp-content/uploads/2018/04/Impact-Assessments_FINAL-30-Apr.pdf

report also stated that the Well-being of Future Generations Act provided a strong framework for harmonising and integrating the approach by which impact is assessed. It is important to highlight that the IIA tool is intended to be a guide to support the development of policy so that when choices are made about a course of action, Welsh Ministers are informed of the potential positive and negative impacts.

When the IIA tool was launched in July 2018, we committed to review the tool during 2019 to consider its effectiveness and whether further improvements are appropriate. The feedback from its use to date is that the tool is very helpful in enabling a more integrated approach but is quite complex, long and daunting, particularly if considered too late in the policy-making process. One of our main areas of focus therefore will be to further refine the tool so that it supports assessment of impact throughout the policy and legislation-making process.

The 2019 review will be comprehensive and focus on driving better policy-making and greater transparency. It will also include engagement with a number of external stakeholders including the statutory Commissioners and members of the Budget Advisory Group for Equality.

Recommendation 4. That the Welsh Government commit to using the Well-being of Future Generations Act as a framework for the SIIA. Given our committees' areas of focus, we believe that priority should be given to working with the Children's Commissioner and EHRC to ensure that the legislative requirements in relation to equality and children's rights are fully and effectively reflected in the assessment process.

Response: Accept

Strategic Integrated Impact Assessment (SIIA) of the budget

The Welsh Government made a commitment in 2016-17 to use the Well-being of Future Generations Act to frame and inform our considerations of budget proposals. We remain committed to using the Act to improve how we make decisions about the social, economic, environmental and cultural well-being of Wales, now and in the future. The Act provides an opportunity to integrate how we assess the impact of policies in a way that complements and reinforces existing statutory duties. The assessment of impact of policies on equalities and children's rights, for example, is fundamental to achieving social, economic, environmental and cultural well-being as articulated in the seven well-being goals.

Taking an integrated approach allows us to consider strategic spending decisions through a number of lenses to understand their impact, and enables us to better understand the impact of decisions in the round. In assessing the impact of decisions, consideration is given to Equalities and Human Rights, Children's Rights, the Welsh Language and socio-economic disadvantage.

We recognise, however, there is further work to be done. In his evidence to the committees, the then Minister for Finance described the steps we took to strengthen the process last year, including greater training to budget officials across government involving the Future Generations Commissioner's office. We also presented the

budget narrative (both outline and detailed) and the accompanying SIIA's under the 12 well-being objectives and the six *Prosperity for All* priority areas so we are clearer about how decisions about funding are supporting our objectives. We will continue to reflect on our approach to the SIIA in future budget rounds.

Integrated Impact Assessment (IIA) tool

In developing the IIA tool, our approach has been based on integrating all the existing impact assessments using the framework of the Well-being of Future Generations Act, in line with previous Finance Committee recommendations. The IIA tool requires that all impact assessments are given full consideration and that all statutory requirements are met. The tool should be used as a guide to support the development of policy in an evidence-based, collaborative and integrated way that looks to both the short and long-term, as well as prevention. The tool should also support capturing and providing evidence of the five ways of working throughout the process.

Our aim in reviewing the effectiveness of the IIA tool during 2019 will be to ensure that the full breadth of impacts are effectively considered and assessed from an early stage in policy-making and throughout its development. The review will also include engagement with a number of external stakeholders including the statutory Commissioners to capture their views.

Recommendation 5. That the Welsh Government provide an update to the Committees on the outcomes of the November 2018 meeting of the commissioners, and when it is anticipated the research commissioned on the integration of duties will be published.

Response: Accept

As outlined in our response to Recommendation 3, the IIA tool was launched in July 2018 and officials attended the Future Generations Commissioner's Advisory Panel in November 2018 to discuss the tool. At the meeting concerns were expressed by some members about the potential dilution of consideration of impact in taking an integrated approach. It was agreed that Welsh Government officials would further engage with the Advisory Panel during the review of the IIA tool and seek to address concerns raised. Officials have agreed with the Future Generations Commissioner that they will attend the next Advisory Panel meeting in July 2019 to discuss the review's progress and further steps. These further steps will involve ongoing engagement with external stakeholders, including the Commissioners.

With regards to the research, in November 2018 the then Leader of the House and Chief Whip stated that the Welsh Government would commission research to examine how we might incorporate further UN convention rights into Welsh law, commence the socio-economic duty and strengthen existing regulations or guidance. The overall aim was to consider how such actions would interact with the existing Welsh legislative framework, including the Well-being of Future Generations Act in particular.

Subsequently, the First Minister announced in December 2018 that the Welsh Government would commence the socio-economic duty, providing a fixed point around which other options for strengthening equality and human rights in Wales can be considered. This was followed by an initial workshop in February 2019, attended by key equality and human rights stakeholders and experts, the Deputy Minister and Chief Whip, the Counsel General and Deputy Minister for Health and Social Services. The workshop highlighted a number of questions and the importance of aligning this work to a number of related developments, including the ongoing Gender Equality Review.

Substantial further research is still needed to address the wider questions discussed at the workshop, which we propose will commence by September with the aim that it is completed by December 2020.

Children's Commissioner for Wales' view on the Welsh Government's Response to the joint committee report: 'Assessing the impact of budget decisions'

This note provides comment on the Welsh Government's responses to the recommendations of the joint committee. It does not seek to repeat or replicate the evidence given in [writing](#) and in person to the joint committee sessions in November 2018.

I am pleased to hear that the Welsh Government has committed to working with my office and the offices of other statutory commissioners (recommendation 1) 'to provide greater clarity on the purpose and expected outcomes of the SIIA process'. I hope that this work can now begin at pace to ensure that the budget-setting process for the 2020-21 budget is subject to the scrutiny that a comprehensive SIIA would bring.

As I stated in my evidence to the joint committee, I would expect a comprehensive Children's Rights Impact Assessment (CRIA) to be completed and published *alongside* the budget. This CRIA should include within its remit all elements of the budget relevant to children and young people.

The Welsh Government has responded to recommendation 2 by saying that it feels 'further consideration needs to be given as to whether this would aid accessibility, understanding and transparency'. The Welsh Government says that this is because publishing the individual impact assessments in a central location instead of alongside the relevant documentation could confuse those accessing the suite of documents published in relation to a particular decision or policy.

In relation to providing individual impact assessments in a central location, which would include Children's Rights Impact Assessments, I do not find the Welsh Government's explanation to be adequate. If the Government has already published individual assessments alongside policy / decision documents, then I am unsure why it would not also be possible to publish these individual assessments to a central location. I believe that this step would demonstrate a real commitment from Welsh Government to transparency, and would provide myself and others the opportunity to engage with them in a constructive way on the findings of their individual impact assessments. The current situation is not, in my opinion, sufficiently transparent.

Ministers in Wales have a legal duty to consider how the decisions they make affect children's rights. Currently, that duty is not given enough weight in the budgetary decision-making process, despite the fact that Children's Rights Impact Assessments form a part of that process under the Government's Children Rights Scheme.

I welcome the commitment to review the approach to the SIIA and the IIA (recommendation 3). I am pleased that the IIA review commits to engaging with external stakeholders. I would expect that external stakeholders, including my office, are to be offered an opportunity to contribute to *both* these reviews.

Specifically in relation to IIAs, in our experience, the extent to which an IIA is published alongside documents is inconsistent. As an example, some Welsh Government consultations may publish a short summary document which provides one or two sentences relevant to the impact on children and young people and children's rights, while others provide the full Integrated impact assessment document upon the launch of the consultation which includes a completed CRIA section (annex A) alongside other impact assessments.

Where CRIAs are published as part of an IIA, alongside documents, or made available on request, we continue to be concerned about the variety in their quality, and an inconsistency in their application of the process of the Welsh Government's CRIA as prescribed in their Children's Rights Scheme. We have seen examples of CRIAs which do not actually attempt to answer the broad question over whether and or how the policy will have an impact on children and young people, let alone attempting a fuller process.

I am concerned that the commissioned research referred to in recommendation 5 has not yet commenced, and would have expected progress by this stage in order for us to apply some learning to the 2020-21 budget-setting process. I would have liked to see this process commence at a quicker pace, but am pleased that Welsh Government has committed to commencing research by September. I look forward to engaging with Welsh Government and others to drive this forward to ensure that the situation improves throughout the upcoming budget-setting process.

June 28, 2019

Lynne Neagle AM, John Griffiths AM, Llyr Gruffydd AM
Chairpersons, CYPE, ELGC and Finance Committees
National Assembly for Wales
Cardiff Bay
CF99 1NA.

Dear Chairpersons,

Assessing the impact of budget decisions

Thank you for the opportunity to give our view on the Welsh Government's response to your joint-report on 'Assessing the impact of budget decisions'.

We welcome that the Welsh Government has accepted, or accepted in principle, all of the Committee's recommendations. In particular, we note the Welsh Government's agreement that it will give priority to working with ourselves, and the Children's Commissioner, on the assessment process. We look forward to advising the Government as this work goes forward.

Cumulative impact assessment

The Commission was pleased to organise a recent briefing (March 14) at which Landman Economics briefed Welsh Government officials on a cumulative impact assessment model. Landman Economics has developed a model that enables Governments to analyse the cumulative impact of spending decisions on certain groups with protected characteristics in order for them to take decisions to mitigate against unequal outcomes. The Welsh Government demonstrated a willingness to explore this assessment model further, and we trust this will be the case. We believe the increased use of cumulative impact assessments would offer major benefits in assessing the impact of budget decisions.

Publication of Impact assessments

We note the Welsh Government's commitment to openness and transparency in the publication of its impact assessments. It would be beneficial to ensure impact assessments are routinely published on the Welsh Government website, in a timely manner and a common format. There have been inconsistencies on if, when and how such assessments are published. It would be helpful if this was addressed. In particular, we would welcome the

Bydd y Comisiwn yn croesawu gohebiaeth yn y Gymraeg a'r Saesneg.

The Commission welcomes correspondence in Welsh or English.

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early publication of impact assessments in order for assurance that an impact assessment has been carried out before decisions have been made.

Review of Integrated Impact Assessment

We welcome the Welsh Government's commitment to reviewing its Integrated Impact Assessment (IIA) tool. We have offered our support to the Welsh Government as part of this review.

It is essential that the particular legislative requirement to 'assess equality impacts' is central to the IIA process. We acknowledge the Welsh Government's desire for a streamlined approach and appreciate the potential benefits of various impact assessments being considered within the same framework. However, this must not come at the expense of evidence of detailed analysis of if and how people from protected groups will be disadvantaged (or otherwise) by a particular funding allocation or policy.

Aspects key to assessment of equality impacts include:

- A clear emphasis on outcomes and evidence that decisions have been changed if necessary, rather than simply a commentary on what has occurred.
- Evidence that both internal and external engagement with people from protected groups has been used to inform decisions. We suggest this engagement goes above and beyond the Welsh Government Budget Advisory Group on Equality.
- Evidence that relevant information that the Welsh Government holds has been taken into account in the assessment.
- Evidence that equality impacts have been considered from an early stage. The process should be seen as an ongoing, iterative one, rather than a one off intervention.
- Officials across departments having been given the training and resources to carry out assessment of equality impacts.

In our view, there is inconsistency in the quality of impact assessments carried out across Welsh Government departments. In particular, assessments can sometimes appear to have been carried out late in the process and be largely a commentary on decisions that have been taken. Also, there can be a lack of evidence of engagement with people with protected characteristics. Furthermore, information on people with protected characteristics is sometimes supplied but without detailed reference as to how this has informed the decision taken.

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The review of IIA offers opportunity for improvements to be made to both the process itself and its implementation.

Incorporation of UN human rights treaties and alignment of duties

The Gender Equality Review has provided opportunity to explore how various statutory duties can best be aligned. We look forward to the Review's Phase 2 report and playing our part in taking forward relevant recommendations. The Commission would welcome further exploration being given as to how the Public Sector Equality Specific Duties for Wales can be amended and strengthened to ensure they are focused on delivering outcomes for individuals. The Commission is jointly hosting a Symposium on July 11 with Welsh Government that will inform the Welsh Government's thinking in reviewing and making the specific duties more effective in addressing the greatest inequalities in Wales. We would welcome greater clarity on the timetable for the Welsh Government's stated intention to review the specific duties.

The Welsh Government has repeatedly stated it is considering how UN human rights treaties can be further incorporated into Welsh law and policymaking. We welcome this position and believe the Welsh Government should pursue this aim with urgency. However, little detail on this commitment has been made public, and the timetable for legislative change and implementation is likely to be lengthy. It would be helpful for the Welsh Government to provide further information on the nature of the research it will be carrying out in relation to this. Again, we offer our support to both Government and your Committees as this work is taken forward.

Yours sincerely,



Ruth Coombs

Pennaeth Cymru / Head of Wales

Bydd y Comisiwn yn croesawu gohebiaeth yn y Gymraeg a'r Saesneg.

The Commission welcomes correspondence in Welsh or English.

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July 2019

Re: Assessing the impact of budget decisions - Welsh Government response

I am responding to your request for my views on the Welsh Government's response to the joint report 'Assessing the impact of budget decisions'

As highlighted in the joint report, I included comments on the Strategic Integrated Impact Assessment (SIIA) of the budget and the Integrated Impact Assessment (IIA) tool as part of the evidence I provided to Finance Committee on the 2019-20 draft budget. My comments included that at the moment the majority of impact assessment processes are retrospective in nature; whilst I welcome the integrated approach of the Integrated Impact Assessment tool I don't think there has been sufficient training, expertise and capacity building for the people doing Impact Assessments; and I think there's a way of finding a lighter touch, high-level impact assessment using the Well-being of Future Generations Act (WFG Act) as a framework, and then a deeper dive where specific impacts have been identified to still cover those areas that are important.

In May Amelia John, Deputy Director for Futures and Integrated Policy Making, presented to my Advisory Panel (which includes the other statutory Commissioners) about the Integrated Impact Assessment tool. She outlined that Welsh Government intend to repurpose the IIA to make a more iterative and creative process to assess impact, and that the WFG Act will continue to frame this work. I understand that her intention is that a working model of this approach will be available towards the end of the year, following testing in a few policy areas. WG have committed to continue dialogue with my office and the offices of the other Commissioners.

I note that the Welsh Government has accepted all of the recommendations from the Committees, including 'Recommendation 4: That the Welsh Government commit to using the Well-being of Future Generations Act as a framework for the SIIA' I do not consider that this has happened sufficiently to date in the budget process, and will continue to scrutinise the effectiveness of the approach in relation to the next draft budget.

Kind regards,

Sophie Howe, Future Generations Commissioner for Wales

Eich cyf/Your ref
Ein cyf/Our ref

Llyr Gruffydd AM
Chair Finance Committee
The National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

27 June 2019

Dear Llyr,

PUBLIC AUDIT (WALES) ACT 2013

Thank you for your invitation to give evidence at the Finance Committee on 11 July 2019.

I previously commented on the Committee's Terms of Reference and indicated that I broadly agreed with the proposed amendments to be considered by the Committee. I also raised a concern from the Welsh Government over the potential limited availability of technical assistance to support any changes to the Act.

Issues such as the impact of the 'no more than full cost rule' - majority quorum requirement, and the preparation of an interim report are matters that solely impact the Wales Audit Office (WAO). However, I am pleased to note that the Committee will now also be considering the future of the fee paying arrangements for work undertaken by the WAO. I, therefore, attach at appendix 1 a summary of the reasons why I consider the existing arrangements to be suitable for purpose.

You have also asked for my view on the statutory duty placed on the Auditor General for Wales to lay a copy of certified accounts no later than four months after they are submitted. I would expect all public bodies in Wales to submit accounts that were sufficiently robust to enable the Auditor General and his team to lay a copy with the Assembly within four months. My concern should this not happen is that the information within the accounts becomes less relevant the longer the period between year end and publication.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Having said that, I accept there may be circumstances where delays occur. One example would be the emergence of significant post balance sheet events. I note that the report into the delay in laying of the Natural Resources Wales (NRW) accounts for 2015-16, indicates there are no consequences outlined in the Act should the 4 month deadline not be met. Nevertheless, as a minimum I would expect the relevant Accounting Officer to have to explain the reasons for any delays to the Public Accounts Committee (PAC). Therefore, overall I am content with the additional flexibility proposed.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style with a clear, legible font.

Rebecca Evans AC/AM
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

WAO fee charging process

The WAO is currently funded directly from the Welsh Consolidated Fund (WCF) and through fees that are agreed and then recovered from clients. Although not specifically addressed in the proposed changes to the Public Audit (Wales) Act 2013, Committee members are aware that the WAO is also seeking an administrative change to the way in which the organization is funded through the introduction of notional fees. Should this change be agreed, I understand that the WAO will in future be solely funded through the WCF.

I would suggest to the Committee that the process of agreeing fees with a client is a useful part of the audit process as it:

- Supports development of the audit plan. The client is clear about both the activities and resources being deployed by the auditors.
- Helps the client organization demonstrate value for money.
- Supports the WAO to better plan the use of resources and where delays occur recover the necessary additional costs.
- Helps those bodies being audited to be more disciplined in their audits; direct hard charging provides an incentive to deal with audits effectively.

I accept that recovering fees from clients adds to the administrative burden for any organization. However, I can think of few other disadvantages in the current process. Therefore, for the reasons already outlined I believe that the discipline of agreeing and recovering fees out-weighs any disadvantage.

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