



Annual Report and Accounts 2024-25

The Annual Report for the year ended 31 March 2025 has been jointly prepared by the Auditor General for Wales and the Chair of the Wales Audit Office. It is laid before the Senedd in accordance with Schedule 2 of the Public Audit (Wales) Act 2013 and contains matters as directed by HM Treasury.

The Accounts for the year ended 31 March 2025 have been prepared by the Auditor General for Wales, as the Accounting Officer for the Wales Audit Office, in accordance with Schedule 1 of the Public Audit (Wales) Act 2013 and in a form directed by HM Treasury.

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

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

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

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

◀ Snapshot of the year



Issued over
800
audit opinions on the accounts of public bodies

Published
16
national report outputs of various types

Published over
150
local performance audit reports

Certified grant schemes worth approaching
£1.5 billion

Achieved or were close to achieving
10 of 18
KPI targets

April

Concluded our [review of governance arrangements across the three National Park Authorities in Wales](#).

Held a 'Setting the Stage for our Future' all-staff conference where we reflected on how our work and workplace has changed in the last few years and looked forward to some of the challenges and opportunities ahead.

May

Presented an [analysis of community pharmacy dispensing data](#) to provide insight to NHS Wales on areas of high cost and potential fraud.

June

Provided an [update on the status of the A465 Section 2 project](#) and summarised key developments over the previous four years.

As part of our suite of smarter working policies, launched a compressed hours pilot, intended to enhance flexibility and productivity and support equality, diversity and inclusion for staff.

July

Wrote to the Senedd Public Accounts and Public Administration Committee with a factual [update on the Welsh Government's support for TVR Automotive Ltd](#).

Published a review of whether the [information provided to senior leaders in local government helps them understand the perspective of service users](#) and the outcomes of councils' activities.

August

Concluded our review of governance arrangements across the three Fire and Rescue Authorities in Wales.

Following timely completion of our accounts audit work, reported that all seven Health Boards in Wales had failed to meet their statutory duty to break even over a three-year period, amid deepening financial pressures.

September

Reported that the target of building 20,000 new low carbon social homes will not be met without significant additional spending.

Outlined that, despite increased spending, the Welsh Government remains a long way from achieving the intended step change in active travel.

October

Reported that fraud and payment errors of £7.1 million had been identified by the latest National Fraud Initiative exercise in Wales, £0.6 million more than the previous exercise.

We were proud to achieve an overall engagement index score of 71% in our all-staff survey, seven percentage points higher than both the previous year and the Civil Service median benchmark.

November

Launched a consultation on proposed updates to our Code of Audit Practice which strengthens emphasis on proportionality, independence, and the need for professional scepticism.

Completed audits of all local government 2023-24 accounts by the target deadline of 30 November, where accounts were received on time.

December

Reflected on the financial challenges faced by councils and how their future financial sustainability could be strengthened.

January

Reported that stronger national leadership is urgently needed to drive improvement in the timeliness and sustainability of cancer diagnosis and treatment.

Provided a response to the consultation on a proposed strategy for overhauling the local audit system in England, published by the Ministry of Housing, Communities and Local Government.

February

Set out our findings from a study of NHS workforce planning arrangements, together with recommendations to support further improvement.

Issued a pocket guide for Audit Committees which summarises effective practices and how to make a positive impact.

March

Concluded that the nature emergency is not a high enough priority and many public authorities have failed to comply with key biodiversity requirements.

Identified ongoing governance and financial management issues within the Community and Town Council sector that have not been properly addressed.

Contents and readers' guide

Performance Report

A review of our work in 2024-25, including an analysis of our delivery and performance, and our position at the end of the year.

Performance overview

A summary of who we are, what we do and our strategic position, alongside reflections and key information on how we have performed during the last year.

Who we are and what we do	8
Our strategic vision and areas of focus	11
Statements from the Auditor General and Chair of the Board on our performance in 2024-25	12
Key performance indicators	16

Performance analysis

An assessment of the extent to which the priorities and programmes of work set out in our 2024-25 Annual Plan have been achieved.

Commentary on the delivery of our audit work programmes	20
Progress made in our areas of focus for business improvement	27
Case study examples of impactful projects	37
Summary of our use of resources in the reporting period	45

Accountability Report

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

Corporate governance report

An explanation of the composition and organisation of our governance structures and how they support the achievement of our objectives.

Directors' report	56
Statement of Accounting Officer's responsibilities	58
Governance statement	59

Remuneration and staff report

Our remuneration policy, details of the remuneration and pension interests of members of the Board, its committees and the Executive Leadership Team, our fair pay disclosure, and a report on our staffing.

Remuneration report	78
Staff report	86

Resource outturn and auditor's report

Our summary of resource outturn, an overview of trends in our long-term expenditure, and the independent auditor's report, including their opinion on the financial statements, regularity and other matters.

Summary of resource outturn and associated notes	93
Independent auditor's report to the Senedd	98

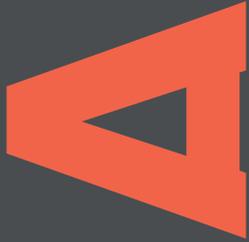
Financial Statements

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

Statement of Comprehensive Net Expenditure	105
Statement of Financial Position	106
Statement of Cash Flows	108
Statement of Changes in Taxpayers' Equity	109
Notes to the Financial Statements	110
Glossary of terms	130

Appendices

1 Auditor General's Report on Disclosures of Information	133
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Performance Report

A review of our work in 2024-25, including an analysis of our delivery and performance, and our position at the end of the year

Adrian Crompton

Auditor General for Wales and Accounting Officer

26 June 2025

01

Performance overview

Who we are and what we do

- 1 The Auditor General for Wales is the statutory external auditor of the Welsh public sector. The Auditor General is responsible for the audit of most of the public money spent in Wales.
- 2 The Wales Audit Office provides resources, such as staff, for the exercise of the Auditor General's functions, and monitors and advises the Auditor General. The Wales Audit Office currently employs around 300 staff.
- 3 Together, as Audit Wales, we audit approximately £28 billion of income and expenditure.

Our purpose is to:



Assure people that public money is being managed well



Explain how that money is being spent



Inspire the public sector to improve

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

- 4 Our latest Annual Plan provides more detail on the range of bodies that we audit and how we follow the public pound in Wales. Our audit work plays a key role in supporting the work of the Senedd Public Accounts and Public Administration Committee, which scrutinises how resources are used in the discharge of public functions in Wales. Our work also informs the work of other Senedd committees, whose wider remits include scrutinising the policies of the Welsh Government, holding Ministers to account, and examining proposed legislation.
- 5 Throughout the year, we regularly attend meetings of the audit and scrutiny committees of public bodies in Wales to provide briefings and report on our audit work.

- 6 Our planned programmes of work retain a degree of flexibility to respond to changing circumstances and priorities, and new issues of public or parliamentary concern.
- 7 We identify good practice from across the full breadth of our audit work and disseminate this through a range of media, including reports, blogs, podcasts and shared learning seminars and webinars.
- 8 A focus of our good practice work is to facilitate conversations between service providers where the learning from our audit work and from their comparative experiences is shared. Increasingly we are bringing the views and experiences of service users and global experts to these conversations.

Our core work



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

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



Delivering a programme of national studies



Certifying grant schemes worth approaching £1.5 billion



Supporting effective scrutiny including the work of the Senedd committees



Sharing good practice and audit learning to support public service delivery



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



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

We operate independently from government

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

Our strategic vision and areas of focus

Our vision is to increase our impact by:

Fully exploiting our unique perspective, expertise and depth of insight

Strengthening our position as an authoritative, trusted and independent voice

Increasing our visibility, influence, and relevance

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

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

Our areas of focus



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

- 14 Our latest [Annual Plan](#) provides more detail on:
- a what we consider to be important elements of our current operating environment, including a range of factors which can influence the delivery of our work to varying degrees;
 - b the key areas within which risks can arise and threaten successful delivery of our work; and
 - c how we measure and report on our performance.
- 15 Further information on our risk profile during 2024-25 and how those risks changed and were mitigated can be accessed in the Corporate Governance Report section of this Report and via our published [Board minutes](#).

Statement from the Auditor General on our performance in 2024-25

Rydym yn falch o gyflwyno ein Adroddiad Blynyddol a Chyfrifon ar gyfer 2024-25.

We are pleased to present our Annual Report and Accounts for 2024-25.

Alongside our financial and accountability statements, this Annual Report and Accounts provides a summary of the progress we made on delivering the audit work programmes set out in our Annual Plan for 2024-25. I am pleased to present a selection of case studies in this report to provide a taste of our work this year and the impact it has made.

The biggest area of our work involves auditing the accounts of over 800 public bodies across Wales. This work is vital in providing the Senedd, audited bodies and the wider public with an ongoing independent assessment of financial management and resilience across the public sector. Working with our audited bodies, we are bringing that large programme of work back to the more optimal pre-pandemic timescales. I am delighted to report that in 2024-25 we made excellent progress on that front. By 2026, working with our audited body colleagues, we are aiming to consistently achieve deadlines of 30 June for the NHS sector and 30 September for local government.

With the public purse strings so tight, it is more important than ever to get value for money from every pound of public spending. Consequently, in our 2024-25 local and national performance audit programmes, we placed a sharp focus on examining the effectiveness of government leadership and on reporting on potential savings identified by our work. We also introduced a more systematic approach to following up on our audit recommendations and stepped up our levels of engagement with a broader range of Senedd committees to help maximise the reach and impact of our work.

During the reporting period, as part of the development of our refreshed website, we published a live online version of our forward programme of national studies, which provides summary information on individual studies once their plans are confirmed and an up-to-date position on the timetable for completion. We have also worked with external specialists to review our written audit reports, with the aim of making them more impactful and better suited to the needs of our audiences and new quality requirements.

A further important development in the past 12 months has been a re-energised focus on collaboration with overseas audit offices, which had reduced following the impact of the global pandemic.

As we now move into the fourth year of our existing five-year strategy, we have begun making preparations for the next strategic term and the appointment of the next Auditor General for Wales in 2026. We have identified and are exploring themes we see as crucial in shaping the future culture and operating model of Audit Wales, and ensuring we remain a modern audit office that keeps pace with developments in the wider audit profession.

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



Adrian Crompton
Auditor General for Wales

Statement from the Chair of the Board on our performance in 2024-25

Public services continue to face significant financial demand, and workforce pressures. We remain fully committed to managing our own operating costs and the fees we charge, while ensuring the audit quality, assurance, and insight are not compromised. In 2024-25, we surpassed our ambitious £400,000 non-pay savings target. Additionally, a comprehensive financial sustainability review identified further opportunities to improve efficiency in the future.

Over the last two years we have successfully relocated all three of our offices into smaller, more modern premises with improved environmental performance. The last of these moves for our West Wales office was completed in April 2025. The impact of these moves can be clearly seen in this report through significant reductions in associated costs and improvements in our sustainability measures in the last financial year, alongside positive feedback from staff on the refreshed office working environment. The office moves and a successful compressed hours working pilot have also played a key role in supporting our work on moving to an optimum hybrid working model with an appropriate mix of in-person and online working.

In October 2024, we ran our annual staff survey to gain up-to-date insight on levels of staff engagement and the employee experience at Audit Wales. The results of that survey are seen by the Board as extremely encouraging, with significantly improved scores across most thematic areas. Our overall engagement index score is now 71% - the highest score we have achieved in the eight years we have been utilising this metric, and significantly higher than the equivalent Civil Service median benchmark. However, staff also provided useful feedback in the survey on several areas where there is scope for further improvement, which has been used to inform our business planning for 2025-26.

The launch of a whole organisation Workforce Strategy in September 2024, saw us set out a holistic longer-term vision for securing and developing the necessary Audit Wales people resources, including skills and capabilities. In this the first year of the Strategy, we focused on four priority areas including digital skills, resilience and succession planning, and established a range of performance measures to determine whether the business plans which flow from the Strategy are delivering as intended.

We also ran an extensive recruitment campaign for the latest round of graduate trainee and apprentice intake and received an excellent level of interest. We successfully appointed the desired number of candidates but acknowledge that we still have work to do to make sure that we are reaching out to candidates from all parts of society.

During the year, strategic risks were well managed, and the Board was satisfied with the quality of the management information it received, which was underpinned by data presented in a recently developed interactive dashboard. Overall, we have a strong organisation to continue to build on in 2025-26 and I pay tribute to the staff of the Wales Audit Office for all their hard work and commitment throughout the year.



Dr Ian Rees

Chair of the Wales Audit Office

Key performance indicators

- 16 Our [Annual Plan for 2024-25](#) included a framework of key performance indicators (KPIs) and associated targets.
- 17 In our [Interim Report](#), we provided a mid-year update on progress made over the period 1 April to 30 September 2024 towards achieving these targets.
- 18 The following exhibit shows the position at the end of the 2024-25 financial year. The KPI data has not been subject to audit. In the exhibit, some numbers are rounded to make them easier to read and compare, and the KPIs are aligned with the strategic areas of focus to which they relate. Overall, in 2024-25 we achieved or were close to achieving our targets for 10 of the 18 KPIs.
- 19 Relevant parts of the Performance Analysis section of this Report provide further commentary on our performance against our KPIs.

End of year position for our 2024-25 KPIs

A strategic, dynamic and high-quality audit programme

No	Indicator	Description	2024-25 Target	2023-24 Performance	2024-25 Performance
1	Statutory deadlines	Proportion of audit products ¹ delivered by the statutory or agreed deadline.	100%	85%	99%
2	On time	Proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting.	90%	76%	81%
3	Quality	Number of reviewed audits that are delivered in accordance with Financial Reporting Council quality standards .	All audits sampled in the highest two audit quality categories	7 out of 7	6 out of 8

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

1 Accounts audit opinions, where accounts are received on time and no public interest report is required.

No	Indicator	Description	2024-25 Target	2023-24 Performance	2024-25 Performance
4	Credibility	Proportion of stakeholders ² that consider us to be an independent and authoritative communicator on the governance and stewardship of public money and assets.	At least 90%	92%	76%
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%	64%	78%
6	Driving improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services.	At least 80%	76%	62%
7	Savings identified	Value of potential savings, productivity gains and other financial benefits identified through our work.	At least £30 million during 2023-2026	£700,000	£16 million ³

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

2 2024-25 performance data for KPIs 4-6 is sourced from an independent stakeholder research exercise carried out in early 2025. From an initial sample of 210, including Chief Executive Officers, Directors of Finance, Council Leaders, Board Chairs, Audit Committee Chairs and Members of the Senedd, responses were received from 45 individuals. Due to the small number of respondents, the margin of error in the results is high (+/- 12 to 14 percentage points for the three KPIs) and so limited reliance can be placed on year-on-year comparisons. We will be undertaking work with specific sectors in 2025-26 to cross-check and better understand the outcomes from the survey.

3 Specific audit work currently in progress should enable us to achieve our target of at least £30 million by 2026. Further information is provided in Case study 3 later in the report.

A targeted and impactful approach to communications and influencing

No	Indicator	Description	2024-25 Target	2023-24 Performance	2024-25 Performance
8	Good practice outputs	Proportion of stakeholders who rate our good practice outputs as useful or very useful.	At least 90%	100%	100%
9	Website visits	Number of visits to our website where at least one action is performed, eg download a report, click on a video.	48,000 each year	59,100	81,000
10	Social media	Number of social media engagements ie interactions with our posts such as a like, a comment, or a retweet/share.	4,000 each year	4,000	3,500 ⁴
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	45	53 ⁵

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

4 A general decline in engagement on social media platforms has been experienced across the public sector and is primarily down to changes in the algorithms used by platforms such as X (Twitter) and Facebook who prioritise engagement on paid for content over organic (free) posts. We are addressing this by leveraging new formats such as bitesize video and animation while increasing the volume of content on alternative platforms such as LinkedIn.

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

A culture and operating model that allows us to thrive

No	Indicator	Description	2024-25 Target	2023-24 Performance	2024-25 Performance
12	Employee engagement	Percent positive annual staff survey engagement index score.	At least the median benchmark score for the latest <u>Civil Service survey</u>	64%	71% ⁶
13	Turnover	Proportion of employees who voluntarily leave Audit Wales per annum.	Between 5% and 10%	12.3%	5.8%
14	Sickness absence	Proportion of total time lost due to sickness absence.	Less than 4%	3.3%	3.9%
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	1.1%	3.2% ⁷
16	Cost savings	Value of in-year cost savings delivered across the business.	£400,000 as set out in our 2024-25 Estimate	Achieved £500,000 non-pay savings target	Exceeded £400,000 non-pay savings target
17	Greenhouse gas emissions	Total CO ₂ equivalent emissions.	40% reduction on a 2019-20 baseline (581 tonnes) ⁸	280 tonnes	380 tonnes ⁹
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%	82%	85%

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

6 The Civil Service People Survey (CSPS) benchmark in October 2024 was 64%.

7 In 2024-25, we underspent by £864,000 which represented 3.2% of our gross expenditure budget. Consequently, our KPI target of a variance of 2% was not met for the year. The main reason for this was a significant (£1.1m) underspend in staff costs due to vacancies in the first half of the financial year. As the majority of these vacancies were in non-fee earning and trainee roles, we were still able to achieve our ambition to reduce the backlog of audit work which resulted in excess fee income of £961,000, as reported in our Statement of Resource Outturn.

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

9 Higher figure in 2024-25 due to increased levels of staff attendance at our offices and audited body sites, as part of our work on moving to an optimum post-COVID hybrid working model with an appropriate mix of in-person and online working.

Performance analysis

- 20 This section sets out a more detailed view of Audit Wales's performance in 2024-25. It provides:
- a commentary on the delivery of our audit work programmes;
 - b detail on progress made in the areas of focus set out in our [Annual Plan](#);
 - c case study examples of particularly impactful projects; and
 - d a summary of our use of resources in the reporting period, which serves as our Sustainability Report.

Commentary on the delivery of our audit work programmes

- 21 Our core business is carrying out a broad programme of audit work to deliver the [Auditor General's statutory powers and duties](#).
- 22 Throughout 2024-25 we undertook local and national audit work across a broad range of public bodies. Our recently published Annual Plan provides a comprehensive list of the public bodies that we audit, and the types of local audit work carried out at those bodies.

Key elements of our audit work



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



Considering whether public money is being used for approved purposes



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



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



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



Carrying out sustainable development principle examinations

Local audit work

- 23 The biggest area of our local work involves auditing the accounts of over 800 public bodies across Wales. Our audit of accounts work provides the Senedd, audited bodies and the wider public with an ongoing independent and expert assessment of financial management and resilience across the public sector.
- 24 Through the COVID pandemic period, the timeliness of our delivery of our audit of accounts work deteriorated. It is taking several years to bring our large programme of work back to pre-pandemic timescales, but we are making good progress in doing so. Further information on this is provided in Case study 1 later in the report.

- 25 Overall, in 2024-25, 99% of our accounts audit opinions were delivered by the statutory or agreed deadline where draft accounts were received on time (KPI 1) – a 14% increase on our performance in 2023-24.
- 26 Our audits of NHS and central government bodies' 2023-24 accounts were completed in line with our delivery plan. While delivery of the audits of local government sector accounts by the 30 November deadline continued to be a challenge, all local government accounts that were prepared on time were certified by the deadline.
- 27 During 2025-26, we aim to continue the progress made to bring forward the reporting deadlines for our audit of accounts work. Our target is that by the time we audit 2025-26 accounts we will have returned to the more traditional timescales of 15 June for the NHS sector and 30 September for the local government sector.
- 28 With the public purse strings so tight, it is also more important than ever to get value for money from every pound of public spending. During the year, we continued to shape our local performance audit work to address the evolving challenges faced by our audited bodies, and where relevant and practical to help discharge the Auditor General's sustainable development examination duties¹⁰.
- 29 This year, our programme included:
 - a in local government: completion of our annual assurance and risk assessment, alongside assessments of the financial sustainability of councils, progressing new work on councils' commissioning arrangements, and bespoke local reviews on a wide range of other topics.
 - b in the NHS: completion of our annual structured assessment work, alongside work across the sector on cost savings arrangements, continued work on different aspects of urgent and emergency care, and progressing work on health boards' planned care services. Again, these projects sat alongside other more bespoke local reviews which included, for example, work at three health boards on eye care services.
- 30 In addition to the above, and although planned and funded differently, we also carried out audit work at various central government bodies under the Auditor General's sustainable examination duties. This included, for example, reviews of financial sustainability at the National Library of Wales, the Arts Council of Wales, Sport Wales, and Amgueddfa Cymru.

10 Under the Well-being of Future Generations (Wales) Act 2015. Including examinations looking at the application of the sustainable development principle when setting well-being objectives or when taking steps to meet those objectives. We have sought to integrate these examinations within existing programme of work as far as possible.

- 31 Overall, the total number of local performance audit reports increased from 142 in 2023-24 to 156 in 2024-25. It should be noted that the number of reports largely reflects how local programmes are shaped during the reporting period and we would not necessarily expect the figure to be the same year on year.
- 32 As reported last year, delivery of some of our performance audit work, both locally and nationally, had also been affected by the legacy of the pandemic, staff turnover and absence, and our wider resourcing challenges. Our performance audit teams have continued to manage impacts from staff turnover and absence during 2024-25. Despite this, the proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting improved from 76% to 81% (KPI2). Further detail is provided in the next section of this report on the actions we have been taking to address our wider performance audit delivery position and move towards achieving our 90% KPI2 target.

National studies

- 33 The Auditor General's indicative forward programme of national studies for 2023-2026 is focused around four main themes:
- a tackling inequality;
 - b responding to the climate and nature emergency;
 - c service resilience and access; and
 - d well-managed public services.
- 34 The table below lists 16 national report outputs of various types that we delivered in 2024-25. Our Snapshot of the Year at the front of this Report features several of these outputs.
- 35 The scale of different pieces of work varies and, as noted in our Interim Report, we have been giving priority to addressing the backlog in our local audit programme while managing the impact on other work. This figure of 16 outputs is the same as for 2023-24. Overall, we have continued to see this output generate strong media coverage and wider interest from relevant stakeholders.
- 36 Studies are listed broadly in order of their date of completion, with an indication of strong alignment with particular themes. In practice, all our work typically includes coverage relevant to 'well-managed public services'.

National report outputs completed in 2024-25

	 Tackling inequality	 Responding to the climate and nature emergency	 Service resilience and access	 Well managed public services
Governance of National Park Authorities			✓	✓
Findings from data matching work on NHS community pharmacy and GP patient registrations				✓
The status of the A465 section 2 road improvement project				✓
The Welsh Government's support for TVR Automotive Ltd				✓
Use of performance information in local government to understand user perspectives	✓			✓
Local government digital strategy			✓	✓
NHS finances and data tool update			✓	✓
Arrangements to deliver the affordable housing target and realise wider benefits	✓	✓		✓
Governance of Fire and Rescue Authorities			✓	✓
Delivery of active travel objectives and the management of associated funding	✓	✓	✓	✓
The National Fraud Initiative in Wales 2022-23				✓
Financial sustainability of local government, including our updated data tool			✓	✓
Cancer services in Wales	✓		✓	✓
Addressing workforce challenges in NHS Wales			✓	✓
The Biodiversity and Resilience of Ecosystems Duty		✓		✓
Financial Management and Governance – Lessons from Audit for Community and Town Councils in Wales				✓

37 Our [Annual Plan for 2025-26](#) lists all active and planned studies for 2025-26 as of 31 March 2025. We have made further information about our work programme available on [our website](#).

Supporting effective scrutiny

Supporting the work of Senedd committees

- 38 During the reporting period, our work continued to play a key role in supporting the work of the Senedd Public Accounts and Public Administration Committee in its consideration of how resources are used in the discharge of public functions in Wales. The outputs from our work supported 19 formal meetings of the Committee. This included the Committee considering various report outputs completed during the reporting period. The Auditor General and our staff also provided further advice and support to the Committee as required, including the preparation of briefing material for Committee evidence sessions.
- 39 Our work can also inform the work of other Senedd committees. In 2024-25, there have been several notable examples. Case study 4 provides further details, alongside which we continued to engage with committee clerking teams to share information about our work programme more generally.

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

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

Supporting the public and their elected representatives

- 42 We regularly receive correspondence from the public, their elected representatives and others that raise potential concerns about the use of public money. During 2024-25, we dealt with 140 items of correspondence of this nature and ensured that we responded to those concerns in a fair, proportionate, and professional manner.

- 43 The Auditor General is also a [Prescribed Person for receiving whistleblowing disclosures](#) about the proper conduct of public business, value for money, fraud and corruption in relation to the provision of public services. 29 individuals contacted us between 1 April 2024 and 31 March 2025 indicating that they wished to make a whistleblowing disclosure to the Auditor General. The Auditor General's Report on Disclosures of Information for 2024-25¹¹ is included as an Appendix to this Report.
- 44 Of the total number of correspondence and whistleblowing disclosure cases, 38 were found not to be relevant to the Auditor General's legislative remit or did not amount to substantive matters on which the Auditor General would need to report or take other action. The remaining 102 cases were recorded to be considered either as part of ongoing or planned audit work, or as part of planning future audit work.

Good practice work and sharing audit learning

- 45 Good Practice outputs produced over the last 12 months have included:
- a a number of shared learning events discussing topics such as:
 - i [Audit Committees: Effective practices and a positive impact](#)
 - ii [Re-defining Our Lives: Towards A Social Understanding of Neurodiversity](#)
 - iii [The cost of failure in financial management and governance](#)
 - b a [series of blogs](#) sharing examples of various initiatives across Wales.
- 46 We continue to develop our podcast channel which will be re-launched in September 2025. Previous podcasts are available on [our channel](#).
- 47 All the material shared in 2024-25 can be accessed via the [Good Practice](#) and [Blogs](#) sections of our website. Overall, 100% of stakeholders that responded to our feedback questionnaire after attending events in 2024-25 rated our good practice outputs as useful or very useful (KPI 8).
- 48 In addition, we exceeded our target of 50 for the number of instances where we presented audit learning to key policy working groups or at relevant externally hosted events (KPI 11). This year there were 53 such instances, 8 more than the previous year. Among other things, these included examples of our input to the work of Senedd committees (see Case study 4 for more information) and our hosting of visiting delegations from other international audit agencies (see Case study 5 for more information). Our count also covers presentations at conference events for Welsh, wider-UK and international audiences on various topics.

11 As required by [The Prescribed Persons \(Reports on Disclosures of Information\) Regulations 2017](#).

Audit quality

- 49 We carry out our work in accordance with [International Standards on Auditing \(UK\)](#) and other recognised standards.
- 50 Our 2025 quality monitoring programme has been completed: six out of the eight sampled audits met our target of being delivered in accordance with the highest two audit quality categories (KPI3). The issues giving rise to the two audits not achieving our target are specific to those audits. Our approach in such circumstances is to undertake an exercise to understand why the issues occurred and to allow the organisation to collectively learn and move forward together. Two of the eight sampled audits achieved the very highest rating, which is an improvement on previous years.
- 51 Our latest [Audit Quality Report](#) summarises progress made in our audit quality arrangements and the outcomes from monitoring activity in 2024. We will publish our next audit quality report in Autumn 2025.

Progress made in our areas of focus for business improvement

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



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

- 53 In our [Annual Plan for 2024-25](#), we committed to take action across 11 key business planning priorities. The tables below provide detail on progress we have made against these priorities in the reporting period and are grouped by the strategic areas of focus to which the priorities relate. In the interests of streamlining and avoiding duplication, where detail on progress made is included elsewhere in this Report, signposting to the appropriate section is provided.



A strategic, dynamic and high-quality audit programme

Priority	Progress made
<p>Bring forward the timetable for the delivery of accounts audit work in line with Welsh Government deadlines (15 July for NHS and 30 November for local government).</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>All NHS and nearly all central government 2023-24 accounts were certified on time. The one exception relates to an audit where there is likely to be an audit opinion disclaimer was provided given issues arising during the audit.</p> <p>While delivery of the audits of local government sector accounts by the 30 November deadline continued to be a challenge, all local government accounts that were prepared on time were certified by the deadline.</p> <p>We also put clear plans in place to catch up with the backlog in our local government and NHS work to enable us to bring forward the timetables for delivery over three years.</p> <p>In 2024-25 we:</p> <ul style="list-style-type: none"> • agreed the details of a recovery plan to take us through to 2026; • worked with local government treasurers to establish a clear three-year plan to prepare accounts by 30 June each year and for them to be audited by 30 November 2024 (2023-24 accounts), 31 October 2025 (2024-25 accounts) and 30 September 2026 (2025-26 accounts); • worked closely with the local government sector to try and improve the timeliness and quality of draft accounts submitted for audit, although this remains a challenge for some local government bodies; and • carried out work to ensure our recruitment and selection processes are as efficient as possible to enable the timely filling of vacancies.

Priority	Progress made
<p>Bring forward the time frame for the completion of local performance work such that the majority is completed in year.</p>	<p>Status: In progress but some further improvement needed</p> <p>Commentary:</p> <p>Overall, we have made reasonable progress in addressing our backlog position through actions set out below, although we have further to go in our NHS programme than for local government. We are also still managing some ongoing resourcing challenges that may affect delivery in 2025-26. Our backlog now relates mostly to work from 2024-25 programmes still to be completed alongside new 2025-26 work.</p> <p>In the reporting period we:</p> <ul style="list-style-type: none"> • put clear plans in place to reprofile our local audit programmes in the NHS and local government to address a significant portion of our backlog and communicated those changes to audited bodies; • ensured that our resourcing arrangements give priority to reducing the backlog in our local audit programmes, while managing the impact on other work; • progressed external recruitment for vacant roles and onboarded new staff to bring us back closer to our establishment; • used our contractor pool to secure additional short-term resources to support project work; and • progressed project work that will improve management information about the delivery of our audit projects and programmes.

Priority	Progress made
Fully embed new auditing and other recently introduced standards, identifying key learning points and scope for efficiency.	<p>Status: In progress</p> <p>Commentary:</p> <p>Examinations by the ICAEW’s Quality Assurance Department indicate the quality of our work has not been negatively impacted by the introduction of the new Audit Standard (ISA 315) and the implementation of INTOSAI performance audit standards. Some learning points were identified and appropriate follow-up training provided to staff.</p> <p>In 2024-25, year two of the implementation of the new Standard, we delivered tangible efficiencies from implementing the revised audit approach for NHS bodies yielding moderate refunds to our 2023-24 NHS audits.</p> <p>In 2024-25, we also:</p> <ul style="list-style-type: none"> • provided ISA 315 refresher training in preparation for 2024-25 audits; • undertook a significant programme of work to implement auditing standard ISA 600 (Audit of Groups) for our 2024-25 audits; • considered the scope to further automate our audit of accounts platform; and • made amendments to our performance audit delivery manual, completed a benefits realisation review, and have a major focus on building a new workflow process into our performance audit platform. <p>We are also in the process of updating our Code of Audit Practice to take account of the Ethical Standard 2024 and other developments.</p>

Priority	Progress made
<p>Introduce a more systematic approach to follow up work and the tracking of implementation of audit recommendations by public bodies.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>During the reporting period, we embedded new performance audit processes to systematically and consistently captured management responses from audited bodies to our recommendations. This was supported by the continuing development of a recommendations database to better track implementation (where accepted by audited bodies) and help prioritise any more targeted follow-up audit work. Initial work on that database was largely complete at the end of 2024-25 and we expect to roll it out during summer 2025-26.</p> <p>Our work on this priority builds on relevant staff training provided in 2023-24, which will be further embedded through changes to our reporting templates and audit delivery guidance to be introduced in 2025-26 and ongoing training.</p> <p>Planning for our local and national work programmes in 2025-26 includes a clear allowance for follow up work.</p>
<p>Greater focus on value for money through stronger financial and outcomes analysis in our performance audit work.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>During 2024-25, we started to see this greater focus reflected across live projects and recently published work, including our studies on Affordable Housing and Active Travel, a Community Pharmacy Data Matching Pilot and our recent reports on National Fraud Initiative outcomes, Financial sustainability of local government, and Cancer services in Wales.</p> <p>The cumulative value of potential savings, productivity gains and other financial benefits identified through our work since 2023 (KPI 7) has now increased to £16 million, and we have audit work in progress to help us achieve our target of at least £30 million by 2026. Further information is provided in Case study 3.</p> <p>During the reporting period, we also:</p> <ul style="list-style-type: none"> • embedded stronger consideration of financial and outcomes analysis earlier in the project planning phase for new work; and • explored available options and the costs of training to support associated skills development, including working with CIPFA to support their development of a new performance audit qualification and piloting other baseline training for new performance audit staff. <p>Our new performance audit report template (see below) will also encourage auditors to draw out key financial and outcome related facts and figures.</p>



A targeted and impactful approach to communications and influencing

Priority	Progress made
<p>Use our refreshed website to extend our reach and improve access to our published, live and upcoming audit work.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>During the reporting period, we continued the development of our refreshed website, building on the preparatory work completed in 2023-24. A key element of this work was the preparation of a live online version of our Forward programme of national studies, which provides summary information on individual studies once their plans are confirmed and an up-to-date position on the timetable for completion.</p> <p>We also piloted the use of interactive summaries of our main reports, starting with key corporate publications such as our Annual Plan, with a view to using this approach more widely in the longer term. Progress over the year has seen the development of templates and the platform to enable us to publish interactive documents.</p> <p>In addition, we worked with contractors to review our arrangements for preparing and designing audit reports, including the associated training arrangements for staff. This work included piloting the use of shorter audit reports for local government and monitoring the impact of the changes by gathering feedback from staff and councillors. The overall aim of this project is to make our reports shorter and easier to read, so that they better meet both our audience's needs and new quality requirements.</p> <p>Overall, the number of visits to our website where at least one action is performed, e.g., download a report, click on a video (KPI 9) significantly exceeded our target by increasing by over a third from 59,100 to 81,000. We had already committed to a more stretching target for this KPI in our Annual Plan for 2025-26, but considering year end performance, we intend to further review the target and publish any subsequent amendments in our upcoming Interim Report.</p> <p>By contrast, the number of social media engagements i.e. interactions with our posts such as a like, a comment, or a retweet/share (KPI 10) reduced from our target of 4,000 in 2023-24 to 3,500 in 2024-25. This decline in engagement on social media platforms has been experienced across the public sector and is primarily down to changes in the algorithms used by platforms such as X (Twitter) and Facebook who prioritise engagement on paid for content over organic (free) posts. We are addressing this by leveraging new formats such as bitesize video and animation while increasing the volume of content on alternative platforms such as LinkedIn.</p>

Priority	Progress made
<p>Increase access to and engagement with good practice and insights during and on completion of our audit work.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>Over the reporting period there was strong media coverage of the insights contained within several of our published reports. This included widespread coverage from the BBC, ITV, local media and specialist publications of our reports on Affordable Housing, Governance of Fire and Rescue Authorities, and Active Travel.</p> <p>We also held a good practice event in May 2024 entitled Audit Committees: effective practices and a positive impact which provided an opportunity to share audit learning and experiences among representatives from across the public sector in Wales.</p> <p>To increase visibility of key learning from our audit work, we are currently in the process of redeveloping the area of our website where we promote examples of good practice. This will include sharing insights in a way and format that is engaging for stakeholders through a series of blogs and videos.</p>



A culture and operating model that enables us to thrive

Priority	Progress made
<p>Develop and implement a three-year quality monitoring programme to support our whole organisation approach to managing the risk to audit quality.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>In June 2024, the ICAEW’s Quality Assurance Department, confirmed that they consider our approach to developing a quality monitoring programme to be appropriate given our size and scale.</p> <p>We are making significant progress to embed a new quality monitoring standard, and we are working across Audit Wales to enhance our risk management arrangements and ensuring a stronger focus on quality in our corporate risk registers.</p> <p>During 2025-26, we will be implementing our updated monitoring processes to further strengthen our quality management arrangements and have invested to provide additional resource to support this work.</p>
<p>Deliver a whole organisation workforce plan designed to better meet current, and plan for future, staffing needs.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>We launched a whole organisation Workforce Strategy in September 2024, which sets out a longer-term vision for securing and developing the necessary Audit Wales people resources, including skills and capabilities.</p> <p>In the first year of the Strategy, we focused on four priority areas:</p> <ul style="list-style-type: none"> • talent management and succession planning; • skills development; • addressing the audit backlog – recruitment, retention and capacity; and • organisational design, roles and resourcing. <p>We established a range of performance measures to determine whether the business planning actions which flow from the Strategy are delivering as intended. These measures are monitored regularly by our Executive Leadership Team, and the Board’s Remuneration and HR Committee, and show that we have made good progress over the past six months. We are now developing our business planning actions for 2025-26 which will focus on managing our workload and establishment following the clearance of the backlog, our audit horizons programme including the need to strengthen digital skills, and succession planning.</p>

Priority	Progress made
Further invest in our trainee and apprenticeship schemes to strengthen the field of candidates and provide better coverage of performance audit work.	<p data-bbox="411 360 671 398">Status: Complete</p> <p data-bbox="411 416 624 454">Commentary:</p> <p data-bbox="411 472 1473 712">During the reporting period we ran an extensive recruitment campaign for the latest round of graduate trainee and apprentice intake and received an excellent level of interest. We successfully appointed the desired number of candidates. We continue to explore ways through which we can further increase the number of applications we receive from candidates from more disadvantaged communities.</p> <p data-bbox="411 730 1473 1003">We also developed and rolled out the performance audit skills element of training for trainees, which is supplemented by practical work experience. Feedback from the first cohort has been very positive and we will be building on this throughout the remainder of their training contract. As well as providing trainees with a more rounded training experience, exposing our trainees to all areas of our work provides us with greater flexibility in our workforce planning which is a key organisational priority.</p> <p data-bbox="411 1021 1473 1216">During 2024-25, our trainees collectively achieved an 85% first-time pass rate in their Professional and Advanced level examinations with the Institute of Chartered Accountants in England and Wales (KPI 18). This was an improvement on the previous year (82%) but still below our target of at least 90%.</p>

Priority	Progress made
<p>Encourage greater in-person working within our hybrid working model, to ensure a productive, collaborative and engaging environment for the delivery of high-quality work.</p>	<p>Status: Complete</p> <p>Commentary:</p> <p>Our focus for this priority has been securing high-quality but cost-effective accommodation with input from staff to best meet their needs, to help encourage and support greater in-person working to realise the associated business and wellbeing benefits. We delivered the final part of our estates strategy following successful office moves in Cardiff and North Wales in 2023, and a move to a new office in West Wales in April 2025.</p> <p>Our corporate teams continued to work together regularly in our main Cardiff office, taking account of demand for their services as well as the needs of the respective teams. Within Audit Services, work continued to secure an appropriate mix of in-person and online working, with accounts audit staff typically working from the office 2-3 days a week whilst performance audit staff had regular scheduled in-person team meetings alongside in-person work for specific project and corporate activities.</p> <p>During the reporting period we also launched a fortnightly compressed hours pilot to support greater productivity through offering more flexibility within our hybrid working model. Further information is provided in Case study 6.</p> <p>Maintaining the conditions for great hybrid working continued to be a focus for our IT and Estate teams ensuring that equipment and systems are available, and we continue to respond to feedback from staff.</p>

Case study examples of impactful projects

54 In this section, we provide case study examples of the work we delivered during 2024-25 and the impact that work has had. Our case study examples are grouped together by their alignment with the areas of focus in our five-year strategy.



A strategic, dynamic and high-quality audit programme

Case study 1: Progress made on getting local accounts audit work back on track

We continue to have a keen focus on returning our accounts audit delivery timetable to more traditional timetables. The timetable for both preparation and audit of accounts slipped during, and immediately after, the pandemic.

That focus has included:

- taking a three-year view of the challenge and prioritising accordingly;
- detailed modelling of our staff supply and demand position to forecast and respond in an agile manner to resource fluctuations;
- active recruitment and retention measures to maintain our staff establishment in a very challenging labour market;
- over-recruiting to accelerate our audit programme; and
- working in partnership with our audited bodies, and other system leaders, to take a collaborative approach to a shared challenge: this has included workshops hosted by the Welsh Local Government Association (WLGA) for Council Treasurers, and for Chief Accountants.

We have made excellent progress in returning to traditional timetables in the NHS and central government sectors. All 2023-24 accounts in these sectors were received and audited on time, other than one instance where a significant audit matter arose.

The position across the local government sector was more mixed. Where accounts were available by the 30 June deadline, we provided audit certificates for all audits by the deadline of 30 November (other than one instance where we were awaiting further information). However, we received a number of draft accounts after the deadline, and in a small number of cases, draft accounts have yet to be received. We are working with these bodies to support them in 'getting back on track'.

Beyond the pandemic impact, and at the UK-level, there is a widespread recognition that there are significant issues with local government accounts that impede the preparation and audit of accounts in that sector. We are actively engaged with a range of partners to find lasting solutions to these issues.

Data analytics tools can enhance financial reporting and audit processes. However, those tools are wholly dependent on the quality of available data, which is highly variable across the Welsh public sector. We will be working with audited bodies to explore how the quality of that data might be enhanced so as to facilitate the use of data analytics.

We also plan to launch a series of ‘faster closing’ good practice events to support our audited bodies to enhance their reporting processes. The first of these is scheduled for December 2025.

Case study 2: Reporting on government leadership



Affordable housing

Our September 2024 report considered progress made towards the Welsh Government’s target of building 20,000 new low carbon social homes by March 2026. We noted that price inflation has hit the affordable housing programme hard and that the Welsh Government was facing difficult choices about its funding priorities and approach if it remains committed to meeting or getting close to the target.

We made recommendations about developing a longer-term approach to affordable beyond the period of the target – which received support at the time from Community Housing Cymru. But we also made recommendations around scenario planning for the funding needed for key schemes in the shorter term and to support transparency and scrutiny of progress against the target. The Senedd’s Local Government and Housing Committee referenced our work in its own report later that month on social housing supply.



Providing certainty and overcoming delivery constraints is crucial to unlock the existing barriers in place – so we support the report’s recommendations to develop a long-term approach to funding and delivering social housing

Community Housing Cymru



Active travel

Also in September 2024, we reported that, despite increased spending through its Active Travel Fund and a new, wide-ranging, delivery plan, the Welsh Government remains a long way from achieving the step change in active travel intended through the [Active Travel \(Wales\) Act 2013](#). Approaches to monitoring and evaluation did not go far enough to enable robust tracking of progress or an overall assessment of value for money. As noted in Case study 4, this work has supported further Senedd committee scrutiny.



Cancer services

Our January 2025 report focused on the overall strategic approach to improving the timeliness of diagnosis and treatment. We found that stronger and clearer national leadership is urgently needed, along with a greater focus on prevention. This in an environment in which many cancer patients are waiting too long for cancer diagnosis and treatment and cancer survival outcomes that, while improving, are still poor compared to other countries.

We highlighted a lack of clarity over the status of the national Cancer Improvement Plan for Wales that was launched in 2023. We also called for greater clarity over the respective roles of the Welsh Government and the NHS Executive in overseeing and supporting improvement. We received strong support for our findings and recommendations from the [Wales Cancer Alliance](#) who have since given evidence to the Senedd Public Accounts and Public Administration Committee as part of its further [inquiry work](#) on this topic.



Biodiversity

In February 2025, we reported on how the Welsh Government and other public authorities have responded to the Environment (Wales) Act 2016 that places an enhanced 'biodiversity and resilience of ecosystems duty' on them. We found that the nature emergency has not been a high enough priority for public authorities, and many have failed to comply with the duty's key planning and/or reporting requirements, including the Welsh Government itself in one respect.

We emphasised that the Welsh Government needs to do more to lead by example, support improvement, and take a more active interest in the application and impact of its own legislation and made recommendations to that effect. We also used our work to share lessons with the Welsh Government as it was considering further changes to environmental law.



A targeted and impactful approach to communications and influencing

Case study 3: Reporting on potential savings identified by our work

One of our business improvement priorities for the year was a greater focus on value for money through stronger financial and outcomes analysis in our performance audit work. Also relevant to this priority is our key performance indicator on the value of potential savings, productivity gains and other financial benefits identified through our work.



Community pharmacy data matching

In May 2024, we published the results from a community pharmacy data matching pilot project that covered two health boards. Although subject to various caveats, we had estimated that during the three years covered by the pilot, approximately £700,000 could have been saved by the NHS in Wales by reducing costs associated with items requiring special preparation by a registered manufacturer. Our work challenged the NHS to consider whether there is more that could be done to address variations in costs in this and other areas, as well as fraud risks.



The National Fraud Initiative

In October 2024, we reported on the most recent round of the biennial National Fraud Initiative (NFI). The exercise identified £7.1 million of reported fraud or error outcomes, most of which arose from local authority data matches relating to council tax, housing benefit, blue badges, housing waiting lists, and pensions.

The success of the NFI depends on how well participant bodies assess and review data matches and then record the outcomes. Some bodies are doing good work on this, but our review of data matching reports highlighted inconsistencies in local follow-up arrangements and some large variations in outcomes between similar participants. As the next NFI round rolls out, we are looking to increase our engagement with participating bodies to raise awareness, promote active participation, and understand better how bodies are assessing and reviewing matches.



Cancer services

In our January 2025 report, we set out some analysis of what impact a 10%, 20% and 38% reduction in cancer cases could have, based on 2022-23 activity levels. The potential annual financial savings from the reduction in bed days would be in the order of £8.2 million to £31.4 million. We noted that there could also be significant savings from reducing outpatient appointments and drugs costs. However, we recognised there would also be costs associated with activity to prevent cancer. We have counted the lower end figure from our range against our KPI.

Tackling delayed discharges from hospital

Our work on different aspects of urgent and emergency care is also identifying potential savings. Over the 21 months from April 2023 to December 2024, we estimate that delayed discharges from hospital have accounted for over 710,000 bed days which could have been put to better use. This equates to a cost of £355.3 million at an average of £16.9 million per month.

We have been preparing reports for each Regional Partnership Board region that highlight these costs and the potential to reduce them¹². We have not yet included a potential savings figure relating to this analysis against our KPI. We will do so once we finalise this analysis in a national summary output in 2025-26 but expect this will then help us reach and exceed our KPI target.

Case study 4: Greater engagement with Senedd subject committees

In November 2024, we discussed our work auditing community and town councils with the Local Government and Housing Committee as part of its [inquiry](#) into governance and accountability across the sector. We explained the approach we take in auditing councils' accounts and themes emerging from that work. In December 2025, we provided further information about the escalation process concerning the non-submission of accounts by councils and possible alternative models for the accounts and audit of councils. The Committee reflected on these matters in its [report](#) and recommended that the Welsh Government should work with the sector and the Auditor General to co-produce a new bespoke audit system.

Also in November 2024, we joined the Climate Change, Environment and Infrastructure Committee to provide a technical briefing about our September 2024 [report on active travel](#). The Committee drew on issues raised by our work to inform its general scrutiny of the Cabinet Secretary for Transport and North Wales that same month and its later scrutiny and [reporting](#) on the Welsh Government's draft budget for 2025-26. We have also been supporting the Public Accounts and Public Administration Committee's inquiry work on this topic.

During February and March 2025, we again provided input to support the work of the Local Government and Housing Committee, firstly as part of its [exploratory inquiry work](#) on digital in local government. Here, we drew on learning from a range of work, including our ['Digital by design?' report](#) on the sector in August 2024 and earlier work on cyber resilience and on digital inclusion. Later in February, we submitted detailed written evidence to support the Committee's [inquiry](#) on the role of local authorities in supporting hospital discharge. We also attended the Committee's stakeholder event in March to share further learning from our work in this area alongside representatives from other organisations.

Finally, in late March 2025, we were invited to meet with the Culture, Communications, Welsh Language Sport and International Relations Committee to share our thoughts around the topic of examining organisational governance and culture. We drew on learning from our work to inform how the Committee approaches possible future scrutiny of bodies within its remit.

12 Reports published by the end of March 2025 included those for [North Wales](#) and [Cardiff and Vale](#) regions.



A culture and operating model that enables us to thrive

Case study 5: Increased collaboration with overseas audit agencies

During the year we have renewed our focus on collaboration with overseas audit offices, which had reduced following the impact of the Covid pandemic, and the consequent reduction in international travel. This collaboration brings multiple benefits, including acquiring global insights, sharing best practices, and obtaining fresh perspectives for our work.

In April 2024, we participated in a study tour visit from the Sabah State Public Service Delegation. Sabah is one of the 13 federal states in Malaysia. Our staff gave presentations to the party about the work of Audit Wales, the financial and wider challenges for Welsh public services, and the Well-being of Future Generations (Wales) Act 2015.

In September 2024, the Auditor General, Adrian Crompton, and our Wellbeing of Future Generations (WFG) manager, Catryn Holzinger, participated in the [CEF-CIPFA Conference 2024](#) in Ljubljana, Slovenia. Adrian gave a keynote speech to this major regional and European event, and Catryn facilitated a workshop and participated in a panel discussion with a range of other subject-matter experts. This was a fantastic opportunity to share insights from our WFG work with an international audience.

In January 2025, we hosted a delegation from the Republic of Kosovo National Audit Office, which included the Auditor General, Vlora Spanca, and her senior staff. This was an opportunity to learn more about our respective offices and our work, which included presentations and subsequent discussions on real-term audit, and digital audit.

In January 2025, Adrian joined the clerking team of the Senedd Public Accounts and Public Administration Committee and others from the Senedd Commission to support a visit from a delegation from the Iraqi Parliament. The delegation was visiting to strengthen financial oversight, and build stronger working relationships with other bodies, including representatives from UK Parliament and the UK National Audit Office.

Case study 6: Compressed hours pilot

As part of 2023 pay discussions, our recognised Trade Unions proposed that Audit Wales should consider implementing compressed working across the workforce, whereby employees could compress up to 10% of their contracted hours over a two-week period.

The proposal was made in the context of high levels of inflation, and was seen as a no cost benefit that might support greater productivity and promote equality, diversity and inclusion, through providing additional flexibility for staff and enabling a better work life balance. Alongside the potential benefits, it was acknowledged that there were also potential risks, particularly in terms of impacts on staff productivity, realised income and the seamless delivery of the audit service.

We agreed to pilot compressed hours working for a period of at least 12 months, to assess impact through a whole audit delivery cycle. Progress was reviewed every three months, with the option to end the pilot if it was not delivering the intended benefits, or if any of the potential risks crystallised. A balanced scorecard of measures was developed to fully assess the impact of compressed hours working, covering financial, employee, organisational and stakeholder perspectives. In addition, we surveyed staff who opted to take part in, as well as to not take part in, the pilot each quarter to assess its impact.

The opportunity to participate in the pilot has been extended to all staff, and so far, around 30% have opted to take part. We completed the third quarterly review in April 2025 and the feedback has been overwhelmingly positive. There has been no evidence of adverse impacts on audit delivery, and staff taking part in the pilot have noted a positive impact on their work life balance and wellbeing.

Summary of our use of resources in the reporting period

- 55 We are fully committed to embedding the sustainable development principle¹³ in the way we run our business, and in the way we resource our audit work. In this section we provide some high-level commentary on how we managed our use of resources during 2024-25.
- 56 While neither the Auditor General nor the Wales Audit Office are listed public bodies for the purposes of the Well-being of Future Generations (Wales) Act 2015, we nonetheless seek to maximise our contribution to achieving the [Welsh well-being goals](#).

Delivering sound financial management and efficiencies

Sources of funding

- 57 The key priorities for our use of resources in 2024-25 were laid out in an [Estimate and Supporting Information](#), which was considered and approved by the Senedd Finance Committee in November 2023.
- 58 Approximately two-thirds of our funding in 2024-25 was expected to come from fees charged to audited bodies in accordance with a [Fee Scheme](#) approved by the Senedd. Most of the remainder comprised approved financing from the Welsh Consolidated Fund, our use of which was subject to scrutiny from the Board at regular intervals during the year.
- 59 As we worked hard to deliver against our target to address the post-Covid audit backlog, we significantly exceeded our expected fee income delivery with excess income of £961,000 being reported in our Statement of Resource Outturn on page 93.

Our Expenditure

- 60 As set out in the Statement of Resource Outturn and accompanying notes, our total budget for 2024-25 was £26.9m of which £22.3m (83%) was due to be spent on staff costs, £4.2m (15%) on other operating costs such as our office accommodation, ICT provision, staff training and travel with the balance of £310k (2%) being allocated for capital investment in our office accommodation and ICT equipment.
- 61 In 2024-25 we underspent this budget by £864,000 which represented 3.2% of our gross expenditure budget. Our KPI target is for a variance of 2% and hence this target was not met for the year.

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

- 62 The main reason for this was a significant (£1.1m) underspend in staff costs due to vacancies in the first half of the financial year. As the majority of these vacancies were in non-fee earning and trainee roles we were still able to achieve our ambition to reduce the backlog of audit work which resulted in the excess fee income discussed above.
- 63 We invested £303,000 of capital funding including in the following areas:
- £152,000 for improvements to our office accommodation including set up costs for the new West Wales office and confidentiality improvements at Llandudno Junction;
 - £84,000 on new laptops and peripheral equipment in line with our rolling replacement programme; and
 - £45,000 to upgrade our finance system moving it to a fully cloud-based solution for improve cyber security.

Effective use of resources

- 64 In line with our strategic vision to be a model organisation, we continue to explore areas for savings and efficiencies across Audit Wales. In 2024-25, we achieved our £400,000 non-pay cost savings target for the year (KPI 16) and utilised some of the savings from staff vacancies to invest in our priority areas including staff well-being, our impact and our use of data.
- 65 We continue to deliver annual recurring savings of over £200,000 from our recent office moves in Cardiff and North Wales. In 2025-26 we will realise further savings following a West Wales office move in April 2025.

Our assets and liabilities

- 66 Our assets and liabilities are set out in the Statement of Financial Position in the Financial Statements. This shows that our net assets reduced by just over £200,000 in 2024-25. The change in net asset value was driven by:
- a reduction of just under £1m in the value of trade receivables (debtors) and work in progress (ie audit work which has been delivered but not yet billed). The most significant reduction is in our debtors as we worked hard in the year to chase unpaid amounts.
 - a reduction of £1.2m in deferred income (fees that have been billed where the work has yet to be delivered) as we address the backlog of audit work.

Resources for future years

- 67 The Senedd Finance Committee approved our [Estimate for 2025-26](#) in November 2024 which increased our total resources by 5.4% for the year. This will be funded by a 6.5% increase in the amount of fee income that we are expected to deliver along with a 3.5% increase in funding from the Welsh Consolidated Fund.
- 68 These resources will be used to meet the ambitions set out in our [Annual Plan for 2025-26](#) including our plans to continue to address the backlog of audit work.

Ensuring effective staff engagement

- 69 During the year we used a variety of media and communications channels to engage with our employees, providing essential updates and information on accessing resources and support, and gathering feedback on their experiences.
- 70 Each year, all staff are required to complete an annual independence return, through which they agree to abide by the requirements of our Code of Conduct, [Code of Audit Practice](#) and Information Security Policy. As part of this process, attention is drawn to a range of relevant documents, including our Money Laundering Guidance and Counter Fraud, Bribery and Corruption Strategy.
- 71 In October 2024, we ran an all-staff engagement survey to keep our finger on the pulse of the employee experience and identify where we need to improve. 80% of staff completed the questionnaire, which covered a range of themes, from the leadership and culture of the organisation through to how individual teams function.
- 72 A [summary of the results of our survey](#) has been published on our website. We were proud to see our overall engagement index score (KPI 12) rise from 64% to 71%, substantially higher than the Civil Service benchmark. Percent positive scores improved in year across most of the thematic areas covered by the survey. However, staff also provided feedback on several areas where there is scope for further improvement, which has been used to inform our business planning for 2025-26.

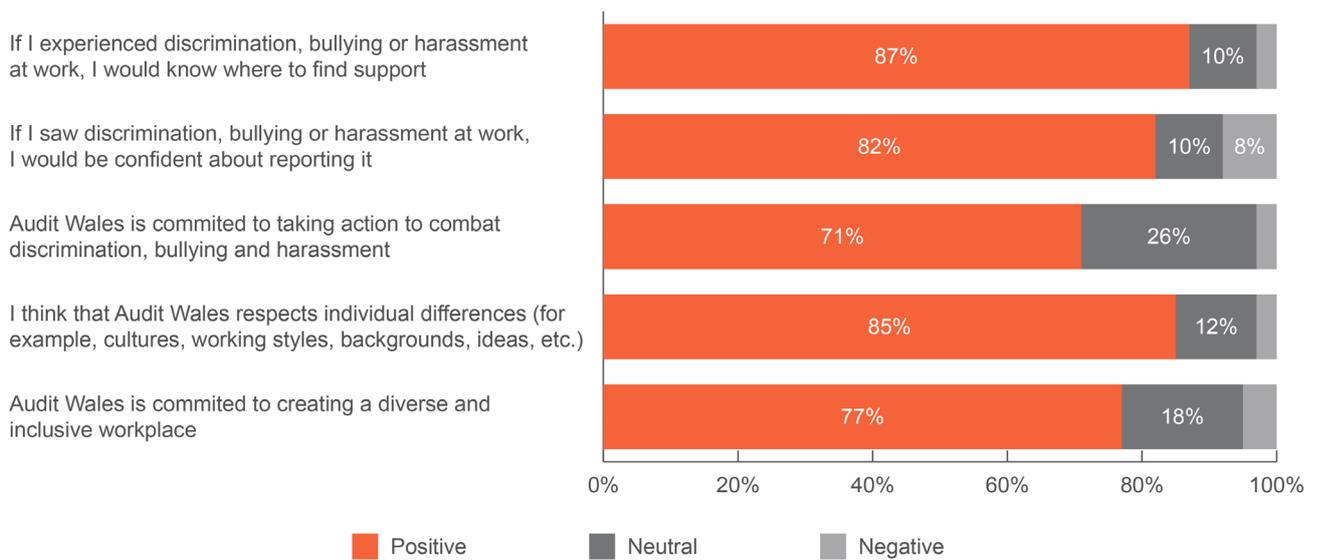
Promoting health and well-being

- 73 We encourage a healthy lifestyle and a good work-life balance amongst our staff. We also want our staff to feel valued and fully supported when they are experiencing difficulties, irrespective of whether there is an impact on their ability to undertake their role.
- 74 Our comprehensive well-being and attendance management policies and guidance ensure any staff health and well-being issues are proactively and sensitively identified and managed. The proportion of total time lost due to sickness absence (KPI 14) remained within our target of less than 4%. More information on our sickness absence data for the reporting period is provided in the Staff Report section.
- 75 Throughout 2024-25, our network of mental health first aiders and well-being champions were on hand to talk to staff, alongside our 24/7 employee assistance programme offering staff access to confidential counselling and emotional support when needed. We also communicated initiatives to encourage good health and well-being at work. These included:
- a Know Your Numbers health checks offered to all staff
 - b Flu jabs for all staff
 - c Wellbeing blogs, articles and lunch and learns
 - d Gym memberships via our benefits app
 - e A Cycle to Work scheme
 - f Eye test reimbursements

Valuing equality, diversity and inclusion

- 76 The Auditor General is in a strong position to identify opportunities for helping to promote equality and inclusion in the delivery of public services. In reporting on public bodies, he is able to encourage beneficial changes.
- 77 The Wales Audit Office is committed to providing a work environment that values the diversity of all people, both our own staff and those with whom we come into contact during our work. We fully support the rights of people to be treated with dignity and respect.

- 78 At Audit Wales, we are required to follow the framework of protection against discrimination, harassment and victimisation and the public sector equality duties brought in by the Equality Act 2010. We are also mindful of the need to reduce the inequalities of outcome that result from socio-economic disadvantage and have a responsibility to uphold the conventions set out in the Human Rights Act 1998.
- 79 We have an established staff group, Pawb, which helps ensure effective engagement with employees representing the interests of protected groups. Pawb members act as equality and diversity champions who are available for staff to raise concerns and share ideas on how our policies and practices can be improved.
- 80 Our [Strategic Equality Plan for 2022-2026](#) sets out our current equality objectives, which were developed following public consultation. Throughout 2024-25, a range of activities were carried out in support of achieving these objectives. In 2025-26, we will carry out a review of these objectives, followed by an external consultation on any proposed revisions to our equality objectives for the period 2026-2030.
- 81 Our latest [Equality Report](#) summarises progress made towards delivering our equality objectives in 2023-24 and is accompanied by an interactive data tool presenting our workforce diversity and pay gaps data. We will publish our progress report for 2024-25 later in 2025.
- 82 A summary of responses from employees in October 2024 to staff survey statements that relate to equality is provided below.



Promoting use of the Welsh language

- 83 We take pride in providing a bilingual audit service and are committed to implementing and maintaining the Welsh Language Standards, which we see as a baseline level of a bilingual service, not a target. Our public documents are available in both Welsh and English, we have a fully bilingual website, and throughout 2024-25 we communicated with the public, audited bodies, and the media in both languages.
- 84 Within our apprentice and graduate recruitment campaigns, and for all other campaigns recruiting for three or more positions, we have a commitment that at least 20% of our posts will be advertised as Welsh essential.
- 85 During 2024-25 we ran several initiatives to promote the Welsh language, both internally and with partners. We continue to promote and support days celebrating Welsh internally to staff, including but not limited to Dydd Miwsig Cymru and Diwrnod Shwmae the Welsh Language Commissioner's Defnyddia dy Gymraeg. We continue to encourage staff to use and develop their Welsh language skills and support them on their journey.
- 86 Our [Compliance Notices](#) can be found on our website and in September 2024 we published our latest annual [Welsh Language Report](#).

Supporting community and charity work

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

Minimising our environmental impact

- 90 Audit Wales recognises the need to minimise our impact on the environment and play our part in addressing the threat of climate change and the threats posed to wildlife and natural habitats by human activities.
- 91 In 2024-25, we maintained our accreditation at Level 5 (the highest level) of the [Green Dragon Environmental Standard](#), demonstrating our ongoing commitment to effective environmental management. The most recent Green Dragon external audit was completed in June 2024.
- 92 We have published an [interactive data tool](#) which allows the reader to explore how we have performed over the last few years against our environmental sustainability measures on greenhouse gas emissions, finite resource consumption, and waste management. The preparation of this tool has been informed by the latest HM Treasury [guidance for public bodies on sustainability reporting](#) and the [Welsh public sector net zero reporting guide](#).
- 93 Overall, our total CO₂ equivalent emissions (KPI 17) increased from 280 tonnes in 2023-24 to 370 tonnes in 2024-25. This was mainly due to increased levels of staff attendance at our offices and audited body sites, as part of our work on moving to an optimum hybrid working model with an appropriate mix of in-person and online working,
- 94 Throughout the reporting period, with input from an internal Carbon Reduction Working Group and external networking, we continued our planning work for how we will contribute to achieving [Wales's longer-term net zero carbon goals](#). This included refining our reporting processes, publishing a new Sustainable Travel Plan, and developing an overarching Carbon Reduction Plan.
- 95 In addition, we are committed to seeking to maintain and enhance biodiversity so far as is consistent with our functions. In August 2023, we published a Biodiversity and Resilience of Ecosystems Plan for the period 2023-2027, which sets out four specific objectives to help us better perform the Environment (Wales) Act 2016 [Biodiversity and Resilience of Ecosystems Duty](#). Throughout 2024-25, a range of activities were carried out in support of achieving these objectives. We will publish our fourth report on compliance with the Duty in December 2025, covering the period 1 January 2023 to 31 December 2025.
- 96 The sections below provide more detail on progress we have made over the last year in reducing our environmental impact in key areas.

Business travel

- 97 Audit Wales operates a hybrid working model where staff are encouraged to:
- a make informed decisions about where they work, choosing the most suitable work environment to deliver successful outcomes, putting team and delivery needs first; and
 - b balance the benefits of collaboration in the office with the flexibility of working from home.
- 98 This adoption of smarter and more flexible ways of working, supported by our IT and digital platforms, reduces the need for staff to travel and our overall environmental footprint. This includes through our recently introduced compressed hours pilot (see Case study 6).
- 99 However, some business travel remains essential for us to effectively perform our audit and other functions. In 2024-25, Audit Wales staff attended our offices and audited body sites more regularly than previously in the post-COVID period, which has impacted on progress towards meeting our KPI target of a 40% reduction in CO₂ equivalent emissions from a pre-COVID baseline (currently at 35% reduction). Our Sustainable Travel Plan and Travel and Expenses Handbook continue to help us reduce the environmental and financial impacts of business travel and commuting and encourage greater levels of physical activity for health and wellbeing benefits.
- 100 Throughout the reporting period, all staff were offered participation in a cycle-to-work scheme and a salary sacrifice lease scheme to encourage take-up of electric and hybrid vehicles, alongside being signposted to other incentives and resources to promote active travel. All of our office locations now have EV charging stations, cycle facilities and showers to promote active travel.

Our sustainable business travel principles



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



The minimum number of employees needed should travel



Public transport should be used where possible



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



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

Estate

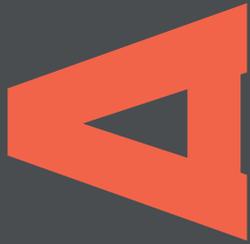
101 Over the previous two years we have relocated all three of our offices into smaller more modern premises with significantly improved environmental performance:

- in March 2023, we relocated our Cardiff headquarters to smaller premises within close proximity to two main train stations and traffic-free cycle and walking routes;
- in September 2023, we relocated our North Wales office into smaller shared premises, also with an improved environmental footprint and facilities; and
- in March 2024, we finished setup of our latest office in West Wales, into smaller more efficient premises, with the move taking place April 2025.

- 102 The impact of these moves can be seen through a 58% reduction in carbon emissions attributed to energy use and use of natural resources across our estate compared to 2022-23. In all our estate relocations, we also opted to reuse all our surplus furniture and equipment rather than entering it into the waste stream. Items were donated to over 15 charity, community-run and public sector organisations supporting the local community.
- 103 In April 2024, the Welsh Government introduced new regulations requiring all workplaces to separate recyclable materials. New recycling bins were located in our offices to capture the required separate waste streams and further improve our processes for collecting and separating waste.
- 104 Throughout the reporting period, we have proactively used reuse schemes to reduce our consumption of finite resources, and the proportion of our waste sent to landfill. Our use of consumer single use plastics is also very low, and for many deliveries in 2024-25 we opted out of packaging altogether.
- 105 All our staff use laptops and smart phones which reduce the need for the printing of meeting papers.

Procurement

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



Accountability Report

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

Adrian Crompton
Auditor General for Wales and Accounting Officer

26 June 2025

02

Corporate governance report

Directors' report

Our Board



Adrian Crompton
Auditor General
for Wales



Alison Gerrard
Non-executive
member



Anne Beegan
Elected employee
member



Chris Bolton
Elected employee
member



Darren Griffiths
Appointed
employee member



David Francis
Non-executive
member



Dr Ian Rees
Non-executive
Chair of the Board



Mike Norman
Non-executive
member



Richard Thurston
Non-executive
member

Our Executive Leadership Team



Adrian Crompton
Auditor General
for Wales and
Chief Executive



Anne-Louise Clark
Executive Director
of Communications
and Change



Ann-Marie Harkin
Executive Director
of Audit Services



Kevin Thomas
Executive Director of
Corporate Services

108 The exhibits in this section show the composition of the Board and Executive Leadership Team (ELT) as of 31 March 2025. For the full list of individuals that have been members of the Board and its committees over the course of 2024-25, please see the Attendance Table in the Governance Statement.

Register of interests

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

Auditor of the Wales Audit Office

110 RSM UK Audit LLP have been appointed as the external auditor of the Wales Audit Office by the Senedd Finance Committee since 1 March 2015, most recently for a period of 48 months commencing 1 November 2022.

111 In addition to their work to form an opinion on the financial statements and regularity, the auditor may carry out examinations into the economy, efficiency, and effectiveness with which the Auditor General or Wales Audit Office has used resources in discharging their functions and lay a report of the results of any such examinations before the Senedd.

112 Details of the cost of external audit services are disclosed in the Notes to the financial statements.

Statement of Accounting Officer's responsibilities

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

Governance Statement

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

Corporate governance

The governance framework

- 120 The governance framework of the Wales Audit Office, including information on the coverage of the Board's work and that of its committees, is summarised in the exhibit overleaf.
- 121 Our Board of nine members comprises a majority of five non-executive members (including the Chair), the Auditor General, an employee member appointed on the Auditor General's recommendation and two elected employee members. The Board meets formally at least six times a year.
- 122 There is a Senior Independent Director whose responsibilities include: deputising for the Chair when they are unable to act; appraising the performance of the Chair; receiving disclosures from whistle-blowers outside the normal line management chain; and overseeing the election of employee members to the Board.
- 123 The relationship between the Wales Audit Office and the Auditor General is governed by a Code of Practice which is approved by the Senedd and reviewed periodically.
- 124 The Board has established two committees which operate in an advisory capacity.

- 125 The Audit and Risk Assurance Committee comprises three non-executive Board members, an employee Board member and an independent external member.
- 126 The Remuneration and HR Committee comprises three non-executive members of the Board and two employee Board members.
- 127 Following a review of governance documents in July 2024, changes were made to the membership of both committees to ensure quorum rules can be consistently applied.
- 128 The employee Board members are not members of the Executive Leadership Team nor involved in senior-level decision-making other than in a Board capacity. The Board is satisfied that there are no conflicts of interest in their committee membership and that, where conflicts arise, they are managed and mitigated effectively.
- 129 I chair an Executive Leadership Team (ELT) to direct, oversee and monitor the implementation of the priorities set out in our Annual Plan. It meets at least once a month and comprises myself and three Executive Directors. Members of a Staff Panel also attend ELT meetings on a rotational basis to bring an employee perspective to the discussions.
- 130 The Board and its committees are supported by a Board Secretary. The Board has a forward programme of business that helps inform agendas and is designed to ensure that business is conducted as efficiently and effectively as possible.
- 131 Further information on membership of the Board and ELT can be found in the Directors' Report.

Finance Committee of the Senedd

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



Wales Audit Office Board

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



Remuneration and HR Committee

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

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



Audit and Risk Assurance Committee

Advises the Board by:

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



Executive Leadership Team

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



Attendance at Board and Committee meetings 2024-25

Table showing the number of Board and committee meetings held in 2024-25 and attendance by members (and attendance by members of the ELT who are not Board members).

	Board ¹⁴	ARAC	RHRC	ELT
Number of meetings held	9	5	5	21
Members of the Board and its committees				
Adrian Crompton, Auditor General and Chief Executive ¹⁵	8	5	4	19
Alison Gerrard, Non-executive member and Chair of the Remuneration and HR Committee (RHRC)	9		5	
Andrew Clark, former Independent member of the Audit and Risk Assurance Committee (ARAC) ¹⁶		1		
Anne Beegan, Elected employee member	6	5		
Chris Bolton, Elected employee member ¹⁷	8		3	
Darren Griffiths, Appointed employee member ¹⁸	7		4	
David Francis, Non-executive member, Senior Independent Director and Chair of ARAC ¹⁹	9	5		
Elinor Gwynn, former Non-executive member ²⁰	2		1	
Dr Ian Rees, Non-executive member and Chair of the Board ²¹	8	3	4	

14 On 4-5 December 2024, the Board and ELT also held a development workshop to consider the outcomes of the annual staff survey, the outcomes of the Board's self-assessment of its effectiveness and horizon scanning with a focus on digital developments.

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

16 Andrew Clark's term of office as Independent Member of ARAC ended on 30 June 2024.

17 Chris Bolton attended one RHRC meeting as an observer in his capacity as an elected employee member of the Board. For the remaining RHRC meetings, following a change in membership on 31 July 2024, he attended as a committee member.

18 Darren Griffiths did not attend one meeting on the request of the Chair in accordance with the Board's Terms of Reference so as to ensure that the meeting was quorate, with a majority of non-executive members present.

19 David Francis took on the role of Chair of ARAC on 13 June 2024, having previously attended meetings as a committee member.

20 Elinor Gwynn's term of office as a non-executive member ended on 31 May 2024.

21 Ian Rees was appointed by the Senedd as Chair of the Wales Audit Office Board for a period of four years from 12 June 2024. Previously, Ian had been appointed as a non-executive member of the Board from 17 October 2020 and had performed the role of Chair of ARAC until his appointment as Chair of the Board. Following his appointment as Chair of the Board Ian attended ARAC meetings as a committee member. Following revision of the RHRC Terms of Reference to increase its membership, Ian attended RHRC meetings from 13 June 2024 as a committee member.

	Board ¹⁴	ARAC	RHRC	ELT
Members of the Board and its committees				
Dr Kathryn Chamberlain, former Non-executive member and Chair of the Board ²²	1			
Mike Norman, Non-executive member ²³	7	5	1	1
Owen Purcell, Independent member of ARAC ²⁴	1	3		
Richard Thurston, Non-executive member ²⁵	7	2	3	
Members of the Executive Leadership Team (who are not Board members)²⁶				
Anne-Louise Clark	6	3		18
Ann-Marie Harkin	7	3		18
Kevin Thomas	7	5	5	20

22 Kathryn Chamberlain was appointed by the Senedd as Chair of the Wales Audit Office Board for a period of four years from 16 March 2023. On 15 April 2024, the Senedd Finance Committee informed her that it considered her disqualified from being a member and chair of the Board, with effect from 1 January 2024. This was by virtue of her holding another role which the Committee considered to be a disqualifying office under paragraph 26 of Schedule 1 to the Public Audit (Wales) Act 2013.

23 Mike Norman was appointed by the Senedd as a non-executive member of the Board on 01 June 2024. He attended two ARAC meetings, one RHRC meeting and one ELT meeting as an observer in his capacity as a non-executive member of the Board. For the remaining ARAC meetings, following a change to its Terms of Reference to increase its membership on 30 July 2024, he attended as a committee member.

24 Owen Purcell was appointed as Independent Member of ARAC on 01 September 2024. He attended one Board meeting as an observer.

25 Richard Thurston was appointed by the Senedd as a non-executive member of the Board on 01 June 2024. Following a change in membership on 30 July 2024, he attended RHRC meetings as a committee member. Richard also attended one ARAC meeting as a member, substituting for Ian Rees, and one ARAC meeting as an observer.

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

Account of corporate governance

- 132 The Board receives assurance that its objectives are being met through:
- a internal management reports, performance reports and topical briefings;
 - b independent internal reports, including internal audit reports and the reports of the Audit and Risk Assurance Committee and the Remuneration and HR Committee; and
 - c external audit reports.
- 133 The Board is satisfied that the level of assurance sought and provided is proportionate to the associated levels of assessed risk. The Board is also satisfied with the quality of the information it receives, which is underpinned by data presented in a recently developed Management Information Dashboard, although it considers that there is scope to improve the focus and format of some elements of financial reporting. Non-executive Board members and Executive Directors meet regularly to ensure that the work of the Board, its Committees and the ELT are aligned.
- 134 The Board has a Code of Conduct under which the Board Secretary maintains members' registers of interests which are reviewed annually and updated during the year to capture any changes notified by members.
- 135 The Chair of the Board and the chairs of its committees have a right of access, and can report any matters of concern, directly to the Chair of the [Senedd Finance Committee](#).
- 136 The Head of Internal Audit and the External Auditor have open and confidential access to the Chair of the Audit and Risk Assurance Committee. In addition, the Committee holds a private session with the internal and external auditors before each committee meeting.
- 137 On a voluntary basis, the Wales Audit Office assesses its arrangements against the requirements of the [Code of Good Practice for Corporate Governance in central government departments](#). The Board is satisfied that it complies with those requirements insofar as they are relevant and practical given the need to preserve the Auditor General's independence. The arrangements do not comply with all of the Code's requirements because:
- a the Wales Audit Office is not a ministerial department, nor does it report to or receive instructions from ministers or their officials; and
 - b the role and responsibilities of the Board and its membership are set in statute.

- 138 In addition, the Board has not established a nominations committee, but the functions described in the Code are undertaken by the Board and the Remuneration and HR Committee.

Board performance and effectiveness review

- 139 In 2024-25, the Board conducted a self-assessment of its effectiveness in line with good practice set out in the Corporate Governance Code. The Board considered the results in December 2024. The assessment concluded that, overall, the Board was operating effectively with some areas for improvement identified. The Board developed an action plan to address the key areas identified for improvement and agreed to commission an independent evaluation of its effectiveness in 2025-26.
- 140 As part of their annual reporting requirements, the Board committees each complete a self-assessment of their effectiveness. The Audit and Risk Assurance Committee assesses itself against the good practice principles described in HM Treasury's [Audit Committee Handbook](#). The Remuneration and HR Committee has adapted that assessment to ensure that it is relevant and proportionate to its situation. The Board is satisfied with the robustness of the assessments and content that there are no matters of concern.
- 141 The Board has in place a process for conducting members' performance appraisals operating on a 12 to 18-month cycle. They were last completed in October 2024.
- 142 The Board has a learning and development plan which is updated annually. The plan sets out the arrangements for induction training and for meeting ongoing learning and development needs identified during the year, including those identified through the self-assessment and performance appraisal processes.

Report of the Audit and Risk Assurance Committee

- 143 The Audit and Risk Assurance Committee presented its annual report to the Board and Accounting Officer in June 2025, summarising its conclusions from the work it had undertaken during 2024-25.
- 144 The Committee provided assurance that:
- a financial reporting is consistent with the requirements of the Government's Financial Reporting Manual and reports are prepared in accordance with appropriate accounting policies;
 - b the risk assessment and risk management arrangements appear to be robust and operating effectively within a clear internal control framework;
 - c arrangements for identifying and reporting wrongdoing such as fraud, bribery, corruption and money laundering are robust and in line with good practice;
 - d the WAO's counter-fraud arrangements are robust, policies and guidance are up to date and fraud risks are recorded within the WAO's risk and assurance framework and are subject to regular scrutiny; and
 - e the WAO's practical cyber security arrangements are robust, and further assurance has been provided through external accreditation with Cyber Essentials Plus in early 2025.
- 145 The Committee appreciated the support and open and honest engagement it has received from management and from the internal and external auditors during the reporting period.
- 146 The Committee continued to review the performance of the internal and external auditors over the course of the year, and is satisfied that the self-assessment review of its own effectiveness carried out in Spring 2025 has revealed no significant areas of concern.

Report of the Remuneration and HR Committee

- 147 In 2024-25, the Committee scrutinised a broad range of issues in alignment with its terms of reference. These included:
- a reviewing and monitoring performance management systems and processes;
 - b considering and recommending a pay strategy;
 - c reviewing the development of the Strategic Workforce Plan²⁷ and the delivery of year one priorities;
 - d monitoring the implementation of the compressed hours pilot which was introduced to offering greater flexibility in working arrangements;
 - e conducting reviews of key policies and processes relating to pay, probation and capability, and dignity and respect; and
 - f reviewing the approach for meeting the requirements of the new sexual harassment preventative duty introduced under the Equality Act 2010.
- 148 The Committee appreciated that management had openly engaged with the Committee and responded positively to the Committee's feedback and suggestions.
- 149 Overall, the Committee reported that it is satisfied that the Wales Audit Office's remuneration and HR arrangements:
- a support the Board's strategic aims;
 - b enable the efficient, effective, and economic conduct of business including the recruitment, motivation, and retention of staff; and
 - c comply with regulatory requirements, including ensuring that the disclosures in the annual Remuneration Report are in accordance with legal requirements.
- 150 The Committee is satisfied that the self-assessment review of its effectiveness carried out in Spring 2025 has revealed no significant areas of concern.

²⁷ The Strategic Workforce Plan has replaced the People and Organisational Development Strategy as the Wales Audit Office People Strategy

Internal Auditor's report

- 151 Following a tender exercise conducted under the Crown Commercial Services Audit and Assurance Services agreement, TIAA were appointed as the internal auditors of the Wales Audit Office for a three-year period ending June 2026.
- 152 The Head of Internal Audit prepared an internal audit strategy and plan for 2024-25 which was considered by the Audit and Risk Assurance Committee at its meeting on 28 February 2024.
- 153 During the reporting period, nine internal audit reports were issued. The Head of Internal Audit maintained a tracker to follow up on audit recommendations and agreed actions.
- 154 In the annual statement of assurance for 2024-25, the Head of Internal Audit reported that:
- 'TIAA is satisfied that, for the areas reviewed during the year, Audit Wales has reasonable and effective risk management, control and governance processes in place. This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Audit Wales from its various sources of assurance.'

Table listing the internal audit reviews carried out in 2024-25 and providing the overall assessment and a summary of key findings

Internal audit review	Date of issue	Overall assessment	Key findings
Corporate Governance – Strategic Control	August 2024	Substantial assurance	<p>Audit Wales has effective governance arrangements in place for the strategic control of the organisation.</p> <p>Audit Wales has an organisational Strategy 2022-27 in place supported by an Annual Plan which is monitored regularly by the Board.</p> <p>Board governance documents are reviewed annually, although the Code of Conduct for Board Members is currently overdue a review.</p>
Proactive Counter-Fraud Arrangements - Overtime	December 2024	Substantial assurance	<p>Appropriate controls were found to be in place on the management of the overtime pilot scheme.</p> <p>Testing confirmed that overtime was approved in accordance with the procedures.</p> <p>The paid overtime limit was restricted to 5 hours on top of the 35-hour week to support employee wellbeing.</p>
ICT Infrastructure	December 2024	Reasonable assurance	<p>No fundamental control issues were identified.</p>
Key Financial Controls – Payroll, Expenses and Fixed Assets	December 2024	Substantial assurance	<p>A Financial Management Handbook provides guidance to staff on the management of financial resources, including payroll, expenses and fixed assets. The Handbook is subject to annual review. Appropriate controls are in place over payroll, expenses and fixed assets.</p> <p>Compliance testing for starters, leavers, promotions, expense claims, fixed asset additions and disposals was completed with no exceptions noted. Appropriate monitoring and reporting processes are in place with monthly reporting to the ELT and quarterly reporting to the Board.</p> <p>Implementation of a new onboarding portal has improved efficiency and reduced the risk of manual input error for payroll.</p>

Internal audit review	Date of issue	Overall assessment	Key findings
Learning and Development	February 2025	Reasonable assurance	<p>Key strategy and policy documents are in place, including a comprehensive Learning & Development (L&D) Policy. The quarterly HR update to the Executive Team provides extensive information and insight in respect of L&D at Audit Wales.</p> <p>There is scope for enhancing the interface between the Audit Development and Guidance and HR Teams.</p>
Post TRM Implementation Review	February 2025	Substantial assurance	<p>A new Time and Resource Management (TRM) system has been implemented at Audit Wales. Discussions with staff noted a perception that the original scope prepared in 2020 may not have been as fully researched as desirable, but this was rectified during delivery. The project has now reached closure stage with the objectives achieved and full functionality in place.</p> <p>The post-project implementation phase reviewed during the audit followed good practice.</p>
Staff Performance Management	April 2025	Advisory	<p>An established process is in place for staff performance management, formally documented through policies and procedures.</p> <p>The Your Performance Toolkit is a comprehensive document which includes a range of guidance and resources for both individuals and managers to improve their own as well as their team's performance.</p> <p>A pilot is ongoing with a view of improving how conversations held are being recorded. Once live, the new approach will need to be embedded across the organisation within a short timescale to ensure that the current issues within the staff performance management systems are addressed.</p>

Internal audit review	Date of issue	Overall assessment	Key findings
Staff Manager Responsibilities	April 2025	Reasonable assurance	<p>Executive Leadership Team and Remuneration and HR Committee are updated on key developments within the business in respect of manager development sessions and any feedback received.</p> <p>A formal training programme is being established for newly appointed line managers to ensure awareness of and consistent approach to the expectations of staff management as they transition into their new role.</p> <p>More emphasis on assessment of manager capability has recently been incorporated into the recruitment and selection process.</p>
Usage of Microsoft Copilot	May 2025	Reasonable assurance	<p>Audit Wales are at the beginning of their Artificial Intelligence (AI) journey, which means that certain aspects of their required processes have yet to be implemented. However, early observations indicate the potential for a well-managed Generative AI usage infrastructure. We have raised some recommendations to help with the next steps.</p>

Risk management

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

Risk appetite

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

Risk control framework

- 157 The Board has oversight of risk management at Audit Wales. The Board is supported by the Audit and Risk Assurance Committee, whose responsibilities include reviewing and advising the Board on:
- a risk strategy, including the approach to setting risk appetite;
 - b the overall risk assessment processes that inform executive decision making; and
 - c management's responsiveness to risk assessment.
- 158 As Accounting Officer, I advise the Board and its committees on the system of internal control and am supported in doing so by the ELT.
- 159 The ELT is responsible for maintaining sound risk management and internal control policies and systems, and for day-to-day management of strategic risks that relate to the functions of the Auditor General and/or the Wales Audit Office.

Risk assessment

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

Risk	Associated mitigations
The impact of the unexpected change in the Chair of the Board.	<ul style="list-style-type: none"> • Legal advice was sought to clarify the contractual position, alongside regular dialogue with Senedd officials in relation to the disqualification and appointment processes. • Procedural rules provided for the Senior Independent Director to act as Chair until a new Chair was appointed. • Explanatory communications from the Auditor General were sent to staff and key stakeholders to provide assurance and ensure consistent messaging.
Failure to adequately secure medium-term financial sustainability.	<ul style="list-style-type: none"> • A five-year Medium Term Financial Strategy was developed and considered alongside the Fee Scheme as part of Estimate preparation. • Aspects of discretionary spend were identified which could be diverted to other priorities in the event of a severe funding issue. • Non-staff budget savings were identified for 2024-25 (and beyond) through the establishment of a Financial Sustainability Steering Group.

Risk	Associated mitigations
Ineffective audit services resourcing processes.	<p>A series of interventions were initiated to ensure:</p> <ul style="list-style-type: none"> • The Hub Planner technology is configured to best suit the operations of Audit Wales. • The processes, procedures and protocols supporting the operation of Hub Planner are fit for purpose. • The key users of the resourcing model have suitable training and are clear on their roles and responsibilities. • Management information generated from Hub Planner is fit for purpose, accessible and being used by key users of the resourcing model.
Changes in senior leadership and succession planning.	<ul style="list-style-type: none"> • A review of senior role portfolios and spans of control has been undertaken, alongside scenario planning based on timelines through to and including the appointment of the new Auditor General in 2026. • A new Strategic workforce plan was published in August 2024 which includes a greater focus on succession planning across the business. • Ongoing review of likely senior vacancies and the potential timings of exits to allow for a long lead in period to help disruption to the business.

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

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

164 We also face a number of newly identified and ongoing risks in 2025-26, which are included in our strategic risk register. These include risks associated with:

- a workload pressures and resilience;
- b balancing resource supply and demand over the medium term; and
- c IT infrastructure and cybersecurity.

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

Information governance

- 166 As Auditor General, I have wide-ranging access to information for the delivery of my audit functions. Alongside these statutory access rights, I have a responsibility to ensure that the information obtained is safeguarded properly.
- 167 In my role as Chief Executive, I am accountable to the Board for the organisation's information governance, as well as being a data controller myself as Auditor General. I have delegated both functions to the Executive Director of Corporate Services.
- 168 To help ensure that we meet data protection requirements and other responsibilities for safeguarding information, the Wales Audit Office has an Information Governance Policy and an Information Security Policy. These policies set out staff responsibilities, processing requirements, monitoring and reporting arrangements, and information on how staff can obtain further guidance.
- 169 The Senior Information Risk Owner's annual report for 2024-25 concluded that our overall information governance arrangements are effective. However, some recommendations were made for further improving our approach in relation to:
- a updating the Information Governance Policy and related guidance;
 - b updating staff-facing intranet pages to make relevant policies and procedures easier to find and reference;
 - c reviewing and updating the suite of Fair Processing Notices, including for the potential use of AI and digital initiatives; and
 - d working to arrange data protection training sessions around the impacts of new technologies and amended data protection legislation.

Data protection

- 170 During 2024-25, the organisation has continued to carry out work to promote compliance with data protection legislation - the UK General Data Protection Regulation and the Data Protection Act 2018. This work has included:
- a providing data protection training and guidance to staff across the organisation;
 - b ensuring that appropriate records are held about the personal information that is processed by the Wales Audit Office, the purpose and legal basis for the processing, data retention and details of technical and organisational security measures;
 - c addressing compliance issues identified by the Data Protection Officer's monitoring programme; and
 - d carrying out data protection impact assessments.

- 171 We have maintained records of information security incidents, such as accidental loss of information. All incidents in the year have been low risk, so none have been reported to the Information Commissioner's Office.
- 172 We continue to encourage staff to report as soon as they become aware of a breach and are committed to ongoing improvement of our internal processes and technical security.
- 173 Ongoing risk areas identified in the Data Protection Officer's 2024-25 annual update to the Board included:
- a the adoption of new technologies, including AI, where personal data is to be processed;
 - b understanding of individual responsibilities for data protection compliance; and
 - c ensuring Data Protection Impact Assessments are undertaken at the earliest stages of planning.

Openness and transparency

- 174 We are committed to openness and transparency in the way we operate as a business. Through our [Publication Scheme](#) we make certain information, such as Board minutes, routinely available to the public.
- 175 In the 2024-25 financial year, we received 36 requests for information. Of the requests received during the year and the three already on hand that engaged the Freedom of Information Act, we met the statutory 20-working-day deadline in 32 cases by providing the requested material, applying relevant exemptions or confirming that the material was not held. One request was subject to extra time in respect of the application of the public interest test. Four requests were delayed beyond the statutory timeframe because of difficulties in collating relevant material, and two were delayed by IT security measures.
- 176 We were not subject to any reviews by the Information Commissioner in 2024-25 in respect of our handling of requests.

Whistleblowing

- 177 The Board regards the internal identification of wrongdoing as an important contribution to managing corporate risk and ensuring good governance. All Wales Audit Office staff are encouraged to raise issues of concern about wrongdoing that come to their attention while at work.
- 178 Our Whistleblowing Policy reflects the provisions of the Public Interest Disclosure Act 1998 and the requirements of the Ethical Standard for Auditors. The Policy sets out the mechanism for raising concerns about ethics and policy, as well as regarding wrongdoing at work.
- 179 During the reporting period we received one disclosure of issues of concern, which was duly investigated.
- 180 To assess the effectiveness of our whistleblowing arrangements, we consider what we have learned from previous disclosures, and survey staff about their awareness of and confidence in the arrangements each year.
- 181 We asked staff in our October 2024 staff survey (to which 80% of staff responded), to rate their response to the following statements on a strongly agree to strongly disagree scale:
- a I am aware of how to raise a concern about wrongdoing (or concerns regarding audit quality, professional judgement or values) under Audit Wales's whistleblowing arrangements; and
 - b I am confident that if I raised a concern under my organisation's whistleblowing arrangements it would be investigated properly.
- 182 91% of those that completed the survey answered 'strongly agree' or 'agree' to the question on awareness, and 84% to the question on confidence.
- 183 While this result indicates extensive awareness and confidence in the arrangements, there is of course a continuing need for work to ensure that all staff are aware of and have confidence in those arrangements.

Counter fraud, bribery and corruption

- 184 Audit Wales is committed to creating a culture of zero tolerance of fraud, bribery and corruption, and maintaining high ethical standards in its use of public funds.
- 185 A Counter Fraud, Bribery and Corruption Strategy and associated Response Plan support the Auditor General for Wales as the Wales Audit Office's Accounting Officer in implementing effective arrangements for tackling fraud, bribery and corruption against and within Audit Wales.
- 186 The content of the Strategy and Response Plan comply with the CIPFA Code of practice on managing the risk of fraud and corruption and take account of the principles set out in the UK Government's Counter Fraud Functional Standard.
- 187 Following updates to the strategy and response plan during the second half of 2023-24, we rolled out a short, mandated training exercise in early 2024-25 to promote awareness of and test colleagues' engagement with and understanding of the two documents. This exercise has also now been incorporated into our induction training for new staff.
- 188 On a voluntary basis, the Wales Audit Office also participates in the National Fraud Initiative (NFI) - a biennial exercise which matches data across organisations and systems to help public bodies identify fraud and overpayments. No instances of fraud or overpayment were identified through our participation in the 2024-25 NFI exercise.

Remuneration and staff report

Remuneration report

Auditor General for Wales

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

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

Salary and pension costs of the Auditor General

	2024-25		2023-24	
	Gross salary	Employer pension contributions	Gross salary	Employer pension contributions
	£	£	£	£
Adrian Crompton	158,022	45,779	151,393	45,872

Wales Audit Office Board

- 191 The Wales Audit Office Board comprises five non-executive members appointed by the Senedd, two elected employee members, the Auditor General for Wales, and his nominated employee member (the appointed Board member).
- 192 The remuneration of the non-executive members of the Wales Audit Office Board is non-pensionable and is determined by the Senedd. In the case of the Chair, the cost is met from the WCF directly, in accordance with the Public Audit (Wales) Act 2013. For enhanced transparency, the remuneration of the Chair is disclosed in this report.
- 193 The two elected employee members are appointed by the non-executive members of the Board, following a staff ballot. The allowance that they receive for their Board-related duties is set by the non-executive members of the Board, is non-pensionable and is disclosed in this report.
- 194 The appointed Board member receives an allowance in line with that received by the elected employee members.
- 195 The Auditor General and Executive Director of Corporate Services²⁸ received no additional allowances for their Board-related duties.

The information on pages 80 to 88 in the Remuneration and Staff Report is subject to audit.

²⁸ Appointed Board member until 31 December 2022.

Single total figure of remuneration for Wales Audit Office Board members

	Remuneration/ Allowance		Tax-inclusive expenses ²⁹		Single total figure of remuneration	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
	£	£	£	£	£	£
Board Members at 31 March 2025						
Ian Rees (Chair) ³⁰	24,722	12,500	4,246	3,087	28,968	15,587
David Francis	12,500	12,500	95	126	12,595	12,626
Alison Gerrard	12,500	12,500	360	892	12,860	13,392
Michael Norman ³¹	10,417	-	2,870	-	13,287	-
Richard Thurston ³¹	10,417	-	191	-	10,608	-
Anne Beegan ³²	4,167	4,167	-	-	4,167	4,167
Chris Bolton ³²	4,167	1,893	-	-	4,167	1,893
Darren Griffiths ³³	4,167	4,167	-	-	4,167	4,167
Previous members of the Board						
Kathryn Chamberlain (Chair) ³⁴	-	25,000	-	5,806	-	30,806
Elinor Gwynn ³⁵	2,083	12,500	413	2,136	2,496	14,636
Adam Marshall ³⁶	-	1,736	-	-	-	1,736
Total	85,140	86,963	8,175	12,047	93,315	99,010

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

30 Ian Rees was appointed as Chair to the Wales Audit Office Board on 12 June 2024 from which point his remuneration was met from WCFG directly. Prior to that date Ian Rees was a member of the Board.

31 Michael Norman and Richard Thurston were appointed to the Board on 1 June 2024.

32 Anne Beegan and Chris Bolton are elected employee Board members. Allowances disclosed above relate solely to Board-member duties.

33 Darren Griffiths is an appointed Board member. The allowance disclosed above relates solely to Board-member duties.

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

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

36 Adam Marshall was an elected employee Board member until 31 August 2023. Allowances disclosed above relate solely to Board-member duties.

Non-executive committee members

196 The Wales Audit Office Board has appointed an independent member to serve on its Audit and Risk Assurance Committee (ARAC).

Single total figure of remuneration for ARAC members

	Remuneration/ Allowance		Tax-inclusive expenses		Single total figure of remuneration	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
	£	£	£	£	£	£
Andrew Clark ³⁷	1,333	5,000	-	-	1,333	5,000
Owen Purcell ³⁸	2,917	-	318	-	3,235	-
Total	4,250	5,000	318	-	4,568	5,000

Wales Audit Office staff

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

198 All members of staff are employed by the Wales Audit Office on such terms and conditions as the Board determines. Remuneration of all members of staff is subject to periodic review under strategies set by the Board and in consultation with trade unions under a collective agreement. Remuneration is pensionable under the Civil Service Pension Scheme (PCSPS). Details of this scheme can be found at www.civilservicepensionscheme.org.uk.

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

200 The Wales Audit Office does not pay performance-related bonuses to any members of staff but does have performance-appraisal arrangements in place that suspend incremental salary progression if performance is less than satisfactory.

201 During 2024-25, no payments were made to previous members of staff whose remuneration would have been disclosable (2023-24: Nil).

³⁷ Andrew Clark was appointed as an independent ARAC member from 1 July 2021 until 30 June 2024.

³⁸ Owen Purcell was appointed as an independent ARAC member on 1 September 2024.

Single total figure of remuneration for senior managers

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

Year to 31 March 2025			
	Salary	Pension Benefit ³⁹	Total single figure of remuneration
	Bands of £5,000	To nearest £1,000	Bands of £5,000
Kevin Thomas	140-145	131	270-275
Ann-Marie Harkin	135-140	175	310-315
Anne-Louise Clark	130-135	51	180-185

Year to 31 March 2024			
	Salary	Pension Benefit	Total single figure of remuneration
	Bands of £5,000	To nearest £1,000	Bands of £5,000
Kevin Thomas	130-135	98	225-230
Ann-Marie Harkin	120-125	65	185-190
Anne-Louise Clark	115-120	46	160-165

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

³⁹ The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20. The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.

Pension entitlements for members of the Executive Leadership Team

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

	Accrued pension at pension age as at 31 March 2025	Real increase in pension at pension age	CETV at 31 March 2025	CETV at 31 March 2024	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Kevin Thomas	90-95	5-7.5	1,864	1,678	113
Ann-Marie Harkin	60-65 plus a lump sum of 155-160	7.5-10 plus a lump sum of 15-17.5	1,424	1,248	167
Anne-Louise Clark	10-15	2.5-5	177	119	35

Cash Equivalent Transfer Value (CETV)

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

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

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

Real increase in CETV

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

Fair pay disclosure

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

210 Total remuneration includes salary and travel allowance⁴⁰. It does not include employer pension contributions, severance payments or the CETV of pensions. The average salary for 2023-24 included a one off 'cost of living payment to most of our staff⁴¹.

	2024-25	2023-24	% change
Mid-point of highest paid director's total remuneration (£'000)	£132,360	£121,722	8.7%
Average total remuneration based on full-time equivalent staff	£54,651	£52,755	3.6% ⁴²

40 Travel allowance for a small number of staff in 2023-24 only.

41 Executive Directors did not receive this payment.

42 2023-24 remuneration for staff other than Executive Directors included a one off cost of living payment which explains the lower increase.

211 The following table sets out the relationship between the mid-point of the remuneration⁴³ of the highest paid director and the median, 25th and 75th percentile remuneration of our workforce.

		2024-25	2023-24⁴⁴
75th percentile	Total pay and benefits	£68,268	£62,378
	Pay ratio	1.94	1.95
Median	Total pay and benefits	£54,037	£49,201
	Pay ratio	2.45	2.47
25th percentile	Total pay and benefits	£37,673	£34,611
	Pay ratio	3.52	3.51
Remuneration range		£23,743- £143,285	£21,151- £131,838

212 In 2024-25, no employees received remuneration more than the highest paid director (2023-24: none).

213 For transparency, the Auditor General's total remuneration of £158,022 (excluding pension contributions) represented 2.92 times the median total remuneration for Audit Wales (2023-24: £151,393 ratio: 2.99).

Off payroll engagements

214 We had no contracts during 2024-25 which met the HM Treasury definition of off-payroll engagements (2023-24: none)⁴⁵.

Redundancies, early retirements, and severances

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

216 The cost of severance payments in 2024-25 was £13,665, (2023-24: £31,643).

217 During 2024-25, 1 employee (2023-24: 1) received a severance payment as detailed below.

43 Neither the highest paid director nor other employees received performance pay or bonuses during 2024-25 (2023-24:nil). There are no non salary components in the total pay and benefits disclosed for the median, 25th and 75th percentile figures (2023-24: nil)

44 Pay ratios restated for 2023-24 to reflect mid-point remuneration of highest paid director.

45 Not subject to audit.

218 There were no compulsory redundancies in 2024-25 (2023-24: none).

Number of exit packages by cost band

	2024-25	2023-24
<£15,000	1	-
£25,001-£50,000	-	1
Total	1	1

Staff report

Senior leadership

219 The following table details the number of senior staff by pay band at 31 March 2025.

	31 March 2025	31 March 2024
Band A (£115,970-£143,285)	3	3
Band C (£89,023-£110,447)	8	8
Total	11	11

Staff numbers

220 The average number of staff employed during the year increased by 19 as we recruited additional staff to address the backlog of audit work. We also expanded our trainee and apprentice programme with additional funding agreed in our Estimate for 2024-25.

221 Audit Wales employs a small number of staff on short term contracts to meet peaks in workload during the year.

	2024-25	2023-24
Average number of full-time equivalent, UK-based, permanent staff employed during the year	224	215
Average number of full-time equivalent, UK-based, staff on fixed-term contracts employed during the year	62	53
Audit and inspection contractors (average number of full-time equivalents in year)	2	1
Total	288	269

Staff and associated costs

	2024-25	2023-24
	£'000	£'000
Staff salaries	15,220	13,864
Seconded-in staff	-	24
Short-term contract staff	364	198
Non-executive committee remuneration	67	67
Social security costs	1,734	1,568
Pension costs (PCSPS)	4,397	3,630
Pension costs (stakeholder pensions)	22	31
	21,804	19,382
Travel allowance	-	115
Subscriptions ⁴⁶	145	127
	21,949	19,624
Audit and inspection contractors	87	16
	22,036	19,640
Redundancy, early retirement, and severance costs	36	33
Less monies received in respect of outward secondments	-	(63)
	22,072	19,610

⁴⁶ Fees for the membership of professional bodies (£56,000), life cover (£23,000) and health screening (£66,000).

Pension costs

- 222 Most past or present employees are covered by the provisions of the Civil Service pension arrangements, which are defined benefit schemes open to participating public sector bodies in which the benefit the employee receives during retirement is dependent on factors such as age, length of service and salary. These schemes are administered by MyCSP on behalf of the Cabinet Office.
- 223 The Wales Audit Office pays contributions into these schemes at an agreed rate. As one of many participating organisations, the WAO is not able to identify its share of any liability for making future pension payments to members and, accordingly accounts for this as if it were a defined contribution scheme and recognises the costs of these contributions in the Statement of Comprehensive Net Expenditure when they fall due.

Bought-in services⁴⁷

	2024-25	2023-24
	£'000	£'000
Research and other consultancy costs	364	222
	364	222

224 These costs relate to services that directly relate to audit, inspection, advice or research functions. In 2024-25, they also included bi-annual costs associated with the National Fraud Initiative.⁴⁸

225 Consultancy costs for 2024-25 include⁴⁹:

- £160,000 payments to Cabinet Office for NFI
- £91,000 for Quality Assurance
- £40,000 for NFI data matching
- £38,000 for report writing consultancy support
- £25,000 for expert services in respect of our audits of accounts

226 No payments were made to our external auditors for additional services in 2024-25 (2023-24: £NIL).

The following information on pages 89 to 92 in the Remuneration and Staff Report is not subject to audit.

47 Exclusive of VAT.

48 Not subject to audit.

49 Not subject to audit.

Staff policies, equality and diversity

- 227 The Auditor General and the Wales Audit Office are required to follow the framework of protection against discrimination, harassment and victimisation, and the public sector equality duties in the Equality Act 2010.
- 228 We also have a responsibility to uphold the conventions set out in the Human Rights Act 1998. We are committed to providing a work environment that values the diversity of all people, both our own staff and those with whom we come into contact during our work, and we fully support the rights of people to be treated with dignity and respect.
- 229 Our [Strategic Equality Plan](#) outlines our continued commitment to equality and our related objectives. Our annual [Equality Report](#) provides information on employment matters such as diversity issues and equal treatment in employment. Our report for 2024-25 will be published later in 2025 and this will include details of the gender pay gap for the year.
- 230 Our Equality and Diversity Policy outlines our commitment to ensuring fair and equal treatment for all staff with protected characteristics (including impairment) in all aspects of employment. The policy provides for parity in selection for employment, recruitment, promotion, learning and development and/or any other benefit, based solely on aptitude and ability in accordance with our duties under the Equality Act 2010 and associated legislation.

Staff composition (number of persons employed at 31 March 2025)

	Male	Female	Prefer not to say	Total
Senior leadership	9	2	-	11
Other employees	128	161	8	297
Total	137	163	8	308

Sickness absence

	2024-25	2023-24
	Days	Days
Average working days lost per member of staff	8.7	7.1
<ul style="list-style-type: none"> • due to short-term absence • due to long-term absence (periods > 21 days) 	2.9 5.8	3.1 4.0

231 Staff sickness levels in 2024-25 increased by 1.6 days as compared to 2023-24. The proportion of time lost due to sickness absence equated to 3.9% (KPI 14) – just under our target of 4%. Average short-term absence reduced by 0.2 days per member of staff, but long-term absence increased by 1.7 days per member of staff.

232 There has been increase in the number of staff who have had a long-term absence as well as a few of those who were absent being off for a considerable length of time (more than 6 months). However, by the end of the financial year some of those who had a long-term absence had returned to the work, completing a phased return supported with a wellness action plan. Another had left the organisation at the end of March.

233 Whilst the average number of days lost to short-term sickness absence is slightly less than the previous year, the actual number of days lost is higher. The number of staff in the organisation has increased since last year's report and this is why the average figure is lower. Short term absence is being monitored by HR and managers are told to watch for patterns and trends. The HR team run a trigger report every month to prompt managers to act where staff have reached the trigger level.

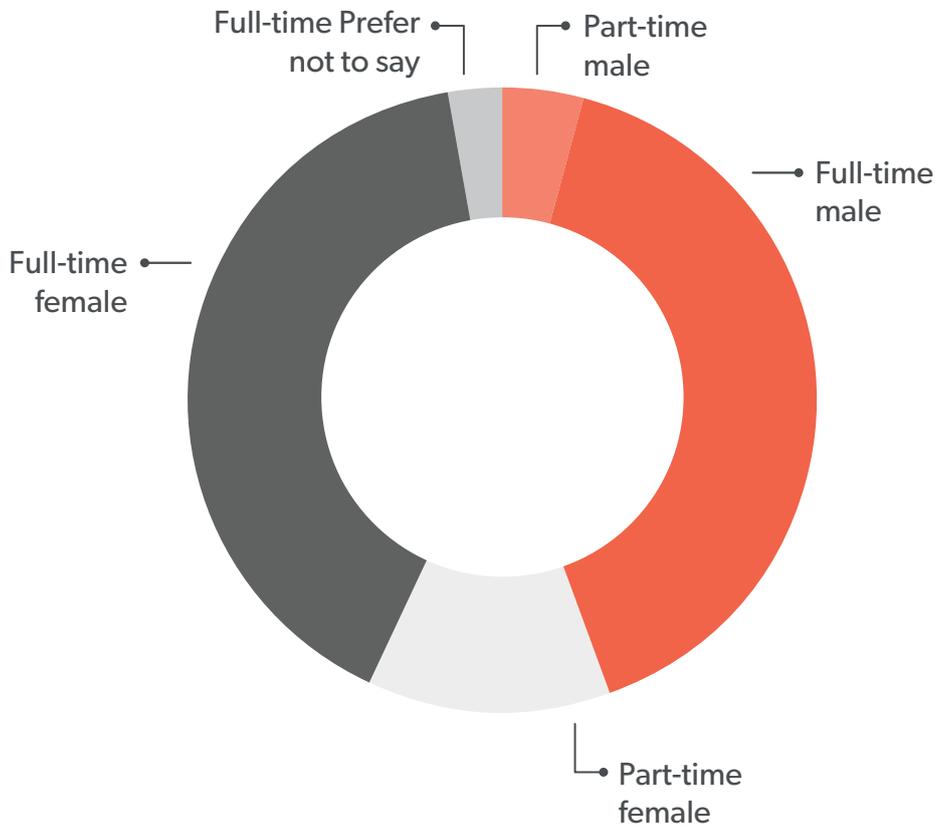
234 To help our employees manage their health, we have in place Health Screening, annual flu vaccinations, an Employee Assistance Programme, Mental Health Champions, and a programme of well-being events with 17 Well-Being champions across the organisation providing day to day support to employees.

Our workforce

	2024-25	2023-24
	%	%
Working patterns		
Part-time employees as a percentage of the total by gender	16.9	16.6
• for men	9.5	8.6
• for women	23.9	23.4
• for those who prefer not to say	-	-
Employment contract type		
Percentage of staff on permanent contracts	74.7	80.2
Turnover		
Annual staff turnover rate percentage ⁵⁰	10.7	17.53

⁵⁰ This is total turnover and includes staff who left at the end of fixed term contracts and dismissals. Turnover reported as a KPI 13 on page 19 is voluntary turnover only.

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



- 235 There has been a small increase in the proportion of part time workers – both male and female – as compared to 2023-24.
- 236 The proportion of staff on permanent employment contracts reduced in 2024-25 following an increase in 2023-24 when several of our final year trainees were successful in obtaining permanent contracts. The proportion of staff with non-permanent contracts is mainly made up of graduate trainees and apprentices on fixed-term training contracts and our seasonal audit staff.
- 237 Our annual staff turnover rate in 2024-25 reduced to 10.7% following an unusually high turnover rate in 2023-24.

Resource out-turn and auditor's report

Summary of resource outturn 2024-25

The information on pages 93 to 97 is subject to audit.

238 This statement provides a comparison of the Estimate for 2024-25, as voted by the Senedd, with actual income and expenditure for the year.

Summary of resource outturn 2024-25

Note	2024-25 Estimate			2024-25 Outturn			2023-24 Outturn		
	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total	Net outturn compared to Estimate	Net Total	
	£'000	£'000	£'000	£'000	£'000	£'000		£'000	
SORO1 & 2	Total Resources	26,935	(17,476)	9,459	26,071	(17,476)	8,595	(864)	8,220
SORO3 & 4	Net cash requirement	9,127	-	9,127			7,125	(2,002)	8,348

239 Arising from the operations of the Wales Audit Office for the financial year 2024-25:

- the net total outturn on revenue resources was £857,000 less than the approved net resources of £9,149,000.
- the outturn on capital spend was £7,000 less than the approved capital budget of £310,000.
- £961,000 of income in excess of that allowed for in the Estimate was delivered in the year.
- cash drawn from the Welsh Consolidate Fund (WCF) was £1,483,000 less than allowed for in the Estimate. The balance of cash held by the Wales Audit Office (£519,000) is shown as being due to the Welsh Consolidated Fund (WCF) and will be returned via an administrative adjustment in 2025-26. (See Note SORO 4).

240 An explanation of cost efficiency at the Wales Audit Office is provided in the financial management summary on page 46.

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

Notes to the summary of resource outturn

Note SORO1: analysis of net resource outturn 2024-25

2023-24 Outturn		2024-25 Estimate	2024-25 Outturn	Variance	Reason for significant variances against the Estimate
£'000		£'000	£'000	£'000	
	Expenses				
18,961	Staff costs	22,312	21,301	(1,011)	Significant staff vacancies in non-fee earning roles in the first half of the year
378	Travel and subsistence	303	241	(62)	Less travel than anticipated
306	Accommodation	731	710	(21)	On-going efficiencies in estate expenditure
454	Irrecoverable VAT	500	444	(56)	Reflects reduced expenditure
572	ICT	664	630	(34)	Savings identified in year
320	Audit Wales Governance	320	320	-	
352	External training	326	395	69	Planned investment from savings in other budgets
80	NFI costs	225	161	(64)	An element of this funding was used to fund a new role in our Data Analytics team
1,268	Other supplies and services	1,244	1,566	322	Planned investment from savings in other budgets
22,691	Total Expenses	26,625	25,768	(857)	

2023-24 Outturn		2024-25 Estimate	2024-25 Outturn	Variance	Reason for significant variances against the Estimate
£'000		£'000	£'000	£'000	
	Income				
(13,895)	Audit fees	(16,494)	(17,092)	(598)	Progress on audit backlog better than forecast
(847)	Grant certification fees	(982)	(1,331)	(349)	More work carried out in year
(76)	Other income	-	(14)	(14)	
-	Income in excess of estimate	-	961	961	Income over and above that anticipated in the Estimate
(14,818)	Total income	(17,476)	(17,476)	-	
7,873	Net revenue resources	9,149	8,292	(857)	
347	Capital resources	310	303	(7)	

Note SORO 2 – Reconciliation of resource outturn to net expenditure

	2024-25	2023-24
	£'000	£'000
Total revenue resources	8,292	7,873
Income in excess of estimate	(961)	-
Total comprehensive net expenditure	7,331	7,873

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

	2024-25			2023-24
	Estimate	Outturn	Variance	Outturn
	£'000	£'000	£'000	£'000
Revenue resources	9,149	8,292	(857)	7,873
Capital resources	310	303	(7)	347
Adjustments				
Non-cash items (depreciation)	(280)	(223)	57	(286)
Non-cash items (IFRS 16 depreciation and interest)	(356)	(316)	40	(243)
Lease rental payments	104	108	4	37
Capitalisation of ROU asset	-	-	-	(93)
Movements in working capital other than cash:				
• Increase/(reduction) in receivables and work in progress	100	(914)	(1,014)	2,142
• (Increase)/reduction in payables and deferred income	100	885	785	(2,201)
• Increase in provisions	-	(49)	(49)	772
• Income in excess of Estimate	-	(961)	(961)	-
Total net cash requirement	9,127	7,125	(2,002)	8,348

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

	2024-25	2023-24
	£'000	£'000
Net cash requirement	(7,125)	(8,348)
Cash due from WCF (supply)	9,127	8,642
Amounts due from WCF not drawn	(1,483)	-
Amounts returned to WCF	(294)	(509)
Increase/(reduction) in cash	225	(215)

Note SORO 5 – Reconciliation to statement of cash flows

	2024-25	2023-24
	£'000	£'000
Cash due from WCF (supply)	9,127	8,642
Amounts due from WCF not drawn	(1,483)	-
Amount recognised in statement of cashflows	7,644	8,642

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

Independent auditors' report to the Senedd

Opinion of financial statements

245 We certify that we have audited the financial statements of the Wales Audit Office for the year ended 31 March 2025 under Schedule 1 of the Public Audit (Wales) Act 2013. These financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, and related notes including significant accounting policies. We have also audited the Summary of Resource Outturn and associated notes and Remuneration and Staff Report that is described in the report as having been audited.

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

247 In our opinion the financial statements:

- give a true and fair view of the state of the Wales Audit Office's affairs as at 31 March 2025 and of its net operating cost for the year then ended; and
- have been properly prepared in accordance with the HM Treasury directions issued under the Public Audit (Wales) Act 2013.

Regularity opinion on the financial statements

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

249 In our opinion, in all material respects:

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

Basis for the opinion on the financial statements

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

Basis for the regularity opinion on the financial statements

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

Conclusions relating to going concern

- 253 In auditing the financial statements, we have concluded that the Wales Audit Office's and the Auditor General for Wales's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- 254 Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Wales Audit Office to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
- 255 Our responsibilities and the responsibilities of the Wales Audit Office and the Auditor General for Wales with respect to going concern are described in the relevant sections of this report.

Other information

- 256 The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Wales Audit Office and the Auditor General for Wales are responsible for the other information contained within the performance report and the accountability report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
- 257 Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact.
- 258 We have nothing to report in this regard.

Opinion on other matters

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

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

- 260 As explained more fully in the Statement of the Accounting Officer's responsibilities set out on page 58, the Wales Audit Office and the Auditor General for Wales are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Wales Audit Office and the Auditor General for Wales determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

- 261 In preparing the financial statements, the Wales Audit Office and the Auditor General for Wales are responsible for assessing the Wales Audit Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Senedd intends to dissolve the Wales Audit Office without continuation of its operations or has no realistic alternative but to do so.
- 262 The Auditor General is also responsible for ensuring expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

Auditor's responsibilities for the audit of the financial statements

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

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

- 264 Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

- 265 In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.
- 266 However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.
- 267 In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:
- obtained an understanding of the role of the Wales Audit Office, including the legal and regulatory framework that the Wales Audit Office operates in and how the Wales Audit Office is complying with the legal and regulatory framework;
 - inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
 - discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.
- 268 As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the HM Treasury directions issued under the Public Audit (Wales) Act 2013 encompassing the Government Financial Reporting Manual (FRoM 2024-25) which applies UK- adopted International Accounting Standards. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.
- 269 The most significant laws and regulations that have an indirect impact on the financial statements is the Public Audit (Wales) Act 2013 and General Data Protection Regulations and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the Wales Audit Office is in compliance with these law and regulations, inspected committee minutes and reviewed financial statement disclosures for any potential breaches.

- 270 The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business, agreeing that revenue was recognised in line with IFRS15 and IAS37, assessing and challenging the estimates made by management in terms of their assessment and the adequacy of provisions for unrecoverable amounts, which includes reviewing whether events occurring up to the date of the auditors' report support the year end recognition criteria and testing the accuracy and reliability of data upon which management has relied.
- 271 A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities for regularity opinion on the financial statements

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

Use of our report

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

RSM UK Audit LLP
Statutory Auditors
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG



Financial Statements

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

03

Statement of comprehensive net expenditure for the year ended 31 March 2025

		2024-25	2023-24
	Note	£'000	£'000
Expenditure			
Staff and associated costs	Staff report ⁵¹	22,072	19,610
Bought-in services	Staff report	364	222
Other operating costs	3	3,252	2,791
		25,688	22,623
Income			
Audit fee income	1	(18,423)	(14,742)
Other operating income	2	(14)	(76)
		(18,437)	(14,818)
Interest payable	12	80	68
Total comprehensive net expenditure for the year		7,331	7,873

The notes that follow on pages 110 to 129 form part of these financial statements

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

51 Staff costs note on page 87 of the Remuneration and Staff Report.

Statement of financial position at 31 March 2025

		31 March 2025	31 March 2024
	Note	£'000	£'000
Non-current assets			
Property, plant and equipment	4	2,254	2,402
Intangible assets	5	293	301
		2,547	2,703
Current assets			
Trade receivables and work in progress	6	4,923	5,902
Other receivables	7	752	687
Cash and cash equivalents	8	519	294
		6,194	6,883
Total assets		8,741	9,586
Current liabilities			
Trade and other payables	9	(1,615)	(1,296)
Deferred income	10	(5,286)	(6,490)
Provisions	11	(47)	(46)
Lease liabilities	12	(195)	(43)
Welsh Consolidated Fund (WCF)	SORO	(519)	(294)
Total current liabilities		(7,662)	(8,169)
Total assets less current liabilities		1,079	1,417
Non-current liabilities			
Provisions	11	(329)	(281)
Lease liabilities	12	(1,658)	(1,838)
Total non-current liabilities		(1,987)	(2,119)
Total assets less liabilities		(908)	(702)
Taxpayers' equity			
General fund		(908)	(702)
Total taxpayers' equity		(908)	(702)

The notes that follow on pages 110 to 129 form part of these financial statements

The financial statements on pages 105 to 129 were approved by the Wales Audit Office Board and authorised for issue on 26 June 2025 and are signed on its behalf by:

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

Adrian Crompton

Auditor General for Wales and Accounting Officer

26 June 2025

Statement of cash flows for the year ended 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Cash flows from operating activities			
Comprehensive net expenditure		(7,331)	(7,873)
Adjustments for non-cash transactions: depreciation, amortisation, interest and loss on disposal of assets	3	539	529
(Decrease)/increase in provisions	11	49	(772)
Changes in working capital			
(Increase)/decrease in trade receivables, work in progress and other receivables	6,7	914	(2,142)
(Decrease)/ Increase in trade and other payables	9	319	(199)
Increase/(Decrease) in deferred income	10	(1,204)	2,400
Net cash outflow from operating activities		(6,714)	(8,057)
Cash flows from investing activities			
Purchases of property, plant and equipment	4	(242)	(146)
Purchases of intangible assets	5	(61)	(108)
Net cash outflow from investing activities		(303)	(254)
Cash flows from financing activities			
WCF	SORO 5	7,644	8,642
WCF repaid	SORO 4	(294)	(509)
Capital element on lease liability payments	12	(106)	(36)
Interest element on lease liability payments	12	(2)	(1)
Net financing		7,242	8,096
Movements in cash and cash equivalents		225	(215)

The notes that follow on pages 110 to 129 form part of these financial statements

Statement of changes in taxpayers' equity for the year ended 31 March 2025

	£'000
Balance at 31 March 2023	(1,177)
Changes in taxpayers' equity 2023-24	
Total comprehensive net expenditure	(7,873)
WCF finance	8,642
	(408)
Due to WCF	(294)
Balance at 31 March 2024	(702)
Changes in taxpayers' equity 2024-25	
Total comprehensive net expenditure	(7,331)
WCF finance	7,644
	(389)
Due to WCF	(519)
Balance at 31 March 2025	(908)

The notes that follow on pages 110 to 129 form part of these financial statements

Notes to the financial statements

275 These financial statements have been prepared in accordance with the 2024-25 Financial Reporting Manual (FReM), issued by the relevant authorities.

Basis of preparation

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

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

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

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

279 The Wales Audit Office received no income which would have been liable for corporation tax in 2024-25.

Critical accounting estimates and areas of judgement

Management estimate

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

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

Area of judgement

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

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

Management estimate

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

Provisions have been established for:

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

See **Note 11** for more information.

New accounting standards

- 280 The Wales Audit Office discloses accounting standards not yet applied and assesses the possible impact that initial application would have on the financial statements.
- 281 IFRS17 (Insurance Contracts) which is applicable from 1 April 2025 will have no impact on these financial statements.
- 282 IFRS 18 (Presentation and Disclosure in Financial Statements) applicable from January 2027 is not expected to have any impact on the reported numbers in these financial statements but may require a change of format if required by the FreM.
- 283 IFRS 19 (Subsidiaries without Public Accountability: Disclosures) which is applicable from 1 January 2027 will have no impact on these financial statements.

Note 1 (a): Operating segments

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

2024-25

	Audit Services	Corporate Services	Communications and Change	Total
	£'000	£'000	£'000	£'000
Audit fees ⁵²	(18,423)	-	-	(18,423)
Other income	-	(14)	-	(14)
Total income	(18,423)	(14)	-	(18,437)
Staff costs	17,568	2,672	1,832	22,072
Non-staff costs	953	2,388	355	3,696
Total Expenditure	18,521	5,060	2,187	25,768
Net Expenditure	98	5,046	2,187	7,331

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

2023-24

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

Note 1 (b): Analysis of audit fee income

	2024-25			2023-24		
	Financial Audit	Performance Audit	Total	Financial Audit	Performance Audit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Local Government Audit	(7,736)	(2,632)	(10,368)	(6,172)	(1,927)	(8,099)
Local Government Grant Certification	(1,331)	-	(1,331)	(847)	-	(847)
NHS Audit	(3,081)	(1,728)	(4,809)	(2,176)	(1,386)	(3,562)
Central Government Audit	(1,915)	-	(1,915)	(2,234)	-	(2,234)
	(14,063)	(4,360)	(18,423)	(11,429)	(3,313)	(14,742)

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

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

Note 2: Other operating income

	2024-25	2023-24
	£'000	£'000
Other operating income ⁵³	(14) ⁵⁴	(76) ⁵⁵
	(14)	(76)

Note 3: Other operating costs

	2024-25	2023-24
	£'000	£'000
Accommodation		
• rent lease costs	56	(344) ⁵⁶
• other accommodation costs	417	406
Supplies and services	1,489	1,477
Recruitment	40	40
Depreciation and amortisation	455	461
Professional fees		
• internal audit services	32	41
• external audit services	58	58
• other professional fees	69	37
Staff travel and subsistence	241	263
Staff learning and development	395	352
	3,252	2,791

298 Costs disclosed above relate to goods and services received during 2024-25. Costs are disclosed net of VAT, the cost of which is included in other supplies and services.

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

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

55 Mostly recharges for travel and subsistence for seconded staff.

56 Net of £402,000 release of dilapidations provision in 2023-24.

Note 4: Property, plant and equipment

	Furniture and fittings	Right of Use Assets	Information technology	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
2024-25					
Cost					
At 1 April 2024	528	2,288	497	21	3,334
Additions	136	-	106	-	242
Disposals	-	-	(137)	-	(137)
At 31 March 2025	664	2,288	466	21	3,439
Depreciation					
At 1 April 2024	164	454	308	6 ⁵⁷	932
Charged in period	43	235	102	5	385
Disposals	-	-	(132)	-	(132)
At 31 March 2025	207	689	278	11	1,185
Net book value					
At 31 March 2025	457	1,599	188	10	2,254
At 1 April 2024	364	1,834	189	15	2,402
Asset financing					
Owned	457		188	10	655
Leased	-	1,599	-	-	1,599

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

Reconciliation to the statement of cashflows

	2024-25	2023-24
	£'000	£'000
Tangible additions (Note 4)	242	239
Capitalised ROUA additions	-	(93)
Payments to acquire capital assets	242	146

299 In line with IFRS16, from April 2022, Property Plant & Equipment includes Right of Use assets of £1.599 million (31 March 2024: £1.834m) related to leased properties that do not meet the definition of investment properties. For more information see Note 12 – Leases.

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

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

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

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

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

Note 5: Intangible assets⁵⁸

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

58 Mainly computer software.

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

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

Note 6: Trade receivables and work in progress

	31 March 2025	31 March 2024
	£'000	£'000
Trade receivables		
• Central Government	621	336
• Local Government	1,106	1,934
• NHS	425	597
• External to government	50	44
Work in progress		
• Central Government	372	1,069
• Local Government	2,162	1,526
• NHS	187	396
	4,923	5,902

Trade receivables

308 Receivables are valued at fair value on initial recognition and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. For 2024-25 no allowance has been made for expected credit losses (2023-24: £143,000).

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

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

Work in progress

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

Note 7: Other receivables

	31 March 2025	31 March 2024
	£'000	£'000
Prepayments and accrued income ⁵⁹	746	678
Loans to employees ⁶⁰	6	9
	<u>752</u>	<u>687</u>

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

Note 8: Cash and cash equivalents

	31 March 2025	31 March 2024
	£'000	£'000
Balance at 1 April	294	509
Net change in cash and cash equivalents	225	(215)
Balance at 31 March	<u>519</u>	<u>294</u>

	31 March 2025	31 March 2024
	£'000	£'000
Current account (Government Banking Service)	519	294
	<u>519</u>	<u>294</u>

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

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

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

60 Cycle to work scheme.

Note 9: Trade payables and other current liabilities

	31 March 2025	31 March 2024
	£'000	£'000
Trade payables (due within one year)	236	100
VAT	45	77
Taxation and social security costs	1	2
Accrual for holiday entitlement not yet taken	731	661
Other accruals ⁶¹	602	456
	1,615	1,296

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

Note 10: Deferred income

	31 March 2025	31 March 2024
	£'000	£'000
Deferred income	5,286	6,490
	5,286	6,490

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

61 Includes £407,000 in respect of invoices paid post year-end., and £133,000 for business rates due in 2025-26.

Note 11: Provisions for liabilities and charges

	Dilapidations⁶²	Total
	£'000	£'000
As at 31 March 2024	327	327
Provided in-year	49	49
Utilised in-year	-	-
Released in-year	-	-
As at 31 March 2025	376	376

Analysis of expected timing

	Dilapidations	Total
	£'000	£'000
Not later than one year	47	47
Later than 5 years	329	329
	376	376

Reconciliation to the statement of cashflows

	2024-25	2023-24
	£'000	£'000
Provided in year	49	74
Utilised/released in year	-	(822)
Capitalised as ROUA	-	(24)
Movement	49	(772)

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

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

62 We used HM Treasury's discount rate as set out in PES(2024)09 for balances of zero to five years of 4.03% and for balances up to 10 years of 4.07% to calculate this balance.

Dilapidations

- 319 The dilapidations provision represents an estimate of the costs we may incur in making good its leased properties at the end of the leases.
- 320 Dilapidations liabilities relating to the cost of restoring alterations made to leased buildings are accounted for by means of a provision set aside in the year that the cost was identified.
- 321 Structural dilapidations for the Cardiff office and the new office at Llandudno Junction have been capitalised as part of the right-of-use-asset cost in accordance with IFRS 16 para 24(d).
- 322 In addition, an annual dilapidations charge, based on a percentage of the estimated value of structural dilapidations is set aside to allow for general wear and tear on leased properties.

Note 12: Leases

Right of use assets

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

	2024-25	2023-24
	£'000	£'000
Balance at 1 April	1,881	1,781
Additions in year	-	69
Lease payment	(108)	(37)
Interest charge	80	68
Balance at 31 March	1,853	1,881
Current lease liabilities	195	43
Non-current lease liabilities	1,658	1,838
	1,853	1,881

Maturity Analysis – contractual undiscounted cashflows

	31 March 2025	31 March 2024
	£'000	£'000
Less than 1 year	195	43
1-5 years	1,034	1,130
Over 5 years	959	1,059
Total undiscounted liabilities	2,188	2,232

Amounts recognised in statement of comprehensive net expenditure

	2024-25	2023-24
	£'000	£'000
Interest on lease liabilities	80	68
Depreciation	236	244

Change in liabilities arising from financing activities

	Lease liabilities	WCF ⁶³
	£'000	£'000
Balance at 31 March 2023	1,781	509
2023-24		
Net cash used in financing activities	(37)	(215)
Acquisition of leases	69	-
Rent free period interest charge ⁶⁴	68	-
Balance at 31 March 2024	1,881	294
2024-25		
Net cash from/ (used) in financing activities	(108)	225
Interest charged	80	
Balance at 31 March 2025	1,853	519

Note 13: Capital commitments

327 There were £1,086 outstanding capital commitments at 31 March 2025 (31 March 2024: NIL).

Note 14: Losses and special payments

328 There were no reportable losses or special payments in 2024-25.

329 A special payment of £21,140 was incurred in 2023-24 in resolution of an employment dispute.

63 Closing cash balance returned to WCF in subsequent financial year.

64 Interest charged during the rent free period relating to the Capital Quarter lease.

Note 15: Financial instruments

- 330 IFRS 7 (Financial Instruments Disclosures) requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Owing to the nature of the Wales Audit Office's activities and the way in which the operations are financed, the Office is not exposed to a significant level of financial risk and no derivatives are held.
- 331 Although the Wales Audit Office can borrow funds for short-term financing purposes, the Office has not been required to do so in this financial year.
- 332 The Wales Audit Office can also invest surplus funds. As cash balances are held in the Government Banking Service, this has not been done during the year.

Liquidity risk

- 333 Given the nature of our business and the funding of the bodies that we charge fees to, our tolerance of risk in areas of financial management is low.
- 334 In light of this risk appetite, and the backing of the WCF, the Wales Audit Office is not exposed to significant liquidity risks.

Interest rate risk

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

Foreign currency risk

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

Credit risk

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

Fair values

338 There is no material difference between the book values and fair values of the Wales Audit Office's financial assets and liabilities as at 31 March 2025 (31 March 2024: nil).

Note 16: Related party transactions

339 The Wales Audit Office is a body corporate established under statute and has had material transactions with the WCF and with bodies audited by the Auditor General as disclosed in the Remuneration Report.

340 During the year, no members of the Board, nor key members of staff nor their related parties had undertaken any material transactions with either the Auditor General or the Wales Audit Office. Information about key management personnel is included in the Remuneration Report (page 78).

Note 17: VAT

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

Glossary of terms

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

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

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



Appendices

- 1 Auditor General's Report on Disclosures of Information

1 Auditor General's Report on Disclosures of Information

29 individuals contacted us between 1 April 2024 and 31 March 2025 indicating that they wished to make a whistleblowing disclosure to the Auditor General.

However, in only 20 cases did the Auditor General have a reasonable basis to believe that the disclosure qualified and was within the matters in respect of which he is prescribed. This was because individuals either did not give details of their employment situation, or it was clear that they were not employees or other qualifying workers.

Of the 20 apparently qualifying disclosures, in 17 cases the relevant audit team reviewed the matters raised, but they were not found to amount to substantive matters on which the Auditor General would need to report or take other action. For the remaining 3 cases, the audit team is making or has made high level enquires or will take the issues raised into account during any future audit work.



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