



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Plan 2014-15

Annual Plan of the Auditor General for Wales and the Wales Audit Office for the year ended 31 March 2015

This Annual Plan has been jointly prepared by the Auditor General for Wales and the Wales Audit Office under section 25(1) of the Public Audit (Wales) Act 2013. It is laid before the National Assembly for Wales under section 26 of the Public Audit (Wales) Act 2013.

Huw Vaughan Thomas
Auditor General for Wales

Isobel Garner (Chair), Steven Burnett, David Corner,
Christine Hayes, Peter Price and Huw Vaughan Thomas¹
Wales Audit Office

¹ The Auditor General for Wales is a member of the Wales Audit Office under paragraph 1(2)(b) of Schedule 1 to the Public Audit (Wales) Act 2013 by virtue of his office. The Auditor General for Wales is also, however, a separate legal entity.

Contents

Foreword from the Auditor General for Wales	4
Foreword from the Chair of the Wales Audit Office Board	5
Strategy 2013-2016 for the Auditor General for Wales and the Wales Audit Office	6
Work of the Auditor General (and his Appointed Auditors)	8
The Wales Audit Office's work programme	13
Work to be conducted by the Auditor General and the Wales Audit Office jointly	16
Our income and expenditure 2014-15	17
Appendix 1: National performance audit work programme for 2014-15	22

Foreword from the Auditor General for Wales



Welsh public services stand at something of a crossroads, facing decisions that will affect the sustainability of delivery for decades to come. Public audit reports over the last few years have increasingly pointed to the need for redesign and transformation as resources shrink and demand grows. In response to these unprecedented pressures, public audit must focus on areas which provide the most important lessons about what is working and what needs to change. Maintaining public confidence in how public money is spent has never been more important, and I intend to strengthen our focus on governance in the coming year. The recent report of the *Commission on Public Service Governance and Delivery* suggests that many of the messages of previous audit reports are permeating thinking in Wales. It is important then that through my work as Auditor General for Wales I continue to provide prompt and helpful insight into past and future patterns of public spending.

My role as Auditor General is to report on whether:

- public resources are used economically, efficiently and effectively;
- public money is properly accounted for; and
- public services in Wales are improving.

As the independent external auditor of the Welsh public sector, I must be able to rely on those who are assisting in the delivery of my audit programme to do so to the highest professional standards, and equally the Wales Audit Office must demonstrate its good governance and effective stewardship of public resources.

That is why I am delighted to be working with the newly appointed Board under governance arrangements that give appropriate public assurance about the use of resources for public audit, while protecting my audit independence. In line with this Annual Plan, I will continue to benefit from the commitment and professionalism of my colleagues within the Wales Audit Office as I design and report on my audit programme.

Huw Vaughan Thomas

Foreword from the Chair of the Wales Audit Office Board



This year is a period of transition for the Wales Audit Office. Whilst it will continue to focus on helping deliver the Auditor General's audit work to the highest standard, behind the scenes considerable change is taking place.

The Wales Audit Office is now a corporate body with a Board in accordance with the Public Audit (Wales) Act 2013. It comprises members, drawn from a diverse range of backgrounds, who will advise and monitor the Auditor General and provide resources for his work. The Board also includes the Auditor General as Chief Executive. The Board will not be fully constituted until late May 2014 because of the process of electing employee members. Nevertheless progress is well underway in establishing Board mechanisms and relationships and embedding the firm governance arrangements envisaged by the act.

At this early stage, we are looking closely at arrangements to ensure our governance mechanisms are appropriate and well-designed, and that we are a well-run organisation that efficiently and effectively deploys public money. We are also investing time to review jointly with the Auditor General and his Senior Leadership Team, the strategic direction and priorities of the Wales Audit Office so that it can best support and deliver his core aims of providing assurance, offering insight and promoting improvement. We want to see our stakeholders benefit from the work of our organisation, and are intent on helping public bodies in Wales ensure they succeed and deliver the best results for the people they serve, recognising what is good, and sharing best practice.

To this end we are reorganising the Wales Audit Office's senior management structure to strengthen client focus, better target our work and improve engagement with Welsh public bodies.

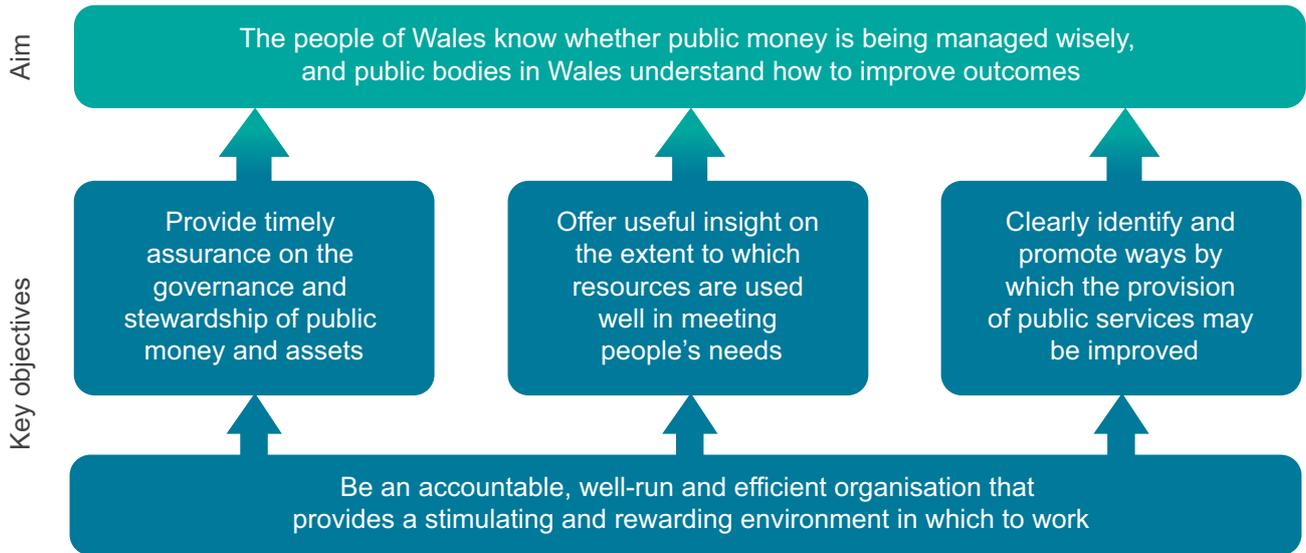
The Board and the entire organisation are embarking on a journey that is exciting, challenging and rewarding. Collectively, we are fully committed to rigorous public audit. Together, we are determined to play our respective roles in delivering this Annual Plan.

Isobel Garner

Strategy for the Auditor General for Wales and the Wales Audit Office 2013-2016

- 1 Our overall aim as an organisation is that: 'The people of Wales know whether public money is being managed wisely, and public bodies in Wales understand how to improve outcomes'. This overall aim is supported by four key objectives for the period 2013-2016 as summarised in [Exhibit 1](#). All of the Auditor General's audit work is designed to support the three objectives of providing assurance, offering insight and identifying and promoting improvement. In order to successfully achieve these three objectives it is imperative that the Wales Audit Office is an accountable, well-run and efficient organisation.
- 2 This strategy was based on our assessment of the external environment at the time of its preparation in 2013. However, that environment is rapidly changing and during the period covered by this plan we shall be considering how to respond to ongoing developments. Of particular significance, with potentially far-reaching effects, are:
 - the proposed 'Future Generations Bill' which intends to place sustainable development duties on most devolved public bodies in Wales; and
 - the Welsh Government's response to the Williams' *Commission on Public Service Governance and Delivery* (the Williams Commission).
- 3 In implementing our strategy we will take account of both the principles and the national sustainable development goals for Wales, which will form the key features of the sustainable development duties to be placed on public bodies in Wales. The principles are likely to include: integration, long term prevention, engagement and collaboration. Organisations will be expected to apply these principles when deciding what outcomes to seek to achieve and in decisions about how to achieve the outcomes.
- 4 Organisations will also have to demonstrate how they have prioritised what they do and how they spend their money in order to achieve their outcomes and contribute to the national sustainable development goals. The proposed goals are:
 - Wales is prosperous and innovative;
 - Wales uses a fair share of natural resources;
 - communities across Wales are safe, cohesive and resilient;
 - people in Wales are healthier; and
 - Wales is a more equal nation.

Exhibit 1 – Wales Audit Office’s aim and objectives



Work of the Auditor General (and his Appointed Auditors)

Overview

- 5 This section describes the work that the Auditor General (and his Appointed Auditors²) plan to undertake in 2014-15 and highlights their main priorities for that year. It covers:
- Financial audit
 - Performance audit
 - Cross-cutting work
- 6 Further information about the statutory functions of the Auditor General (and his Appointed Auditors) is available on the Wales Audit Office's website³.
- 7 The overall quality of our work is of paramount importance to us. To further enhance that quality during the year we will continue to develop our programme of reciprocal peer reviews with other audit agencies and to build on the work we are voluntarily undertaking with the Quality Assurance Department of the Institute of Chartered Accountants in England and Wales. The Auditor General will also continue to work in collaboration with relevant regulators and inspectorates such as Estyn, Healthcare Inspectorate Wales and the Care and Social Services Inspectorate Wales to support the delivery of coordinated, high-quality audit, inspection and regulation across Welsh public services.
- 8 The Auditor General is currently preparing a new Code of Audit Practice to underpin the work that is undertaken on his behalf, which will include an enhanced set of principles to further support the delivery of that work.

Financial audit

- 9 Our financial audit work, comprises in the main:
- audit of accounts;
 - grants certification; and
 - reactive work in response to information from members of the public and elector challenge and objections.

Audit of accounts

- 10 Public bodies must account for the money entrusted to them. The principal way they achieve this is through the production of timely and accurate annual accounts. The focus of the Auditor General's and appointed auditors' financial audit work is auditing these accounts and providing assurance to the public over the stewardship of public money.
- 11 In 2014-15 the Auditor General and appointed auditors expect to issue reports on the accounts of over 800 public bodies in Wales covering local government, central government and the NHS, which includes over 750 small town and community councils.

² From 1 April 2014, the Auditor General will become the auditor of local government bodies in Wales. Prior to 1 April, the Auditor General appointed auditors to local government bodies.

³ www.wao.gov.uk/about-us

Grants certification

- 12 Grants are a key source of funding in Wales. When making grant awards, funders set conditions requiring recipients to use the money for agreed purposes and to put in place strict controls. If requested to do so, the Auditor General must make arrangements for certifying claims and returns in respect of grants paid or subsidies made.
- 13 In 2014-15, the Auditor General expects to certify 32 local government grant schemes, worth over £3 billion and involving over 300 individual claims.
- 14 We will also focus in particular during the year in preparing for changes to the grants regime arising from the introduction of Universal Credit and the new European Programme 2014-2020.

Reactive work

- 15 Legislation provides electors and others with the right to raise concerns with the Auditor General and his Appointed Auditor about the way in which public money is being used. When such concerns are raised, we consider how best to respond to them and how to report the findings of any work we undertake.

Performance audit

- 16 Our performance audit work supports the Auditor General in the discharge of his statutory value-for-money audit and improvement assessment functions. Core performance audit work broadly falls into three business streams:
 - a rolling programme of value-for-money studies undertaken in support of the scrutiny work of the National Assembly's Public Accounts Committee (PAC);
 - NHS health boards and trusts: comprising an annual programme of all-Wales studies of NHS bodies and some local bespoke performance audit projects; and
 - local government (including national parks and the fire and rescue services): comprising an annual programme of improvement assessment work under the Wales Programme for Improvement alongside a programme of studies of local government bodies.

Value-for-money studies

- 17 The Auditor General's rolling programme of value-for-money studies examines issues relating to the economy, efficiency and effectiveness with which the Welsh Government and its sponsored and related public bodies use their resources to discharge their functions.

- 18 In determining his programme of studies, the Auditor General is required to take into account the views of the National Assembly's PAC. His reports provide the foundation for the PAC's own work programme and potentially support the work of other National Assembly committees. The Auditor General and Wales Audit Office staff provide a range of support to the PAC to assist its consideration and further scrutiny of these reports.
- 19 The Auditor General has committed to delivering between 10 to 12 products for consideration by the PAC each year, which include: planned value-for-money reports; all-Wales summaries of local performance audit work; and other miscellaneous reports or briefings arising from across the breadth of audit work undertaken by the Auditor General.
- 20 The priorities for value-for-money studies work in 2014-15 are set out in [Appendix 1](#).
- NHS: annual programme of performance audit work**
- 21 The main components of this work are local value-for-money examinations (that are undertaken across all NHS bodies) including an annual structured assessment that considers the robustness of NHS bodies' arrangements for corporate governance and financial and performance management.
- 22 The main outputs from the value-for-money examinations are local reports for individual NHS bodies. However, they also offer the potential for an all-Wales summary report for presentation to the National Assembly's PAC. Each local audit programme is likely to include a small number of bespoke performance audit projects that relate to issues or risks specific to the individual NHS body.
- 23 The annual programme of health performance audit work for 2014 is outlined in [Appendix 1](#).
- Local government: annual programme of improvement assessment work**
- 24 Under the Local Government (Wales) Measure 2009, the Auditor General is required to undertake an annual programme of improvement assessment work that comprises the following:
- improvement assessments;
 - an audit of authorities' annual improvement plans;
 - progress checks on proposals for improvement and recommendations;
 - audit and testing of authorities' assessments of performance; and
 - audit of performance indicators.

- 25 In addition to this annual programme of work, the Auditor General is undertaking cyclical in-depth corporate assessments of governance arrangements. The Auditor General intends to undertake six such corporate assessments in 2014-15 at the following authorities:
- City and County of Swansea Council
 - Flintshire County Council
 - Isle of Anglesey Council
 - Merthyr Tydfil County Borough Council
 - Monmouthshire County Council
 - Neath Port Talbot County Borough Council
- 26 [Appendix 1](#) sets out a summary of planned and potential local government studies to be undertaken during 2014-15.
- 27 Our planned work in local government in particular will be kept under review as we monitor the Welsh Government's response to the recommendations of the Williams Commission.

Cross-cutting work

- 28 We also carry out further cross-cutting work such as:
- identifying and disseminating good practice; and
 - the National Fraud Initiative (NFI).

Good practice

- 29 The Auditor General's approach to good practice involves the identification and sharing of good practice through a number of means, including the Good Practice Exchange (GPX). The GPX website hosts over 550 case studies and examples of good practice. These cover a wide range of public sector activity and topics including fleet management, delayed transfers of care and the management of sickness absence. The GPX is fed by the Auditor General's and appointed auditors' financial and performance audit work and provides examples of how our audited bodies are dealing with the challenges they face. The website receives an average of 3,000 visits per month. Alongside the GPX the Auditor General facilitates knowledge exchange through shared learning seminars, which bring together individuals from across the Welsh public service to share their knowledge and experience.
- 30 We also support the [goodpracticewales.com](#) portal which allows users to search for examples of good practice, case studies and other documents from 20 improvement organisations and other bodies involved in public sector improvement. This web portal gives access to over 3,000 case studies and it receives over 10,000 visits per month.

- 31 The main activities planned for GPX in 2014-15 are:
- incorporating good practice into mainstream activity;
 - developing closer links with other audit and inspection bodies such as Audit Scotland and the Northern Ireland Audit Office and with Improvement Scotland;
 - developing shared learning events with a continued focus on asset management, including buildings management, land and asset transfer and facilities management; and
 - identifying preventative approaches that enable public services to direct their activities towards helping citizens take greater responsibility and reduce the need to use public services.

National Fraud Initiative

- 32 The NFI is a collaborative UK-wide exercise undertaken every two years that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Since its commencement in 1996, NFI exercises have resulted in the identification of more than £22 million of fraud and overpayments in Wales. We plan to publish our 2012-13 report in the summer of 2014.
- 33 The use of data for NFI purposes continues to be controlled to ensure compliance with data protection and human rights legislation. To that end, the Auditor General has prepared a Code of Data Matching that has been approved by the National Assembly to ensure that people's information is protected and processed appropriately.

The Wales Audit Office's work programme

Overview

34 This section outlines the Wales Audit Office's main priorities for 2014-15, including:

- the exercise of its various statutory responsibilities as set out in the Public Audit (Wales) Act 2013 (the Act); and
- work to be undertaken by the Wales Audit Office in pursuance of the underpinning objective set out in our 2013-2016 Corporate Strategy of being an accountable, well-run and efficient organisation that provides a stimulating and rewarding environment to work.

Wales Audit Office's statutory responsibilities

35 The Act sets out a number of statutory responsibilities for the Wales Audit Office including:

- providing resources to the Auditor General (including the provision of the staff, and assets necessary for him to undertake his audit functions);
- monitoring the exercise of the Auditor General's functions;
- charging of fees and the preparation and annual review of the Wales Audit Office Fee Scheme; and
- providing advice to the Auditor General regarding the exercise of his functions.

36 The Wales Audit Office must also produce a Strategic Equality Plan in compliance with the Equality Act 2010.

37 Paragraph 64 sets out the resources to be provided to the Auditor General in 2014-15 and how those resources are to be used in order to undertake the work programmes of the Auditor General and his Appointed Auditor.

Achieving our objective of being an accountable, well-run and efficient organisation

38 A key priority for the Board during 2014-15 will be to ensure a smooth transition to the new Wales Audit Office in accordance with the underpinning objective set out in our 2013-2016 Corporate Strategy of being an accountable, well-run and efficient organisation that provides a stimulating and rewarding environment to work. Specific areas of focus are detailed in paragraphs 39 to 52.

Embedding our new governance arrangements

39 During 2013-14, the Wales Audit Office has been preparing for changes to its governance arrangements resulting from the Act. These arrangements – including the introduction of a new Board and development of supporting governance structures such as a scheme of delegation for the exercise of the Board's functions – will be in place by 1 April 2014 to support the new Board. However there will be a need to review them during 2014-15 to ensure that they are fit for purpose in the light of ongoing experience. The Board will not be fully constituted until late May 2014.

Reviewing staff numbers and skill mix

- 40 During 2014-15, we will be reviewing our staff numbers and skill mix in the light of known and possible future legislative and other changes. Taking into account current and future work programmes, we will continue to invest appropriately in the learning and personal development of our staff to ensure that they have the skills and expertise necessary to undertake authoritative and credible work across the Welsh public sector and beyond.
- 41 Work undertaken as part of our culture change programme in 2013-14 has demonstrated very tangibly the benefits of increased employee engagement with a consequent enabling and empowerment of our staff. Building on this development remains a priority for us in 2014-15.

Use of framework contracts for the supply of audit services

- 42 We will also be seeking to ensure that our use of temporary contractor staff and contractor firms aligns fully with our corporate and workforce strategies. In particular, the expiry of framework contracts for the supply of audit services by contractor firms on 31 March 2015 provides us with an opportunity to examine whether the current arrangements provide value for money.
- 43 Under the existing arrangements, the Auditor General contracts out around 22 per cent of his audit work to six accountancy firms at a total cost of £3.05 million. There are

advantages in this mixed market approach. However these advantages must be viewed in the context of a recent HMRC ruling regarding the Auditor General's VAT status, which will apply equally to the Wales Audit Office from 1 April 2014. This ruling has had the effect of reducing the amount of VAT reclaimable on amounts paid under these framework contracts, resulting in a £600,000 increase in our cost base. One of the first tasks for the new Wales Audit Office Board in 2014-15 will be to consider the extent to which it wishes to contract out work and the contracting model that it wishes to operate.

Improving our systems and processes

- 44 As part of our ongoing drive to be a well-run and efficient organisation, we will continue to simplify our existing systems and processes wherever possible. From 1 April 2014, we will be implementing new HR and expenses systems, our overriding objective being to reduce the amount of transactional activity required by our HR and finance teams, thereby enabling them to concentrate on delivering projects with greater added value to the Wales Audit Office.
- 45 As highlighted in the Wales Audit Office's estimate of income and expenditure for the year ended 31 March 2015, we are also exploring various options for replacing the number of systems that we currently use to plan, manage and record and store our audit work with a single product that can provide consistency of approach and help us to improve the way in which we carry out our work.

46 Responding to issues raised in the Auditor General's Annual Governance Statements included within the Auditor General's Annual Report and Accounts, we will be further refining our financial management information to ensure that it meets the requirements of the new Wales Audit Office Board and our Management Committee. Priorities in 2014-15 include updating our Standing Financial Instructions and our Financial Management Handbook in the light of the new governance arrangements, providing further guidance and training to staff regarding our systems for income recognition and procurement and advancing the timetable for production of our 2013-14 annual accounts by a further 10 working days compared to the previous year.

Create further efficiency in the use of our estate and other assets

47 During 2014-15, we will continue to invest in our estate with a view to making more efficient use of office space and ensuring better use of technology in line with identified good practice. The health and safety of our staff is a key priority for us, and we undertake regular health and safety reviews at all Wales Audit Office offices and locations within client sites to ensure that they are secure and meet health and safety minimum standard requirements. We will continue to undertake a rolling programme of training, testing and review of our business continuity and disaster recovery plans at Wales Audit Office premises to ensure that we are equipped to deal with issues if they occur.

48 The Wales Audit Office has maintained Level 4 Green Dragon environmental accreditation at our offices since first accredited in July 2012, and has performed well against a range of environmental targets including reducing our paper consumption, and reducing our total waste. During 2014-15, we aim to improve our performance against these targets still further, complementing our likely extended sustainable development duties and in readiness for applying for Level 5 Green Dragon accreditation.

49 In his 2012-13 Annual Report and Accounts, the Auditor General reported a continued reduction in our expenditure on business travel (from £223,606 in 2010-11 to £197,284 in 2012-13). Much of this reduction has been achieved by increased use of videoconferencing and Lync facilities.

50 During 2014-15 therefore, as part of our ongoing efficiency programme, we plan to spend £98,000 investing in additional video conferencing equipment, upgrading our internet link to facilitate more efficient data transfer, replacing our existing servers and improving our data storage facilities.

51 Other potential efficiencies supported by improved technology include a possible move to electronic publication of our reports and interactive reporting on our new website, which will enhance users' ability to search and navigate such documents. This will be developed further during 2014-15.

Reviewing our fleet car scheme and travel and subsistence arrangements

52 Following a recent value-for-money review by our external auditors of our fleet car scheme and travel and subsistence car schemes we will be reviewing the cost effectiveness of both schemes in the light of any recommendations made.

Work to be conducted by the Auditor General and the Wales Audit Office jointly

Overview

53 This section summarises the joint obligations placed on the Auditor General and the Wales Audit Office for each financial year.

Joint obligations

54 The Act places the following joint obligations on the Auditor General and the Wales Audit Office (or the Wales Audit Office Chair):

- preparation of an annual estimate: the Auditor General and the Wales Audit Office must jointly prepare an estimate of the income and expenditure of the Wales Audit Office, and lay that estimate before the National Assembly at least five months before the start of the financial year to which it relates;
- preparation of annual and interim reports: the Auditor General and the Wales Audit Office must jointly prepare annual and at least one interim report on the exercise of the functions of both the Auditor General and the Wales Audit Office; and
- preparation of an annual plan: the Wales Audit Office and the Auditor General must jointly prepare such a plan for the following financial year setting out their individual and joint work programmes.

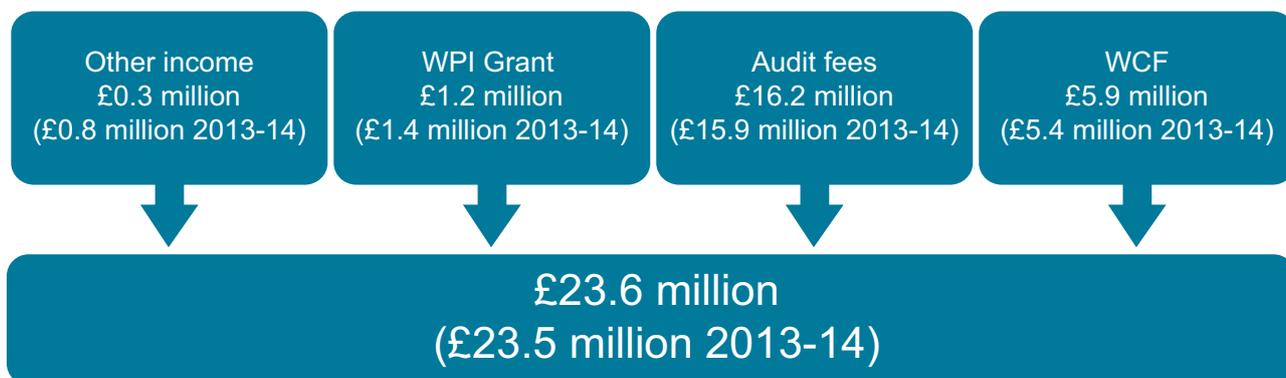
55 All of this work is part of our respective work programmes for 2014-15, and will be completed in accordance with the required statutory timetable. In addition, in early 2015, the Auditor General and the Wales Audit Office will be publishing a joint Business Plan setting out our respective priorities and targets for the period 2014-2017. This will be the first such plan in a rolling three-year business planning cycle and will provide the framework for our future statutory plans and estimates.

Our income and expenditure 2014-15

Overview

- 56 In this section we summarise the resources available to the Wales Audit Office and how we plan to use those resources to support the work programmes of the Auditor General and the Wales Audit Office.
- 57 Total projected income for 2014-15 is estimated at £23.6 million.
- 58 Around 68 per cent of our income comes from audit fees charged to the bodies we audit. This figure can vary year-on-year depending on the level of additional work we are required to undertake, for example in response to concerns raised with the Auditor General (or his Appointed Auditor) or as a result of special inspection work.
- 59 Our fees are calculated in order to ensure that we do not recover more than the full cost of any audit function that we undertake. Further information regarding the basis on which we calculate our fees is set out in the Wales Audit Office Fee Scheme 2014.

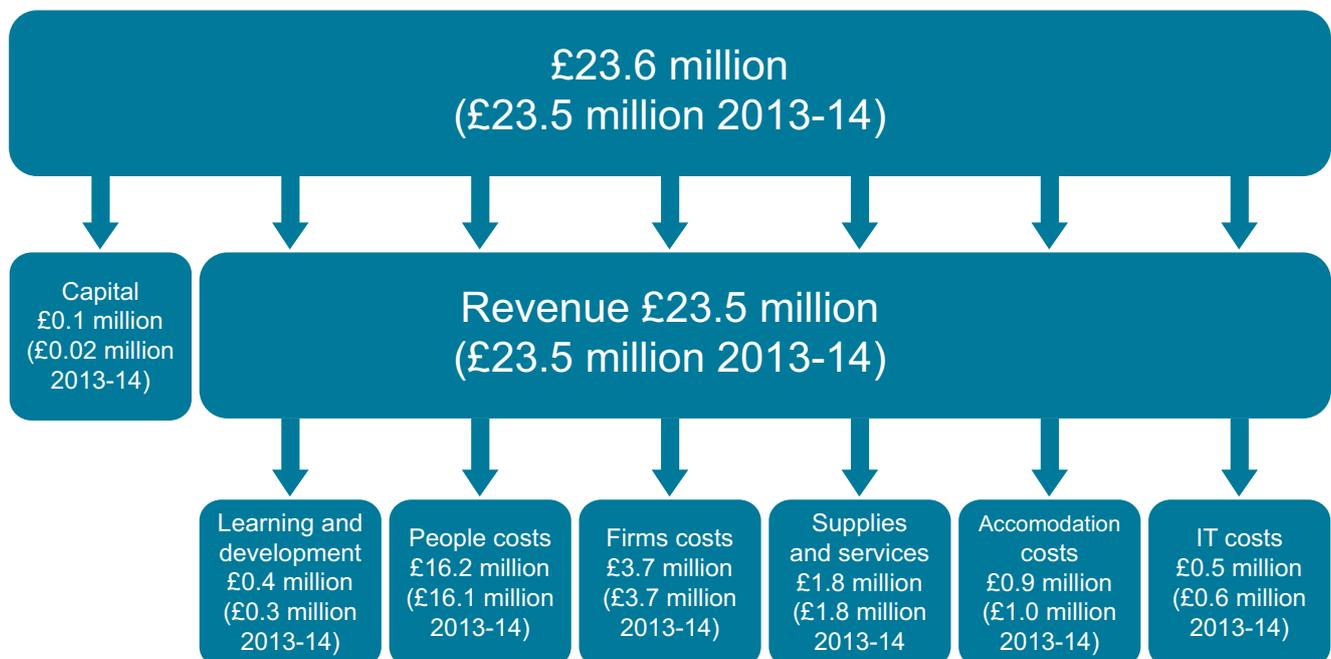
Exhibit 2 – Our income



- 60 The remaining 32 per cent of our income comprises funding from the Welsh Consolidated Fund which is approved by the National Assembly annually (£5.8 million revenue funding and £0.1 million capital funding), Wales Programme for Improvement grant from the Welsh Government (£1.2 million), and miscellaneous income estimated at £0.3 million in 2014-15.
- 61 Our annual budget is calculated in such a way as to ensure that we break even each year, with total estimated revenue expenditure in 2014-15 of £23.5 million, and capital expenditure of £0.1 million.

- 62 Capital expenditure relates to planned investment in our IT infrastructure, including improvements to our internet connection and replacement of servers.
- 63 Additional information regarding our budgeted income and expenditure is set out in the Auditor General's and the Wales Audit Office's joint Estimate for the year ended 31 March 2015, which was endorsed by the Finance Committee on 13 November 2013.

Exhibit 3 – Our expenditure



2014-15 – Resourcing the Auditor General’s work programme

64 [Exhibit 4](#) provides a breakdown of the resources made available to the Auditor General to carry out his work programme. These resources include the salary and associated costs of Wales Audit Office audit staff and payments to the private sector firms which carry out audit work on the Auditor General’s behalf. Other costs are those that can be directly attributed to the two audit practices including technical resources , I.T systems and publishing costs. [Exhibit 5](#) demonstrates how these resources are allocated across audit functions .

Exhibit 4 – Resources made available to the Auditor General

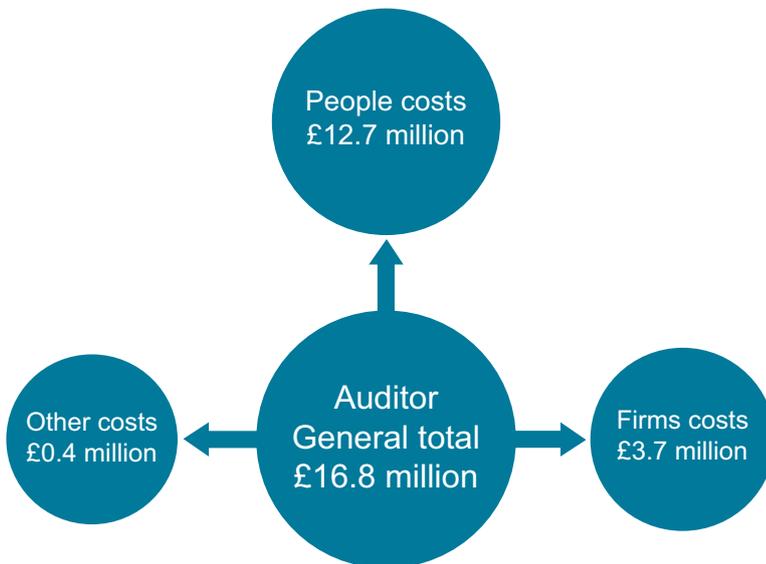
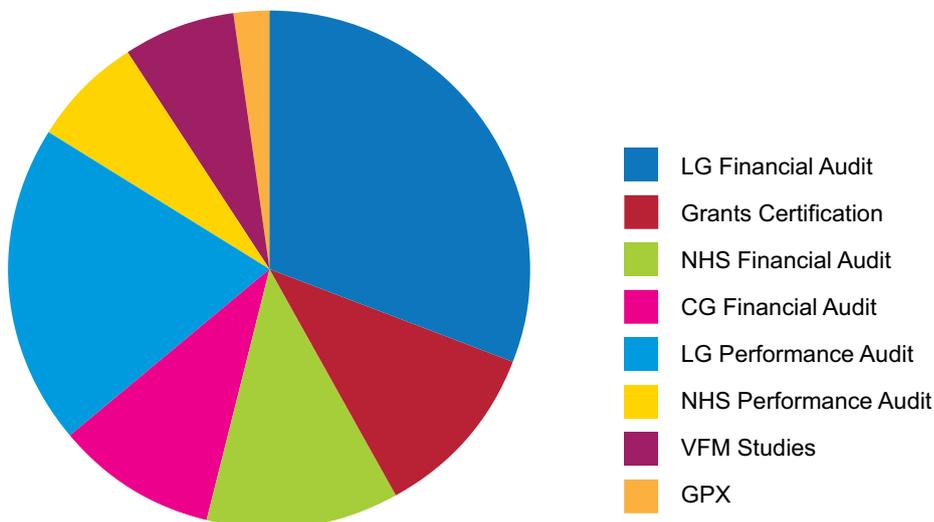


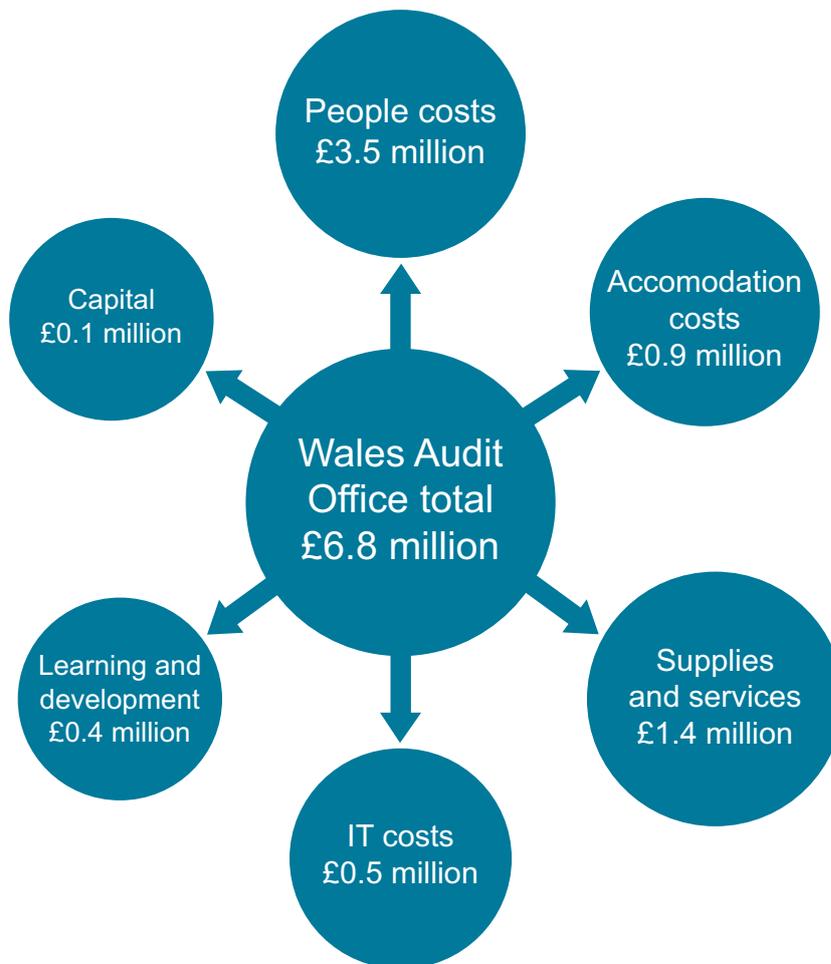
Exhibit 5 – Resources allocated to audit functions



2014-15 – Resourcing the Wales Audit Office

65 Exhibit 6 provides a breakdown of the resources required to support the Wales Audit Office. These resources comprise the salary and associated costs of staff who work in our corporate enabler functions and our audit trainees, as well as accommodation costs, capital and revenue expenditure on IT, investment in learning and development and expenditure on supplies and services. Supplies and services expenditure includes irrecoverable VAT, professional services and communications and publishing costs which cannot be directly attributed to the audit practices.

Exhibit 6 – Resources made available to the Wales Audit Office



Our income and expenditure 2014-15 (compared with 2013-14)

66 In cash terms, our total estimated revenue expenditure in 2014-15 has increased by only £37,000 (0.1 per cent) compared to 2013-14. This represents a real terms cost reduction in our expenditure of some 1.7 per cent between years. We are planning this real terms reduction in our cost base despite a range of inflationary and other cost pressures, including preparatory work for the Future Generations legislation ([paragraphs 2 and 3](#)) and embedding new governance arrangements ([paragraph 39](#)).

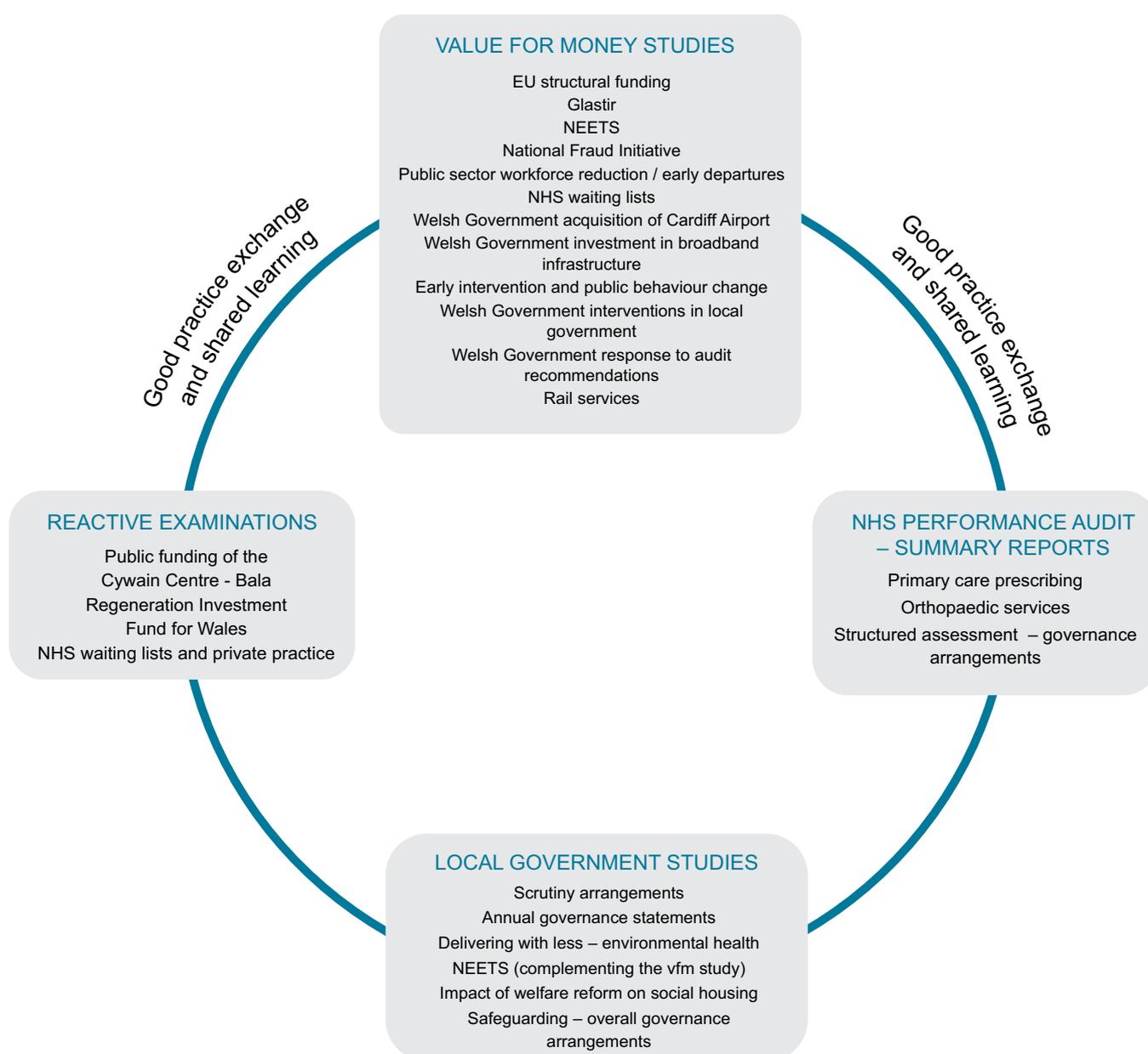
67 This reduction is being made possible by our ongoing efficiency programme which has resulted in a real terms reduction of some £5.6 million or 19.3 per cent between 2009-10 and 2014-15. Efficiency measures implemented to date have included:

- improved staff utilisation rates (ie staff spending more time on productive audit work and less time on ancillary support and non-productive activities);
- changing staff skill mixes; and
- making more efficient use of supplies and services, reducing accommodation and energy costs (despite rising prices) and setting real terms savings targets for individual budget holders.

Appendix 1

National performance audit work programme for 2014-15

The following figure summarises the substantial body of national performance audit work within the Auditor General’s work programme for 2014-15, much of which is already in progress and due to be reported during 2014-15. It includes a stream of reactive examinations, undertaken in response to issues raised with the Auditor General that relate to matters of public concern.



In addition, the Auditor General is consulting on his plans for future national performance audit work as summarised below.

Value-for-money studies

The Auditor General is currently considering and consulting on potential topic areas for future value-for-money studies to start, and potentially in some cases to be reported, in 2014-15. These studies are likely to include a further report on health finances. Details of other potential topic areas are included in a recent briefing paper for the PAC that is available on the [Wales Audit Office website](#)⁴.

NHS all-Wales studies

Annual audit outlines for 2014 are currently being discussed with NHS bodies. The outlines identify the following local health performance audit studies to be undertaken across all NHS bodies in Wales:

- a structured assessment of the robustness of the NHS bodies corporate arrangements to secure efficient, effective and economical use of resources;
- medicines management in the acute sector;
- management of follow-up outpatient appointments;
- an assessment of the impact of reducing budgets on IT infrastructure; and
- support to good practice development.

Following completion of the above all-Wales pieces of work, the Auditor General will consider the appropriateness of producing an all-Wales summary in each of the specific topic areas. A decision will be made early in 2014-15 whether to

produce an all-Wales summary of the local reports delivered under the previous annual audit cycle, on:

- Clinical coding
- Community nursing

Local government studies

The Auditor General is also currently considering the responses to a recent consultation on topics for local government studies to commence during 2014-15. The local government studies programme for 2014-15 is expected to be confirmed during April 2014. The topics consulted upon include:

- A 'delivering with less' review focused on: leisure services; regulatory/enforcement/planning services; or waste.
- A review examining whether councils are effectively supporting older people to live independently, including through joined up working across health and social care.
- An examination of how councils are meeting the needs of gypsies and travellers in Wales, in the context of the Welsh Government's 'Travelling to a Better Future' policy framework.
- An examination of councils' investment in the improvement of transport links, specifically the local highways infrastructure.
- A review of councils' economic development services and their impact in support of a stronger Welsh economy.

In addition, the Auditor General may publish all-Wales overview reports drawing upon local improvement assessment work undertaken under the Local Government (Wales) Measure 2009.

⁴ www.wao.gov.uk/publication/auditor-general%E2%80%99s-programme-value-money-studies-briefing-paper-public-accounts-committee