

Y Pwyllgor Cyllid | Finance Committee
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Archwilydd Cyffredinol Cymru
Auditor General for Wales

Annual Plan 2016-17

Including additional information on our
three-year strategy and priorities



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Foreword from the Auditor General for Wales and the Chair of the Wales Audit Office



Thanks to the professionalism, dedication and hard work of Wales Audit Office staff and our contractors, we successfully delivered almost the entire programme of work laid out in our [Annual Plan for 2015-16](#). However, I do not underestimate the challenges that lie ahead in a period of austerity in maintaining an audit programme that discharges my responsibilities as Auditor General to report in the public interest, whilst being dependent on fee income from the bodies I audit. I look forward, therefore, to working with the new National Assembly to design and implement a more effective and efficient method of financing my work than exists at present.

More detailed information on the delivery of my programme of work can be accessed through the audit and study reports published on [our website](#). In addition, our forthcoming Annual Report and Accounts for 2015-16 will include case study examples of the work we have undertaken and its impact.

Alongside a number of key revisions to my work programme and priority projects, this Annual Plan for 2016-17 incorporates four strategic themes which will underpin our work over the next three years. We have also provided a more detailed description of our current operating environment, and of how we plan to respond to that environment and achieve our aims and objectives, thereby helping the public sector in Wales to succeed in meeting the challenges it faces.

Huw Vaughan Thomas
Auditor General for Wales



The Board is continually focused on ensuring that the Auditor General for Wales has the right skills and resources to deliver his work programme, and on enhancing the efficiency and effectiveness of the way the Wales Audit Office operates. Over the course of the year, we have subjected our priorities, performance measures and targets to further scrutiny and refinement to ensure they are fit for purpose, suitably challenging but achievable within the specified timescales.

The results of that work are reflected in this Plan. In particular, this plan sets out our commitment to implement a new programme of work to facilitate transformation in the way we undertake our work, with an initial focus on making more effective use of data and information technology.

In our approach to transforming the way we work, our focus has been firmly fixed on considering what type of audit office Wales needs now and in the future to ensure the Auditor General's work delivers appropriate impact and improvement. Over the coming year we want to continue to explore the best ways we can work with our key stakeholders, both internal and external, and how we can effectively assess whether we are getting it right.

Isobel Garner

Chair, on behalf of the Wales Audit Office

This Annual Plan of the Auditor General for Wales and the Wales Audit Office for the year ending 31 March 2017, which includes additional information on our three-year strategy and priorities, 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 by the Auditor General for Wales and the Chair of the Wales Audit Office under section 26 of the Public Audit (Wales) Act 2013.

The National Assembly has made provision through Standing Order 18.11(i) for its Finance Committee to be responsible for considering and reporting to the Assembly on the Annual Plan.

If you require this publication in an alternative format and/or language please contact us using the details below.

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Who we are

- 1 The Auditor General for Wales is the statutory external auditor of most of the Welsh public sector.
2. The Auditor General is responsible for the audit of the majority of public money spent in Wales, including the funds that are voted annually by the National Assembly. Significant elements of this funding are passed by the Welsh Government to the NHS and local government in Wales.
3. The Wales Audit Office constitutes a Board that employs professionally qualified staff and utilises other resources, including additional expertise from private sector accountancy firms, to enable the Auditor General to carry out his functions. The Wales Audit Office currently employs around 260 staff.
- 4 Together, the Auditor General and the staff of the Wales Audit Office independently examine whether public money in Wales is being managed wisely and is properly accounted for.
- 5 We undertake our work in accordance with the Auditor General's Code of Audit Practice. As laid out in the Code, alongside specific legal and professional requirements, five widely recognised principles underpin our audit work.

Principles of public audit

| | |
|----------|---|
| 1 | Public focus Audit is carried out on behalf of the public and in the public interest. The public has a legitimate stake in audit work and should be engaged with its processes. |
| 2 | Independent Audit must be, and be seen to be, independent. Auditors should report in public without being influenced by fear or favour. |
| 3 | Proportionate Audited bodies need to be given enough space to deliver services to a high standard. They should be subject to sufficient, but not excessive, levels of scrutiny. |
| 4 | Accountable Auditors are publicly funded and are accountable for the stewardship of the resources provided to them. They must work economically, efficiently and effectively. |
| 5 | Sustainable Audit work must be undertaken with regard to sustainable development - meeting the needs of the present without compromising the ability of future generations to meet their own needs. |

What we do

Public sector audit involves providing an opinion on the accounts and also covers issues such as:

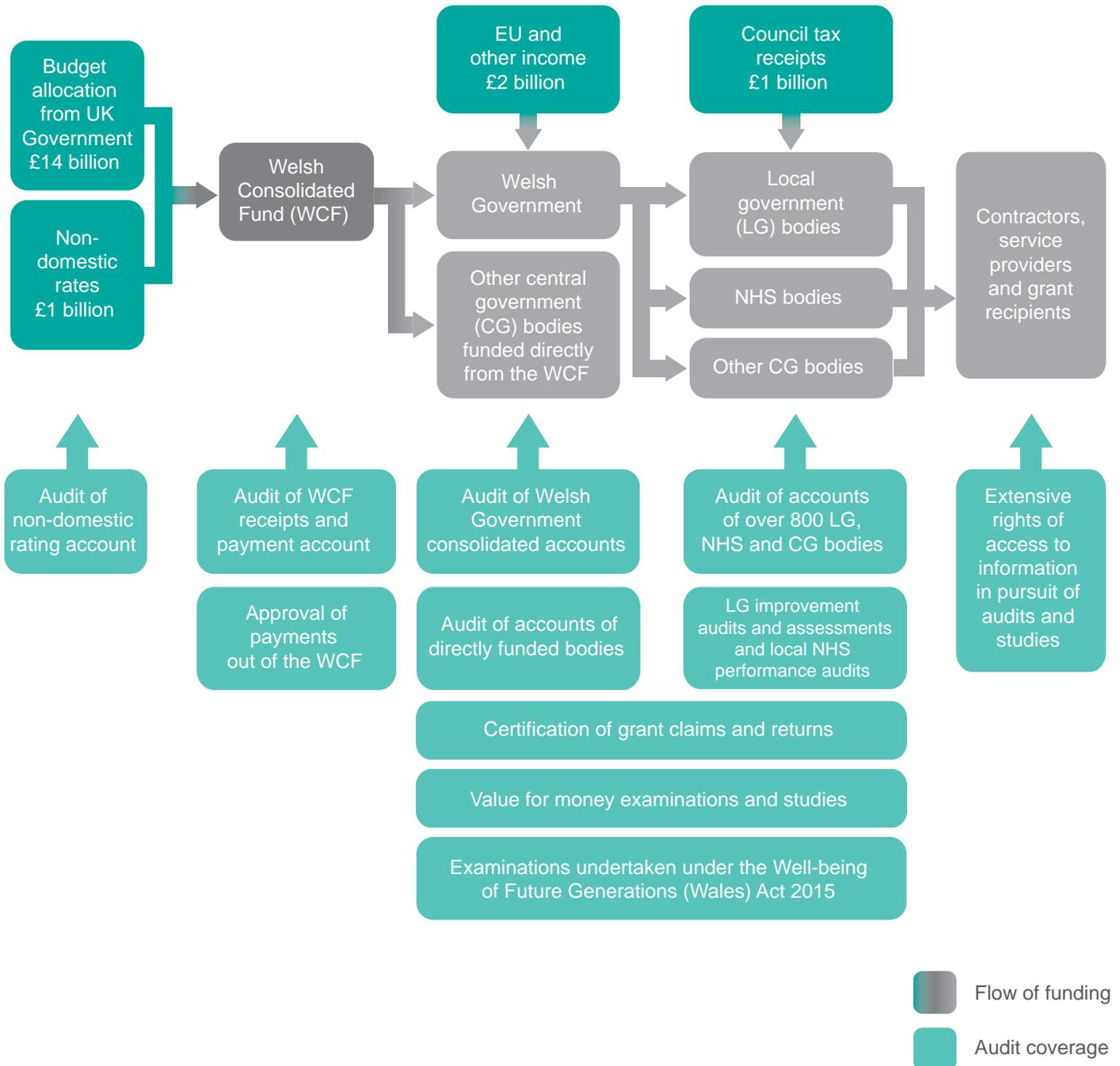
- **regularity (whether public money is being used for approved purposes);**
- **propriety (how public business is being conducted); and**
- **value for money.**

- 6 Each year the Auditor General, using resources provided by the Wales Audit Office, delivers a wide ranging and proportionate programme of external audit work, alongside certain other functions. The Auditor General also retains a degree of flexibility in his programme in order that he can respond swiftly and effectively to any issues we encounter through our audit work or that are brought to his attention.
- 7 The Auditor General's functions apply across different types of bodies, to examine public spending irrespective of who delivers the services.
- 8 We identify good practice from across the full breadth of the Auditor General's audit work and disseminate this through the Good Practice Exchange (a free web-based resource) and other media, including shared learning seminars and webinars.

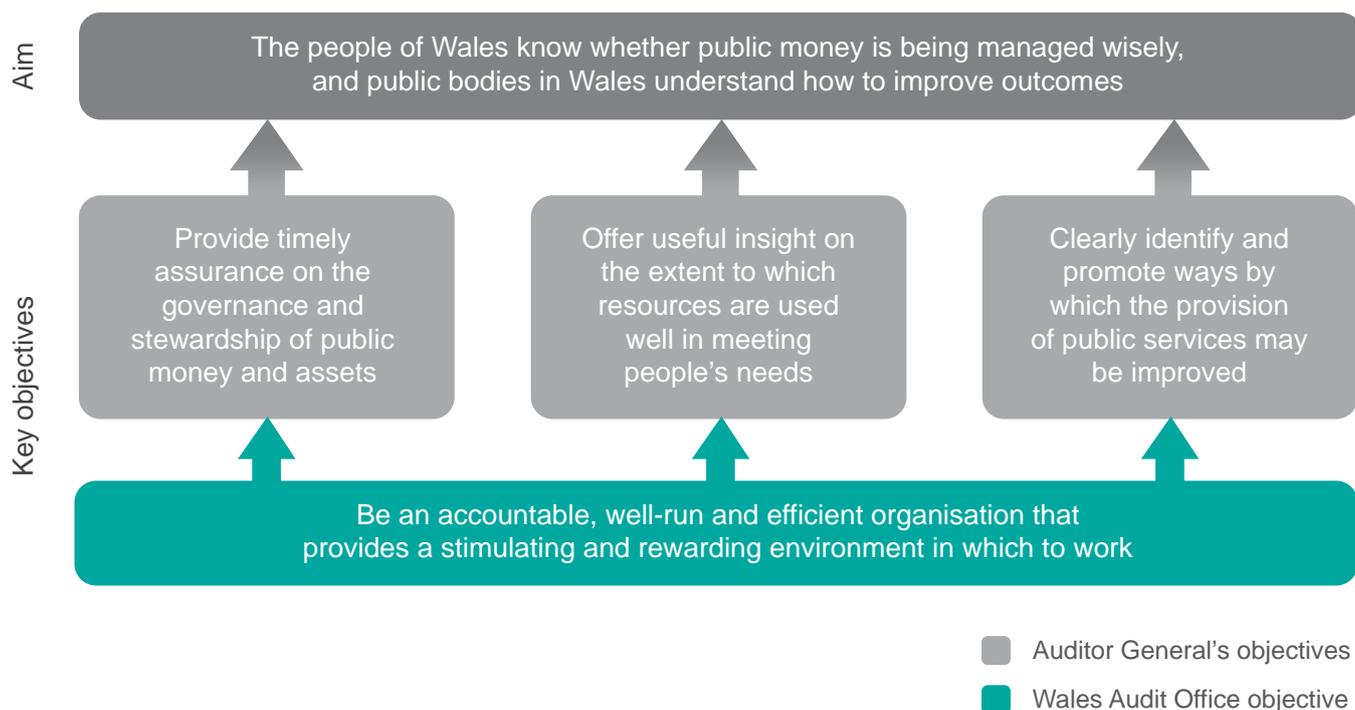
The aspects of value for money – economy, efficiency and effectiveness



How we follow the public pound in Wales



Our aim and objectives



- 9 Our aim is focused on informing the people of Wales and helping public bodies in Wales to succeed.
- 10 Our fourth key objective underpins the first three; in order for the Auditor General to deliver a high quality audit service, the Wales Audit Office must be a well-run organisation which delivers value for money.

Our operating environment

- 11 We consider the following factors to be those that will have greatest influence over the way we deliver our work and achieve our aim and objectives over the next three years.

We are in a period of financial constraint

- 12 Those charged with delivering public services continue to face real-terms reductions in annual budgets, while seeking to meet rising public expectations and demands and addressing a range of acknowledged service deficiencies. Public services in Wales must be ambitious in finding new ways of delivering services, so that they can sustain and protect outcomes for lower cost. Transformation through innovation, sharing and acting on good practice, and improving efficiency and effectiveness represents the most sustainable solution in the long term.

Governance arrangements are now required to have a wider scope

- 13 The National Assembly has recently placed further legal requirements on the public sector in Wales to strengthen governance arrangements in accordance with the principles of sustainable development, through the Well-being of Future Generations (Wales) Act 2015. Each public body listed in the Act must work to improve the economic, social, environmental and cultural well-being of Wales. To do this they must set and publish well-being objectives and then take action to make sure they meet those objectives.

The political and policy landscape continues to evolve

- 14 A broad range of policy and political factors are likely to influence how we deliver our work over the next few years. These include:
- a changes to the devolution landscape;
 - b fiscal devolution – transfer of some tax raising and borrowing powers from Westminster to Wales by 2018;
 - c Welsh Government proposals for local government reform, including a move to fewer and larger councils;
 - d acceleration of changes to service delivery models and financing mechanisms;
 - e requirement for earlier closure of local government accounts by 2018-19; and
 - f amendments to Welsh Government grant funding and certification arrangements.

We live in an increasingly networked society

- 15 Over recent years, advances in information technology have led to increased digitisation of service delivery, increased public access to data, and new opportunities and ways to communicate through social media and other forms of digital communication.

Our strategy

16 In response to our operating environment, our Plan for delivering our programmes of work during 2016-17 and for the three-year period 2016-2019 is underpinned by four high-level strategic themes.

Continue to undertake our audit work with an austerity emphasis



We will continue to place increased emphasis on strengthening financial management across the Welsh public sector and improving the effectiveness and efficiency of the use of public resources and assets.

Our audit work will focus on assisting service transformation and helping public bodies cope with, and succeed despite, the impact of funding reductions.

Report more comprehensively on the effectiveness of governance arrangements



We will enhance our audit work on governance arrangements to support public bodies in meeting their responsibilities under the new legislation.

Increasingly, our consideration of financial resources, and the way in which public bodies account for their use, will be integrated with a consideration of their stewardship of human and natural resources.

Strengthen our workforce strategy so we can better respond to future developments



We will strengthen and optimise our workforce strategy to ensure we can both meet current demand and are able to anticipate and respond to future developments.

Our emphasis will be on having the right number and a diverse mix of people, with the right skills, knowledge and experience, in the right place, at the right time and at the right cost.

Make more effective use of data and information technology

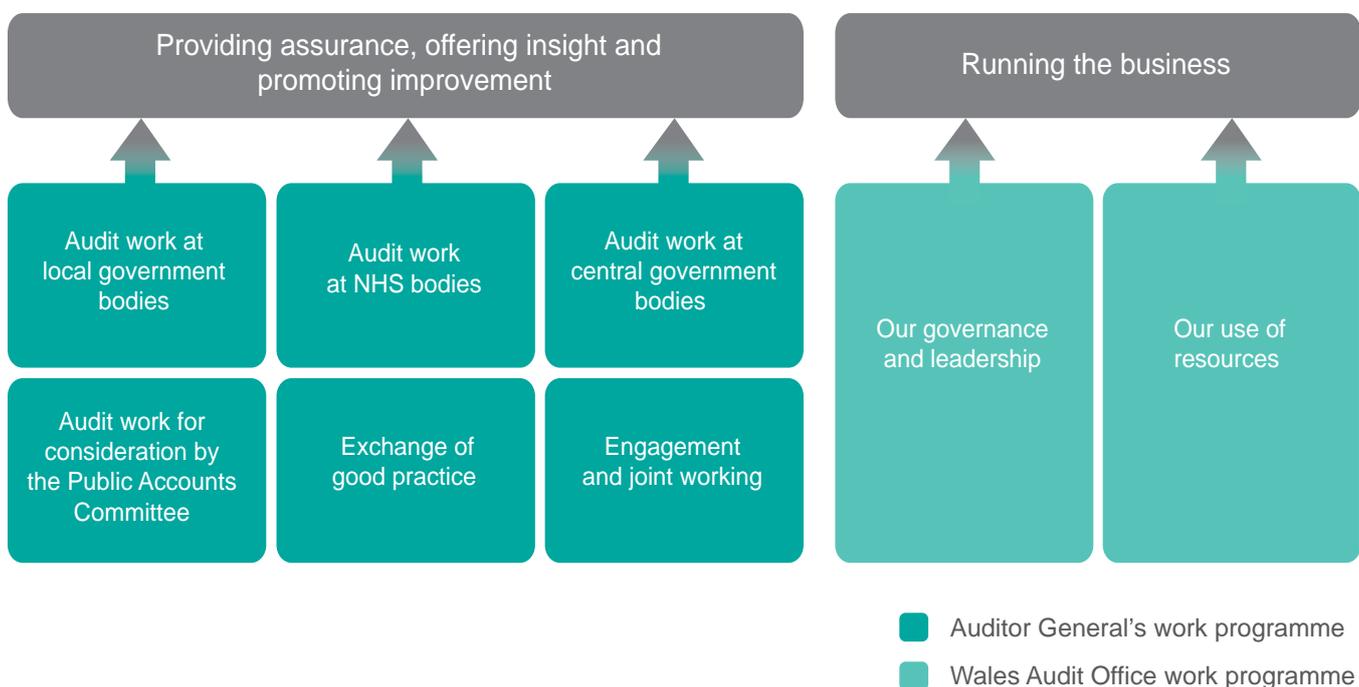


We will undertake audit work focussed on audited bodies' capacity to exploit digital transformation and their digital risk awareness.

We will also seek to take steps to enhance the impact of our work through further exploring new technology and maximising the effectiveness of our data collection, analysis and communication findings.

Our plan for delivery

17 The following pages constitute our Plan for delivering our programmes of work during 2016-17 and for the three-year period 2016-2019. The Plan is divided into eight sections which are aligned with our objectives as illustrated below, and are each underpinned by our four high-level strategic themes.



18 The first six sections of the Plan relate to the Auditor General's work programme. The referenced appendices in these sections outline the Auditor General's priorities for 2016-17 in exercising his functions. The tables in these sections outline further priority areas of improvement or other work that we intend to undertake over the next three years, alongside or as part of the Auditor General's statutory programme of audit work. The remaining two sections of the Plan relate to the Wales Audit Office's work programme. The tables in these sections outline the Wales Audit Office's priorities for 2016-17 and for the next three years in exercising its functions.

- 19 The resources available, and which may become available to the Wales Audit Office, as per the approved [Estimate of Income and Expenses for the Year Ended 31 March 2017](#), are to be used in delivering these work programmes.
- 20 While priority projects in the Plan are listed under headline areas, several touch on one or more of the areas. Each project is sponsored by a named individual from our executive management team.
- 21 A key theme underpinning much of our audit work below will be to take account of the obligation that relevant public bodies will be under from April 2016 to adopt the sustainable development principles as set out in the Well-being of Future Generations (Wales) Act 2015. Our priority will be to engage those bodies in developing an approach to discharge the Auditor General's duty under that legislation.

Audit work at local government bodies

22 The Auditor General's programme of work in local government covers a broad range of bodies, including unitary authorities, fire and rescue authorities, national park authorities, police and crime commissioners and chief constables, local government pension funds and town and community councils. The programme includes audits of accounts, certification of grant claims and returns, improvement audits and assessments, and local government studies.

Appendix 1 – The Auditor General's programme of audit work at local government bodies in 2016-17

23 Local government bodies in Wales currently face several significant challenges and risks. These include reductions in funding, weaknesses in governance, scrutiny and public reporting arrangements, increased demand for care and education services, an urgent need for many councils to improve standards in education, and the prospect of substantive reform and mergers in the future.

| Three-year priorities | When | Management Committee Lead |
|---|-------------------------------|--|
| Undertake local assessments and provide all-Wales overviews of the corporate capacity of local government bodies to deliver transformation and change programmes | 2016 and each year thereafter | Gillian Body Assistant Auditor General and Head of Performance Audit |
| Better integrate the planning and reporting of our local audit of accounts and performance audit work, particularly in relation to examining the effectiveness of governance arrangements | 2016 | Gillian Body |
| Prepare, including through working with relevant stakeholders, for the introduction of faster closure of local government accounts | 2016-2018 | Anthony Barrett Assistant Auditor General and Head of Financial Audit |
| Develop and pilot an outcome-based approach to grant certification for local government accounts | 2016-2017 | Anthony Barrett |
| Provide more informative reporting on the effectiveness of governance arrangements through our modified framework for the audit of town and community councils | 2016 | Anthony Barrett |

Audit work at NHS bodies

24 The Auditor General's work across NHS Wales covers all seven local health boards and the three NHS Trusts, as well as the work of the Welsh Government's Health and Social Care Department. The Auditor General audits the annual accounts of each NHS body, and reports publicly on the arrangements in place to secure economy, efficiency and effectiveness in their use of resources.

Appendix 1 – The Auditor General's programme of audit work at NHS bodies in 2016-17

25 Across the NHS in Wales (as elsewhere in the UK) highly-publicised failures in corporate and clinical governance in recent years, together with associated quality and patient safety concerns, have served to dent public confidence in healthcare provision. In addition, the provisions of the NHS Finance (Wales) Act 2014 present an opportunity to shift away from the short-term pressures of annual budgets and to focus instead on robust medium-term integrated delivery plans.

| Three-year priorities | When | Management Committee Lead |
|--|-------------------------------|--|
| Undertake comparative assessments of governance arrangements in NHS bodies with a view to identifying and sharing good practice in specific areas that NHS bodies have found difficult and problematic | 2016 | Gillian Body |
| Participate fully in the escalation intervention protocol to identify and respond to serious issues affecting service delivery, quality and safety of care and organisational effectiveness across NHS Wales | 2016 and each year thereafter | Mike Usher Sector Lead, Health and Central Government |
| Publish an audit review of the initial operation of three-year NHS integrated delivery plans | 2016-2017 | Gillian Body |

Audit work at central government bodies

26 The central government sector in Wales covers a diverse range of public bodies, including the Welsh Government and its sponsored bodies, the offices of various statutory commissioners, inspectors and regulators, and the National Assembly Commission. Unlike for local government and health bodies, the Auditor General is not required to conduct a programme of performance audit work at each central government body, but instead only provides an annual opinion on their accounts. Performance audit work conducted within this sector currently sits within his programme of value for money studies.

Appendix 1 – The Auditor General’s programme of audit work at central government bodies in 2016-17

27 A particular challenge for the Welsh Government is the implementation of fiscal powers for Wales from April 2018, including the creation of the Welsh Revenue Authority and a Treasury function. Preparatory work has commenced on this complex change programme, and a Wales Audit Office observer attends the Welsh Government’s Programme Board. A different set of strategic challenges will be posed by the evolving relationship between Wales and Westminster and the further changes to the devolution settlement that will be contained in the upcoming Wales Bill.

| Three-year priorities | When | Management Committee Lead |
|---|-------------------------------|---------------------------|
| Publish an annual overview report on the results of audit work undertaken within the central government sector | 2016 and each year thereafter | Anthony Barrett |
| Explore with the Welsh Government the potential for undertaking a cyclical programme of governance and performance audit reviews across each of the Welsh Government departments and sponsored bodies | 2016-2017 | Mike Usher |
| Provide the National Assembly’s Finance Committee with an audit commentary on preparedness for the introduction of fiscal powers and on progress made throughout the planning and implementation stages | 2016-2019 | Mike Usher |
| Evaluate and prepare for the accounting and audit implications of the implementation of Welsh fiscal powers | 2016-2019 | Mike Usher |

Audit work for consideration by the Public Accounts Committee

28 This programme of audit work includes value for money examinations, the preparation of summary reports of the findings from audit work across multiple NHS, central government and/or local government bodies, and examinations undertaken in response to issues of public concern identified through our audit work or raised with the Auditor General. The outputs from much of this programme support the work of the National Assembly's Public Accounts Committee and potentially other Assembly committees.

Appendix 1 –The Auditor General's programme of audit work being undertaken during 2016-17 for consideration by the Public Accounts Committee

29 In determining his programme of value for money studies, the Auditor General takes into account the views of the Public Accounts Committee and consults more widely with other stakeholders. His key aims for the programme are to provide comprehensive and timely coverage of spending and risks to value for money, including to address a broad range of issues that are of material interest or concern, and to give consideration to the long-term well-being of the people of Wales. We look to support the Public Accounts Committee and, where relevant, other Assembly committees to help maximise the impact of their scrutiny inquiries.

| Three-year priorities | When | Management Committee Lead |
|--|-----------|---|
| Increase the impact of, and engagement with, our public reporting through enhancing the design of our reports and broadening our communication channels | 2016-2017 | Gillian Body |
| Enhance our work that examines whole systems and the linkages between service providers, including in particular the interface between health and social care provision | 2016-2018 | Gillian Body |
| Following the 2016 Assembly elections, develop a constructive relationship with the new Public Accounts Committee and identify ways to further enhance support for their scrutiny work | 2016-2018 | Gillian Body |
| Raise awareness of the work of the Auditor General and Wales Audit Office among Assembly Committees, including through contributing to the induction of new Assembly Members after the 2016 Assembly elections | 2016-2017 | Huw Vaughan Thomas Auditor General and Chief Executive |

Exchange of good practice

- 30 In recent years we have developed approaches to facilitate knowledge exchange with increasing success. One of the two main strands of our approach is the provision of freely available online resources that enable the public, service users, service providers, policy makers and decision makers to access information that will leave them better informed. In particular, we aim to promote the sharing of this information across organisational, geographical and international boundaries.
- 31 Our other strand of activity involves facilitating conversations where the learning from comparative successes and failures is shared face-to-face. Increasingly we are looking to bring the views and experience of global experts to these conversations.

Appendix 1 – Our programme of good practice work in 2016-17

| Three-year priorities | When | Management Committee Lead |
|--|-------------------------------|---|
| Encourage improvements in public services by capturing at least 50 improvement opportunities from an annual programme of 12 shared learning events, and monitor their translation into action | 2016 and each year thereafter | Alan Morris Sector Lead, Local Government and Criminal Justice |
| Develop programmes of good practice work on key challenges facing public services including governance, planning for the long-term, public service transformation, making more effective use of data and information technology, and austerity | 2016-17 | Alan Morris |
| Invest in developing and supporting self-sustaining 'communities of interest' amongst public bodies to build upon the momentum generated by our good practice and shared learning activity | 2016 and each year thereafter | Alan Morris |
| Provide opportunities for staff from across the organisation to share and develop skills through participation in good practice work and shared learning activities | 2016 and each year thereafter | Alan Morris |

Engagement and joint working

- 32 The Auditor General and Wales Audit Office are committed to effective stakeholder engagement to inform the development, maximise the relevance, and extend the reach and impact of the Auditor General's work. In 2016-17 and over the next three years we will continue to increase awareness of the Auditor General's work, through a range of face-to-face engagement activities and through more effective use of information technology, including web-based applications and social media.
- 33 We are also committed to working closely with the other UK audit agencies through the Public Audit Forum, and with the other main external review bodies in Wales through the Inspection Wales initiative, to enhance the efficiency and effectiveness of public audit and the collective impact of our work. On occasion, we represent Wales on the international audit stage.
- 34 The Wales Audit Office is able to make arrangements with certain types of bodies for it or the Auditor General to provide services to, or to exercise the functions of those bodies. But, we are mindful that all such activities should be self-financing and should not be undertaken to the detriment of our core audit work in Wales.

Appendix 1 – The Auditor General's programme of joint working activity in 2016-17

| Three-year priorities | When | Management Committee Lead |
|---|-------------------------------|--|
| Embed arrangements for more effective management of correspondence received from the public or other interested parties about matters relevant to the Auditor General's functions | 2016 | Kevin Thomas Director of Corporate Services |
| Make use of the results of our stakeholder feedback to further our sector understanding and relationships with audited bodies to both better inform our work programme and contribute to developments and improvements across the public sector | 2016 and each year thereafter | Huw Vaughan Thomas |
| Further enhance our engagement with the public, their representatives and other stakeholders to gauge the impact of our work, assess our performance and measure our success | 2016 and each year thereafter | Huw Vaughan Thomas |
| Encourage participation in the National Fraud Initiative from a greater range of bodies in receipt of public funding, and expand the information used in the data matching exercise | 2016 | Anthony Barrett |
| Further enhance the efficiency and effectiveness of audit, inspection and regulation in Wales through working closely with Inspection Wales partners to realise more efficient working practices and achieve greater impact through joint working and the sharing of intelligence and resources | 2016 and each year thereafter | Huw Vaughan Thomas |

Our governance and leadership

35 As required by the Public Audit (Wales) Act 2013, we are in the unique position of having not only non-executive and executive members of the Wales Audit Office Board, but also employee elected members to provide an extra dimension of insight and experience. Our governance arrangements provide us with a real opportunity to further develop and progress as an organisation.

Appendix 2 – The roles and responsibilities of the Wales Audit Office Board

- 36 The key aspects of the Wales Audit Office’s programme of work for 2016-17 and for the next three years will be to:
- ensure that our governance arrangements are embedded within the organisation, including through strong and accountable leadership and robust risk management arrangements;
 - provide the Auditor General with the resources needed for delivering the Auditor General’s work;
 - make sure that the Wales Audit Office is a well-run and efficient organisation; and
 - monitor the delivery of this Plan.

Appendix 3 – Our risk management arrangements

37 The Wales Audit Office has a senior management structure which is designed to provide clear lines of reporting and accountability, and to enable the Auditor General’s work to inform the public and influence public service delivery in the most efficient and effective way.

| Three-year priorities | When | Management Committee Lead |
|---|-----------|---------------------------|
| Implement a programme of work to facilitate strategic transformation of audit, with an initial focus on making more effective use of data and information technology | 2016 | Huw Vaughan Thomas |
| Strengthen leadership capability, through a leadership development programme and continued use of 360° performance reviews for senior staff and supporting reviews of Board effectiveness | 2016-2019 | Huw Vaughan Thomas |
| Strengthen our workforce planning arrangements, including through more effective succession planning and more detailed modelling of future demand scenarios | 2016-2019 | Kevin Thomas |
| Monitor the development of our unique governance arrangements working collaboratively with other UK audit bodies, with a view to sharing knowledge, learning and experience | 2016-2019 | Huw Vaughan Thomas |
| More effectively use external benchmarking and comparison, working collaboratively with other UK audit bodies, to assess our performance, measure our success, and improve our impact | 2016-2019 | Kevin Thomas |

Our use of resources

38 In 2016-17 and over the next three years we will build on our effective working relationship with the National Assembly's Finance Committee. The Finance Committee scrutinises our use of resources, including through consideration of our estimate, fee scheme, annual plan, interim report(s) and annual report and accounts. We therefore work to the highest standards in applying and accounting for our resources.

Appendix 4 – Our estimate of income and expenditure for 2016-17

- 39 Sustainable development is widely understood to mean meeting the needs of the present without compromising the ability of future generations to meet their own needs. We have been working hard to embed the principles of sustainable development in the way we run our organisation, and in the way we resource the Auditor General's audit work, for a number of years. The Well-being of Future Generations (Wales) Act 2015, will require us to make further progress in this area.
- 40 Approximately two thirds of Wales Audit Office funding comes from fees charged to audited bodies in accordance with a Scheme of Fees approved by the National Assembly. In November 2014, the Assembly's Finance Committee recommended that the Public Audit (Wales) Act 2013 be amended to clarify audit fee charging requirements, and has subsequently stated that it will set out the issues in its legacy report for consideration in the Fifth Assembly.
- 41 Most of the remainder of Wales Audit Office funding comprises approved financing from the Welsh Consolidated Fund. In these times of significant financial restraint, cost efficiency continues to be a priority and we continue to operate an efficiency and effectiveness programme to support this across the business.

| Three-year priorities | When | Management Committee Lead |
|---|-----------|---|
| Make better use of technology and information management to rationalise and streamline our business systems and processes, through implementation of a rolling three-year ICT plan | 2016-2019 | Kevin Thomas |
| Expand and enhance our existing graduate trainee programme including through establishing a collaborative programme under which our trainees will spend time working in the wider public sector in Wales | 2016-2018 | Anthony Barrett |
| Keep a tight grip on costs, seek further efficiencies and keep fees as low as possible | 2015-2018 | Steve O'Donoghue Director of Finance |
| Develop proposals for simplifying and improving the cost-effectiveness of the funding arrangements of the Wales Audit Office, for consideration by the Assembly's Finance Committee | 2016-2017 | Steve O'Donoghue |
| Make better use of our estate to minimise cost and assist flexible audit delivery | 2016-2019 | Kevin Thomas |
| Demonstrate our corporate social responsibility through our work on: <ul style="list-style-type: none"> • improving environmental stewardship; • promoting the well-being of our staff; • advancing equality of opportunity, eliminating discrimination and fostering good relations; and • promoting use of the Welsh language and meeting the new Welsh language standards. | 2016-2019 | Kevin Thomas |

Measuring and reporting on our performance

- 42 In 2016-17 and over the next three years we will use a combination of quantitative and qualitative methods to measure, report and reflect on our performance and risks. This will include regular reporting to our Management Committee and Board on progress made in delivering our priorities and achieving our key performance measure targets. It will also include internal audit reports to our Management Committee and Audit and Risk Assurance Committee. We will place particular emphasis on evaluating our direction of travel and pace of improvement, alongside comparison with appropriate benchmarking.
- 43 We will report on our performance externally through our **Annual Report and Accounts** and **Interim Report(s)**, and by providing evidence at meetings of the National Assembly's Finance Committee.
- 44 Our framework of key performance measures is centred on the following themes and questions about our activities. Our suite of targets has been developed with reference to current levels of performance and appropriate benchmarks. The targets will be subject to further scrutiny and refinement during 2016-17 to ensure they are suitably challenging but achievable within the specified timescales.

Impact

To what extent is our work informing the people of Wales, helping public bodies in Wales to succeed, and valued by our stakeholders?

Delivery

Are we delivering our audits on time and to the required quality and professional standards?

Leadership

Are our governance and leadership arrangements operating effectively?

Financial

How well are we managing our finances and assets?

Social

How well are we promoting and supporting equality, well-being and learning?

Environmental

How well are we managing our impact on the environment?

Communication

How well are we raising awareness of and encouraging engagement with our work?

Appendix 5 – Key performance measures and targets

Appendix 1 - Programmes of work for 2016-17

The Auditor General's programme of audit work at local government bodies in 2016-17

Audits of accounts

22 unitary authorities
3 fire and rescue authorities
3 national park authorities
4 police and crime commissioners
4 chief constables
8 pension funds
A number of other smaller local government bodies including joint committees and harbour authorities
Audits of over 740 town and community councils on a limited assurance basis

Certification of grant claims and returns

Up to 20 schemes worth approaching £3 billion and involving around 420 individual claims

Improvement audits and assessments

22 unitary authorities (including six more detailed corporate assessments)
3 fire and rescue authorities
3 national park authorities

Local government studies

Financial position and resilience (follow-up study)
Council funding of third sector services
The strategic approach of councils to income generation and charging for services
The effectiveness of local community safety partnerships
Addressing dependency and demand for Public Services through the development of effective prevention approaches
Strategic commissioning
Improving joint working on housing and health

The Auditor General's 2016-17 programme of performance audits and assessments will have a particular focus on the themes of financial management, governance and transformational change.

The Auditor General's programme of audit work at NHS bodies in 2016-17

Audits of accounts

7 local health boards
3 NHS trusts
Local health board summarised accounts
NHS trusts summarised accounts

Structured assessments

7 local health boards
3 NHS trusts

Local performance audit work

7 local health boards
3 NHS trusts

Health studies

Radiology services
NHS Consultant Contract (follow-up study)
Governance arrangements at Betsi Cadwaladr University Health Board (follow-up study)
Emergency ambulance commissioning arrangements
GP Out of Hours services
Discharge Planning

The Auditor General's programme of audit work at central government bodies in 2016-17

Welsh Government accounts

Welsh Government consolidated accounts
Non-domestic rating account
Welsh Consolidated Fund receipts and payment account
Whole of Government Accounts
Approval of payments out of the Welsh Consolidated Fund

Accounts of Welsh Government sponsored bodies

Arts Council of Wales
Arts Council of Wales Lottery Fund
Care Council for Wales
Higher Education Funding Council for Wales
National Library of Wales
National Museums and Galleries of Wales
Natural Resources Wales
Sports Council for Wales Main and Trust Accounts
Sports Council for Wales Lottery Fund
Local Democracy and Boundary Commission for Wales
Qualifications Wales

National Assembly for Wales accounts

National Assembly for Wales Commission
Assembly Members Pension Fund

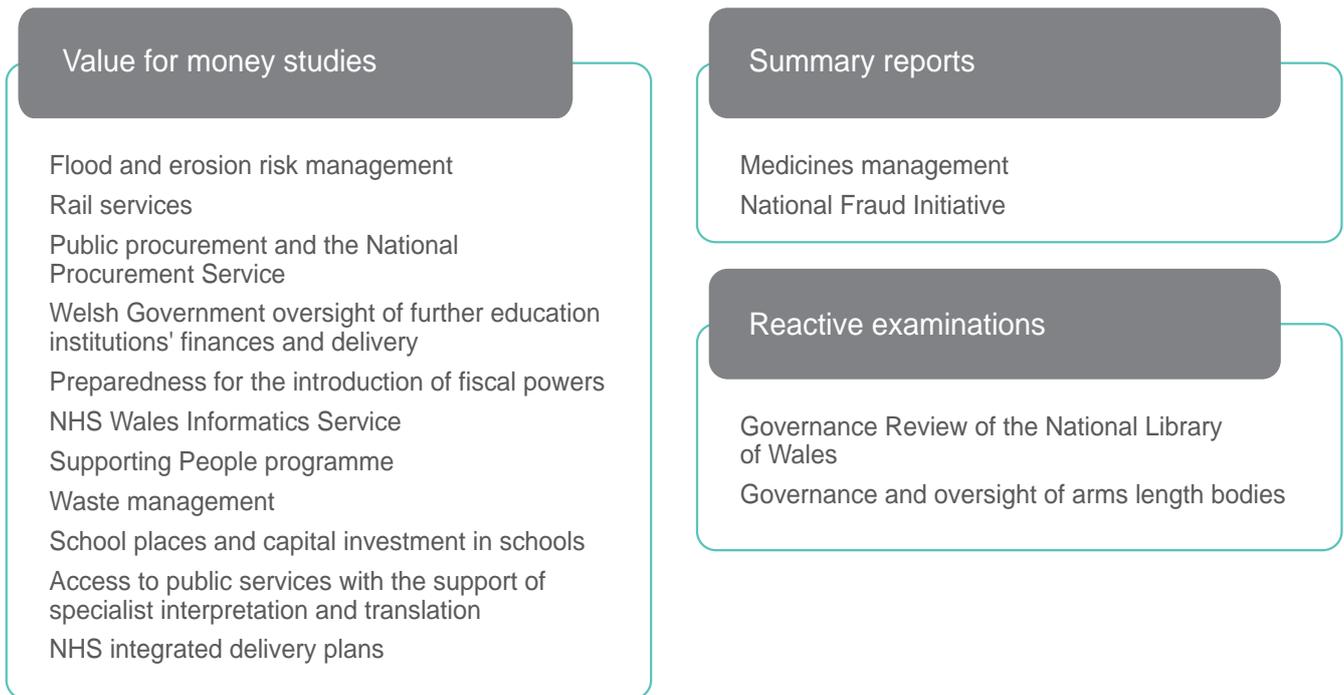
Accounts of commissioners, inspectors and regulators

Children's Commissioner for Wales
Older People's Commissioner for Wales
Public Services Ombudsman for Wales
Welsh Language Commissioner
Estyn
Education Workforce Council
Future Generations Commissioner

Welsh Government companies

Hybu Cig Cymru
Careers Choice
Life Sciences Hub
Sector Development Wales

The Auditor General's programme of audit work being undertaken during 2016-17 for consideration by the Public Accounts Committee



Some, but not all, of the work listed above is already in progress and is due to be reported on in 2016-17. The programme of work retains a degree of flexibility to respond to changing circumstances, priorities and risks and following the 2016 Assembly elections, we will be looking to engage with the new Public Accounts Committee at an early stage on priorities for future work with a view to commencing a number of further value for money studies in the second half of 2016-17.

There may also be additional outputs in 2016-17 arising from examinations undertaken in response to issues of public concern or from local programmes of audit work where there are issues or learning of wider relevance.

Our programme of good practice work in 2016-17

Shared learning seminars

- Community safety partnerships
- Maximising the impact of internal audit
- Strategic importance of digital in delivery of public services
- Effective governance of partnerships, collaborations and alternative delivery models
- Complaints are a gift
- Public services working across boundaries for better health and wellbeing
- Building on lessons learnt from the management of capital projects
- Building on the lesson of the public procurement and NPS study

Good practice guides

- Governance
- Staff involvement and engagement

Shared learning webinars

- Open data
- Benefits Realisation
- Clinical Coding

External facilitation of shared learning and community support

- Academi Wales summer school
- NHS Wales Finance Directors Network
- Working With Not To co-production practitioner groups
- Good Practice Wales
- Futures Generations Commissioner
- Public Health Wales
- One Voice Wales
- Wales Centre for Behaviour Change, Bangor University

Our programme of seminars and webinars is flexible and further topics will be added during the course of the year. More information on our [Programme of good practice work](#), including our case studies library, can be found on our website.

The Auditor General's programme of joint working and commissioned work activity in 2016-17

Joined up delivery

National Fraud Initiative with other UK audit agencies

Working with Estyn to undertake inspections of Regional Education Improvement Consortia

Annual certification of the accounts of the European Agricultural Funds

Follow-up joint review with Healthcare Inspectorate Wales of governance arrangements at Betsi Cadwaladr University Health Board

Development of a memorandum of understanding with the Future Generations Commissioner

Membership of external working groups

EURORAI

International Integrated Reporting Council's Public Sector Pioneer Network

Public Audit Forum

CIPFA/LASAAC Local Authority Code Board

ICAEW Public Sector Audit Committee

CIPFA Audit and Accounting Standards Panel

Inspection Wales initiative

DWP Housing Benefit and Welfare Reform UK inspectorates liaison group

Youth Justice Board/HMIP 'Keeping in Touch' liaison panel

Commissioned audit work

A range of charity audits

Chief Auditor to and audit of the accounts of the Government of Anguilla

Waste management and trade refuse benchmarking groups

Participation with observer status on external working groups

Partnership Council for Wales

Welsh Government Treasury Implementation Board

Finance Minister's Welsh Tax Forum

Welsh Government 'Simplification Challenge'

Welsh Government Co-ordinating Officials Group

CSSIW Local Authority Inspection Framework Board

Local Government Data Unit Board

Fire and Rescue Service National Framework Project Board

Financial Reporting Council Public Sector Advisory Group

Appendix 2 - Roles and responsibilities of the Wales Audit Office Board



David Corner
Non-executive
Member



Amanda Hughes
Elected
Employee
Member



Kevin Thomas
Appointed
Employee
Member



Steve Burnett
Non-executive
Member and
Senior Independent
Director



Isobel Garner
Non-executive
Chair



Huw Vaughan
Thomas
Auditor General
for Wales and
Chief Executive



Lindsay Foyster
Non-executive
Member



Peter Price
Non-executive
Member



Louise Fleet
Elected
Employee
Member

The Board is responsible for:

- Monitoring the exercise of the Auditor General's functions
- Providing the Auditor General with advice
- Employing staff and providing resources for the exercise of the Auditor General's functions
- Charging fees for work done by the Auditor General
- Preparing jointly with the Auditor General an annual plan and estimate of income and expenses

Appendix 3 - Our risk management arrangements

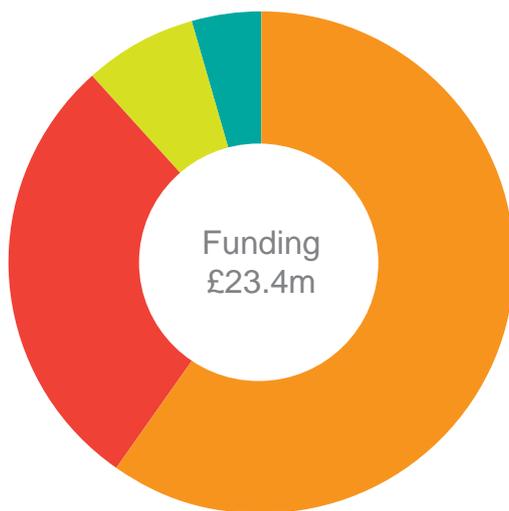
Given the nature of our business, our tolerance of risk in areas of professional audit judgement, regularity and propriety, and financial management is low.

In other areas, such as in relation to the exchange of good practice and engaging more effectively with the public, we are prepared to accept more risk in order to take advantage of opportunities to pursue our aim and objectives.

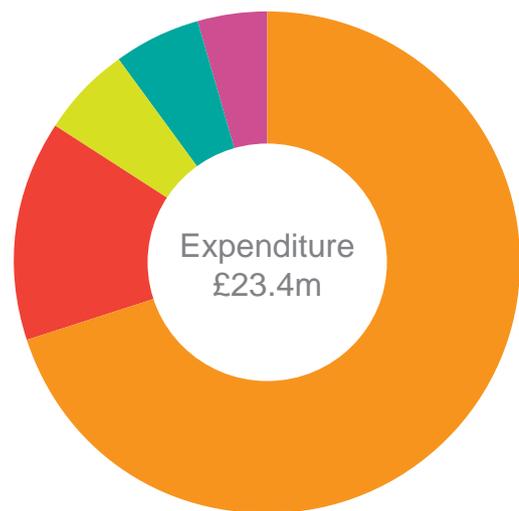
The Wales Audit Office is committed to adopting best practice in the identification, evaluation and cost-effective control of risks to ensure they are reduced to an acceptable level or eliminated. It is acknowledged that some risks will always exist and will never be eliminated – but these too must be monitored and controlled.

The Wales Audit Office Board has overall responsibility for risk management and is supported by an Audit and Risk Assurance Committee. The Management Committee is responsible for managing risk on a day-to-day basis, and maintains a risk register with identified strategic and operational risks that could affect the achievement of our aim and objectives.

Appendix 4 - Our estimate of income and expenditure for 2016-17



- Audit and inspection fees (£14 million)
- Welsh Consolidated Fund (£6.7 million)
- Grant certification fees (£1.7 million)
- Welsh Government grant funding (£1 million)



- Staffing (£16.4 million)
- Support costs (£3.3 million)
- Travel (£1.4 million)
- Contractor staff (£1.3 million)
- Audit firms (£1 million)

The Assembly's Finance Committee approved the 2016-17 budget for the Wales Audit Office in November 2015. £16.7million of planned expenditure relates to resources to be made available to the Auditor General to carry out his work programme, through drawing on the expertise of our Financial Audit Practice and Performance Audit Practice¹. A further £6.7million provides a range of corporate enabling services, including accommodation and other support services, such as legal advice, ICT and HR².

More information on our [Estimate of income and expenditure for the year ending 31 March 2017](#) can be found on our website.

¹ Per the Public Audit (Wales) Act 2013, this is the maximum amount of the resources available, and which may become available, that it is anticipated will be allocated by the Wales Audit Office to the Auditor General for the purpose of undertaking his work programme.

² Per the Public Audit (Wales) Act 2013, this is deemed as the resources required to support the Wales Audit Office's programme.

Appendix 5 - Key performance measures and targets

Impact

| No. | Indicator | Description | Target |
|-----|--------------------------|---|---|
| I1 | Accepted recommendations | Proportion of recommendations or proposals for improvement that are fully accepted for implementation by audited bodies | 90 per cent |
| I2 | Savings identified | Value of potential savings identified through our work | At least £8 million in 2016-17 and £24 million during 2016-2019 |
| I3 | Credibility | Proportion of stakeholders who consider the Auditor General to be an independent and authoritative commentator on the governance and stewardship of public money and assets | At least 90 per cent |
| I4 | Insight | Proportion of stakeholders who said that through our work, they gained useful insight that they would not have acquired otherwise | At least 80 per cent |
| I5 | Improvement | Proportion of stakeholders who believe our work has led to improvements in the provision of public services | At least 80 per cent |

Delivery

| No. | Indicator | Description | Target |
|-----|----------------------|---|-------------------------------|
| D1 | On time | Proportion of audit products delivered on time | 95 per cent |
| D2 | National reports | Number of national reports published | 14 per annum |
| D3 | Good practice | Number of good practice products delivered, including seminars and webinars | 20 per annum |
| D4 | Quality | Proportion of audits that are delivered in accordance with required quality standards | 100 per cent of annual sample |
| D5 | Approval of payments | Proportion of requests to draw from the Welsh Consolidated Fund that are processed within 24 hours of receipt of required information | 100 per cent |

Leadership

| No. | Indicator | Description | Target |
|-----|------------------------|---|----------------------|
| L1 | Confidence | Proportion of stakeholders that said they have confidence in our work | At least 90 per cent |
| L2 | Engagement | Proportion of staff that feel they understand and are engaged with our strategic approach as set out in this Plan | At least 80 per cent |
| L3 | Trust and motivation | Proportion of staff that feel they are trusted to carry out their job effectively | At least 80 per cent |
| L4 | Continuous improvement | Proportion of staff that feel encouraged to come up with new and better ways of doing things | At least 80 per cent |
| L5 | Performance management | Proportion of staff that agree their performance is evaluated fairly | At least 95 per cent |

Financial

| No. | Indicator | Description | Target |
|-----|----------------------|---|-------------------------------|
| F1 | Financial balance | Level of surplus at year end | Within two per cent of budget |
| F2 | Supplier payments | Proportion of suppliers paid within 10 days of receipt of invoice | At least 85 per cent |
| F3 | Debt recovery | Value of aged debts aged over 60 days | Less than £300,000 |
| F4 | Cost savings | Value of cost savings or additional income identified throughout the business | £1 million in 2016-17 |
| F5 | Efficiency of estate | Costs including for rent and rates per whole-time equivalent | Less than £3,300 in 2016-17 |

Social

| No. | Indicator | Description | Target |
|-----|------------------------------|--|----------------------|
| S1 | Sickness absence | Average working days lost per member of staff per annum | Less than 6.5 days |
| S2 | Learning and development | Proportion of staff that feel they are able to access appropriate learning and development opportunities when they need to | At least 80 per cent |
| S3 | Inclusion and fair treatment | Proportion of staff that feel they are treated fairly and with respect | At least 80 per cent |
| S4 | Work-life balance | Proportion of staff that feel they are able to strike a good balance between their work and private life | At least 80 per cent |
| S5 | Welsh language provision | Number of complaints received regarding our Welsh language provision | 0 |

Environmental

| No. | Indicator | Description | Target |
|-----|-------------------------------|---|--|
| E1 | Environmental management | Level of Groundwork Wales Green Dragon Environmental Standard accreditation | Level 5 (highest level) in 2016-17 |
| E2 | Greenhouse gas emissions | Total CO ₂ equivalent emissions from sources that we own or control, from consumption of purchased electricity, or that are produced indirectly as a consequence of our activities | Less than 575 tonnes in 2016-17* |
| E3 | Waste | Total waste produced | Less than 60 tonnes in 2016-17 and less than 50 tonnes by 2018 |
| E4 | Reused, recycled or composted | Proportion of our total waste produced that is reused, recycled or composted | 60 per cent in 2016-17 and 70 per cent by 2018 |
| E5 | Paper | Paper consumption | Less than 2,200 reams in 2016-17 |

* E2 will be subject to further review during the year following us seeking external advice, including from DEFRA on our calculation methodologies.

Communication

| No. | Indicator | Description | Target |
|-----|--------------------------|---|--|
| C1 | Website | Number of page views | 210,000 per annum |
| C2 | Press coverage | Proportion of media articles published about our work that have positive or neutral sentiment | At least 90 per cent |
| C3 | Social media | Klout score – a measure of our social media influence by analysing our Twitter account activity | Score of at least 48 out of 100 in 2016-17 |
| C4 | Shared learning seminars | Number of attendees at our shared learning seminars | 1,000 per annum |
| C5 | External events | Number of instances where our staff are invited to present audit learning at externally hosted conferences and events | 25 per annum |