

Memorandum of Understanding between the Auditor General for Wales and Future Generations Commissioner for Wales

Archwilydd Cyffredinol Cymru
Auditor General for Wales



Comisiynydd
**Cenedlaethau'r
Dyfodol**
Cymru

**Future
Generations**
Commissioner
for Wales



“By cooperating and coordinating our efforts, I and the Auditor General for Wales hope to contribute to a public service environment where sustainable decision-making provides good quality services for today without compromising the ability of future generations to meet their needs. Our Memorandum of Understanding demonstrates how we intend to achieve that.”

Sophie Howe

Future Generations
Commissioner for Wales

“Having a document which sets out how we intend to work together provides useful clarity for our organisations and for the public bodies covered by the Well-being of Future Generations Act. The Future Generations Commissioner and I have been working closely together since the Act came into force. We are absolutely committed to continuing to do that, so that we can use our respective resources and expertise to best effect.”

Huw Vaughan-Thomas

Auditor General for Wales

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Why we need a Memorandum of Understanding (MoU)

- 1 As the Auditor General for Wales and the Future Generations Commissioner for Wales, we recognise the importance of setting out clear arrangements for how we will work together on both strategic and operational matters. This MoU provides a basis for how we will cooperate to successfully deliver on areas of common interest, and specifically, on the related responsibilities set out under the Well-being of Future Generations (Wales) Act 2015 (the Act).¹

What we are required to do

- 2 As Auditor General and Future Generations Commissioner for Wales, we both have statutory responsibilities under the Act. An overview of these responsibilities are set out on pages 5 and 6.

¹ Nothing in this MoU should be interpreted as fettering our discretion in the exercise of statutory functions. If a conflict arises between this MoU and statute, statute prevails.

The Future Generations Commissioner for Wales

The Act places the following general duty on the Commissioner:

- a) to promote the sustainable development principle, in particular to:
 - i. act as a guardian of the ability of future generations to meet their needs, and
 - ii. encourage public bodies to take greater account of the long-term impact of the things that they do, and
- b) for that purpose to monitor and assess the extent to which well-being objectives set by public bodies are being met.

In carrying out this general duty, the Commissioner may undertake a range of functions. These relate to the provision of advice or assistance, raising awareness and encouraging best practice. She may also undertake research or studies into specific areas.

The Commissioner may also conduct review into the extent to which a public body is safeguarding the ability of future generations to meet their needs by taking account of the long term impact of things the body does under section 3 of the Act (the well-being duty to carry out sustainable development). In conducting a review, the Commissioner's reviews may look at:

- a) the steps the body has taken or proposes to take to meet its well-being objectives;
- b) the extent to which the body is meeting its well-being objectives;
- c) whether a body has set well-being objectives and taken steps to meet them in accordance with the sustainable development principle.

In conducting a review, the Commissioner must have regard to any examination of the body carried out by the Auditor General under section 15 of the Act.

The Commissioner may make recommendations as part of a review and must publish a report of a review.

The Commissioner may conduct a single review of two or more public bodies.

The Commissioner must report once every National Assembly election cycle her assessment of the improvements public bodies should make in order to set and meet well-being objectives in accordance with the sustainable development principle (the Future Generations Report).

Source: Part 3 **Well-being of Future Generations (Wales) Act 2015**

The Auditor General

The Auditor General for Wales may carry out examinations of 44 public bodies for the purposes of assessing the extent to which they have acted in accordance with the sustainable development principle when:

- a) setting well-being objectives, and
- b) taking steps to meet those objectives.

The Auditor General must examine each public body at least once in a five year period and must present a report on the examinations to the National Assembly for Wales before each Assembly election.

In carrying out an examination, the Auditor General must take account of any advice or assistance given to the public body, or any review of and recommendations made to the body, by the Future Generations Commissioner for Wales. He must also consult the Commissioner.

Source: Section 15 of the **Well-being of Future Generations (Wales) Act 2015**

- 3 In addition to the Act, the Auditor General has functions under other legislation, such as the Public Audit (Wales) Act 2004 and the founding legislation of various public bodies. In summary, the Auditor General is the statutory external auditor of most of the Welsh public sector, and he examines how public bodies manage and spend public money. Each year the Auditor General, using resources provided by the Wales Audit Office (WAO), delivers an extensive but proportionate programme of external audit work. The WAO also identify good practice from across the full breadth of the Auditor General's audit work and disseminate this to public bodies and wider stakeholders.

The principles that guide our work

- 4 The sustainable development principle and the principles of public audit guide the way in which our respective organisations carry out our work ([Appendix 1](#)).
- 5 The sustainable development principle requires acting in a manner that seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. In order to act in that manner, public bodies need to carry out the 'five ways of working', which are as follows:
 - Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.
 - Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.
 - Involving a diversity of the population in the decisions that affect them.
 - Working with others in a collaborative way to find shared sustainable solutions.
 - Understanding the root causes of issues to prevent them from occurring.²

The Commissioner has committed to putting the sustainable development principle at the heart of her work and that of her team so that they can be the change they want to see in others.

- 6 The principles of public audit, which underpin the audit work of the Auditor General, are:
 - being public focused;
 - being independent;
 - being proportionate;
 - being accountable.

Auditors must carry out their work consistently in accordance with these principles.³

- 7 While not required to adhere to the sustainable development principle, the Auditor General is also undertaking work to ensure that the sustainable development principle is meaningfully reflected in audit practice.

² Welsh Government, **Shared Purpose: Shared Delivery, Statutory Guidance on the Well-being of Future Generations (Wales) Act 2015**, 2016

³ For further information on how the Auditor General carries out his functions, please see the [Code of Audit Practice on the Wales Audit Office website](#)

How we will work

As Auditor General and Future Generations Commissioner for Wales, we will ensure our organisations work in the following ways to ensure we maximise our effectiveness and make best use of our collective resources and expertise:

- a We will work together to develop a common view of what good practice could look like and to identify and promote good practice.
- b We will work together so as to avoid placing confusing or competing expectations on public bodies.
- c We will apply an approach to review that recognises the importance of failure as part of learning and improvement.
- d We will continue to build relevant knowledge and expertise within our organisations and will share that to help other organisations.
- e We will share and take account of one another's work, so as to help ensure that we have the right information to undertake our respective responsibilities to best effect.
- f We will seek to place reliance on one another's work where appropriate, pooling our respective expertise and knowledge.
- g We will seek to ensure that work we do in each public body is joined-up and complementary.

By cooperating and coordinating our efforts we hope to contribute to a public service environment where:

- a Public bodies use sustainable decision-making to provide good quality services that improve the well-being of the people of Wales, without compromising the ability of future generations to meet their needs.
- b Public bodies engage positively with the Act, using the sustainable development principle as a means of driving positive change.
- c Public bodies are ambitious in their efforts to improve and are willing and able to take well-managed risks.
- d Public bodies learn from success and failure, both from their own and others' experiences.
- e Public bodies engage positively with the Auditor General and Commissioner to help them to challenge business as usual and improve.

Working together

- 8 There are five specific areas under the Act where the Auditor General and Commissioner have a shared interest or responsibility. The following sections set out how we will work together on these.

Monitoring and assessment

- 9 The Commissioner's general duty sets out a responsibility to monitor and assess the extent to which the well-being objectives set by public bodies are being met.⁴ In order to do this, the Commissioner will gather evidence through a range of mechanisms, including any reviews undertaken under section 20 of the Act. She will also draw on relevant work undertaken by the Auditor General. This may include section 15 examination work, as well as wider audit work.
- 10 We will develop a co-ordinated work programme, which will include arrangements for how our two organisations will contribute relevant information that supports the Commissioner to discharge her duty.

Examinations and reviews

- 11 The Auditor General may carry out examinations and the Commissioner may conduct reviews, as per their functions under section 15 and section 20 of the Act (see summary on [page 2](#)).
- 12 We will work together to ensure a coordinated approach to examinations and reviews, so that:
- our work is complementary, proportionate and has maximum value and impact;
 - we help make efficient use of our resources;
 - we help each other to discharge our statutory responsibilities under the Act, including the Commissioner's general duty to monitor and assess the extent to which well-being objectives set by public bodies are being met.
- 13 The co-ordinated work programme will set out arrangements for section 15 examinations and section 20 reviews.

⁴ Section 18(b) **Well-being of Future Generations (Wales) Act 2015**

Delivery of the Auditor General's examinations and the Commissioner's reviews

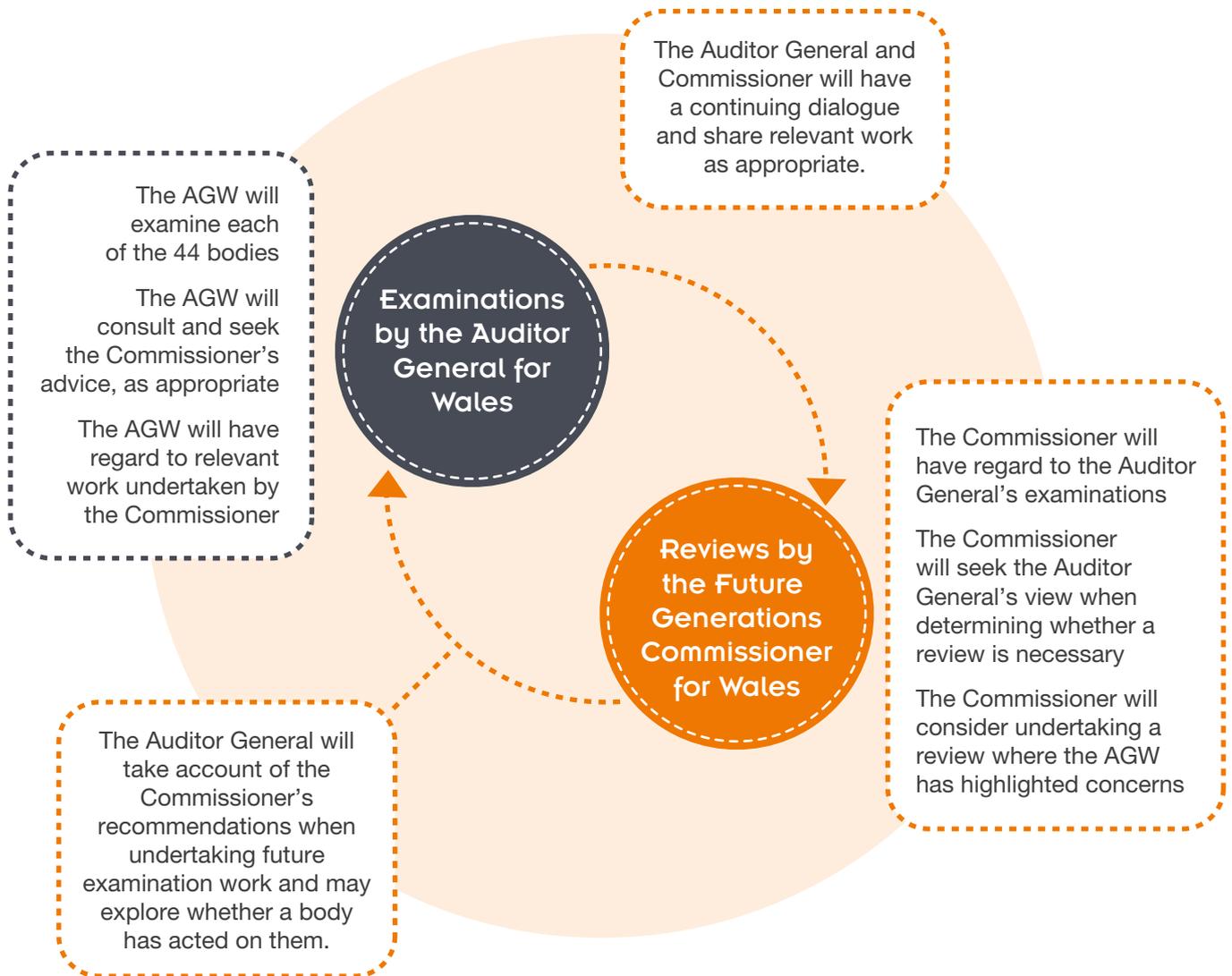
The Auditor General will undertake examination work in each of the 44 bodies over a five year period, as required by the Act.

In undertaking examination work, the Auditor General will consult and, as appropriate, seek the advice of the Commissioner (see [page 2](#)). For example, the Auditor General could seek the Commissioner's advice when scoping examination work or when identifying improvement actions following examination work. The Auditor General will also have regard to any related work that the Commissioner has undertaken when designing and delivering that examination work.

The Commissioner will have regard to the Auditor General's examination work when determining whether a review of one of the 44 bodies is necessary. The Commissioner has the power to undertake reviews, meaning the number and frequency are not a requirement. Given this, the Commissioner will only undertake reviews at those bodies where she considers it to be necessary. The Commissioner will, therefore, consider undertaking a review where the Auditor General's examination work has highlighted concerns. While the Commissioner may take broader issues into consideration in undertaking a review, she will seek the Auditor General's view as part of the process of determining whether a review is necessary.

The Auditor General will take account of any recommendations made by the Commissioner when undertaking future examination work and may explore whether a body has acted on those recommendations.

The Auditor General and Commissioner will have a continuing dialogue to enable them to work effectively, sharing relevant work and involving one another as appropriate.



National reports

- 14 The Auditor General is required to report on the results of his examinations.⁵
- 15 The Commissioner is required to publish a report containing her assessment of the improvements public bodies should make in order to set and meet well-being objectives in accordance with the sustainable development principle (the Future Generations Report).⁶ In preparing the report, the Commissioner must take account of relevant reports by the Auditor General.
- 16 Both of these reports must be laid before the National Assembly at least a year and a day before an ordinary National Assembly general election.
- 17 The Auditor General and Commissioner will communicate with one another as part of the development of these reports.

Advice

- 18 The Commissioner may provide advice to the Auditor General on the sustainable development principle.⁷ Examples of how this will be undertaken in practice include:
 - Meetings between the Auditor General and the Commissioner on issues of common interest.
 - Representatives from the Commissioner's office providing advice on the scoping and development of relevant work being undertaken by WAO.
 - Representatives from the Commissioner's office supporting WAO staff to develop their understanding of the sustainable development principle and how it can be applied.
 - The Commissioner will share the advice she provides to public bodies with the Auditor General.

⁵ Section 15(3) **Well-being of Future Generations (Wales) Act 2015**

⁶ Section 23(1) **Well-being of Future Generations (Wales) Act 2015**

⁷ Section 19(1)(b) **Well-being of Future Generations (Wales) Act 2015**

Good practice

- 19 The Act allows for the Commissioner to encourage best practice amongst public bodies, specifically in relation to applying the sustainable development principle when taking steps to meet their well-being objectives.⁸
- 20 Legislation does not prescribe a specific role for the Auditor General in encouraging best practice. However, the Auditor General is committed to improving public services across Wales by identifying and sharing good practice. Much of this is done by the WAO's Good Practice Exchange (GPX), which brings public bodies together at shared learning seminars.
- 21 The Auditor General and Commissioner will therefore seek opportunities to work together to support shared learning and promote good practice by public bodies in relation to the sustainable development principle.

Maintaining this MoU

- 22 The Auditor General and Commissioner will review this MoU periodically and refresh it as appropriate.

⁸ Section 19(1)(e) **Well-being of Future Generations (Wales) Act 2015**

