

# Interim Report

An assessment of progress made against our 2020-21  
Annual Plan during the period 1 April to 30  
September 2020

October 2020

This Interim Report covers the period from 1 April to 30 September 2020. It has been jointly prepared, and is laid before the Senedd, by the Auditor General for Wales and the Chair of the Wales Audit Office, in accordance with the requirements of the Public Audit (Wales) Act 2013.

The Interim Report includes an assessment of the extent to which:

- the exercise of the functions of both the Auditor General and the Wales Audit Office has been consistent with the Annual Plan prepared for 2020-21;
- progress has been made towards achieving the priorities set out in the Plan; and
- progress has been made towards achieving our key performance indicator targets.

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

If you require this publication in an alternative format and/or language, or have any questions about its content, please contact us using the details below. We welcome correspondence in Welsh and English and we will respond in the language you have used. Corresponding in Welsh will not lead to a delay.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg

# Contents

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Foreword	4
<b>Audit delivery</b>	<b>7</b>
On-site audit work remains suspended, but we remain on track to deliver our full programme of audit of accounts work. We have suitably adapted our local and national value for money work programmes, alongside introducing a new COVID-learning programme	
<b>Running the business</b>	<b>17</b>
We have closely monitored the fast-moving COVID-19 situation and operated in accordance with guidance issued by the Welsh Government. We continue to support our staff in their remote working by applying our maxim for the last six months: 'self, family, work ... in that order'	
<b>Key performance indicators</b>	<b>24</b>
We have achieved or are close to achieving our targets for most of our 18 key performance indicators	
<b>Appendices</b>	
1 Local audit work	28
2 National value for money examinations and studies	29
3 Supporting effective scrutiny and accountability	31



# Foreword

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Our Annual Plan, which was published at the end of March, set out the steps we were intending to take in 2020-21 towards achieving our organisational ambitions and strategic objectives.

Shortly before publication, however, we were overtaken by the extraordinary circumstances of the COVID-19 outbreak. Like everyone, our immediate priorities were fundamentally altered as we focused on the wellbeing of our employees, maintaining business continuity and supporting the wider public sector and community.

I swiftly signalled to the public bodies we audit that we would be adopting alternative delivery approaches and refocusing much of our work to ensure that it did not add to the pressures faced by public service providers. However, I was also acutely aware that Audit Wales has essential expertise to help the Welsh Government and wider public sector respond to some of the challenges that we face.

This Interim Report provides a summary of the adaptations we have made to the original work programmes set out in our Annual Plan in response to the COVID-19 situation, and the progress we have made over the last six months in delivering those adapted plans. In summary:

- at the start of lockdown, we stopped on-site work at audited bodies and closed our own offices.
- since then, all staff have worked from home, provided with the necessary IT and with support around home office equipment.
- this constituted an enormous change in our operational model as we engaged with our audited bodies and delivered our work remotely.
- we worked at pace in partnership with our audited bodies to establish new ways of working to deliver our range of audit work, for example, by obtaining remote access to financial systems or developing electronic file sharing arrangements. Though generally this has proved to be more time consuming, we have delivered our statutory audit of accounts duties and established practice from which we will benefit in future.

- we have reshaped our value for money study programmes, nationally and at individual audited bodies, to recognise and support the public sector's response to the pandemic. This meant deferring or scaling back work of lower priority and seeking to avoid detrimental impact on front line COVID-19 response, while still meeting our statutory duties.
- we have established our COVID Learning Project, using our established network of contacts across the public service to capture examples of novel and innovative good practice, playing those back in close to real time.
- we have prepared for staff to return safely to our offices when that is appropriate under Welsh Government regulations and guidelines.
- staff well-being has been our priority throughout, centred around an approach of 'self, family, work ... in that order'. We quickly developed communication channels to ensure colleagues remain connected, conducting regular staff pulse surveys and sharing feedback to ensure colleagues have a voice, switched our learning and development provision to online delivery, put in place a wide range of support arrangements and supported colleagues unable to work to their usual capacity for whatever reason.

That maxim: self, family, work ... in that order, has shaped our organisational response over the last six months. I am indebted to all Audit Wales staff for their professionalism, hard work and commitment to public service through these challenging times.

I should also like to place on record my thanks to Isobel Everett who will stand down in October after seven years as Chair of the Wales Audit Office. The organisation described in this Interim Report, and the way in which it has responded to the unprecedented upheaval of the last six months, is testament to the leadership she has provided. I look forward to working closely with our incoming Chair, Lindsay Foyster, as we build upon that foundation to take the organisation forward.



**Adrian Crompton**

Auditor General for  
Wales

This is the last formal report I will be laying on behalf of the Board. Adrian has described in his foreword the bold but caring steps the organisation has taken over the last six months, both to support our staff and to maintain delivery of Audit Wales' ambitions as far as we have been able. The resilience of all staff and the leadership demonstrated through this period has manifested itself in the outputs and outcomes that we outline in this interim report.

I want to place on record my own thanks as well as the Board's collective thanks for everyone's efforts both professionally and personally which have got us to this point. I know that, whilst the organisation faces further uncertainty due to COVID-19, it is well equipped to draw on the qualities that have got us to this point.



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**Isobel Everett**

Chair of the Wales  
Audit Office

# Audit delivery

## Core work



Undertaking audit work at over **800** public bodies



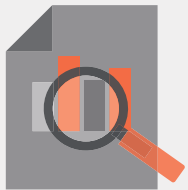
Delivering a programme of **value for money** examinations and studies



Certifying grant schemes worth approaching **£2.5 billion**



Approving around **£1 billion** of payments out of the Welsh Consolidated Fund every month



**Supporting effective scrutiny** including the work of the Senedd Committees



Sharing the **good practice** we see across **Wales's public services**



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



Participating with **observer status** on a range of key policy working groups

## Local audit work

- 1 Following the inevitable interruptions to our work programmes in the early stages of the COVID-19 pandemic, on-site audit work remains suspended, but we have continued to work and engage remotely with the public bodies that we audit, primarily through the use of technology and video communication platforms.

- 2 Our financial audit work is vital in providing the Senedd, audited bodies and the wider public with an ongoing independent assessment of financial management and resilience across the public sector. We are pleased to report that we remain on track to deliver our full programme of 2019-20 audit of accounts work, albeit to a more elongated timescale.
- 3 All our audits of 2019-20 NHS accounts were completed and subsequent opinions provided by the Auditor General by 2 July. Many of our audits of 2019-20 local and central government accounts were completed, and subsequent opinions provided, by the end of September 2020. The remainder will be completed by the end of October, when the next (2020-21) audit cycle will commence.
- 4 The delivery of this work was not without its challenges, not only in how and where we undertook the audits, but also in taking account of new considerations for financial statements arising directly from the pandemic. Our success in continuing to deliver timely and quality audits reflects a great collective effort by both our staff and public body officers to embrace and enable new ways of working and remain flexible to and considerate of the many issues arising.
- 5 At the time of writing this Report, work has now commenced on our programme of grant certification work and on the auditing of around £320 million of European funds used to support farmers and agriculture across Wales. We expect this work to be completed by the end of January 2021.
- 6 We have significantly reshaped our governance and value-for-money audit plans at individual NHS and local government audited bodies to concentrate on issues of the most relevance to the current and evolving situation.
- 7 This has included developing a programme of COVID-learning work and amending the scope of our programmes to give greater coverage to issues such as recovery planning. We have also brought into our local programmes work on Test, Trace and Protect. We are taking forward this work as quickly as possible to ensure that any initial commentary we produce (whether at a local or national level) is done in time to inform the ongoing development of Test, Trace and Protect in the context of winter planning.
- 8 We are not carrying out formal examinations of how public bodies are applying the sustainable development principle, as set out under the Well-being of Future Generations (Wales) Act 2015, in 2020-21. However, we are taking the opportunity to gather relevant information through our amended programmes of work, as appropriate.
- 9 A comprehensive list of the public bodies that we audit, and the types of audit work carried out at those bodies, is provided in **Appendix 1**.



## National value-for-money examinations and studies

- 10 As outlined in greater detail in our [Annual Plan](#) in March, we considered the following to be the main factors in our operating environment that would influence the way we deliver our work over the next few years:
  - a the implications of Brexit;
  - b embedding the sustainable development principle within Welsh public services;
  - c climate emergency;
  - d socio-economic challenges; and
  - e an increasingly networked society.
- 11 Our national work programme has always retained a degree of flexibility to respond to changing circumstances, priorities and issues of public or parliamentary concern, so, with the ramifications of the COVID-19 outbreak a late addition to that list, we have exercised that flexibility this year more than ever before.
- 12 Since the start of the national lockdown in March, we have worked closely with the Public Accounts Committee in the Senedd to support its own scrutiny work on aspects of the Welsh Government's COVID-19 response. We have also engaged with our counterparts in the other UK audit offices to discuss our respective responses to the pandemic.
- 13 While we have not yet published any reports focused specifically on the COVID-19 response or the impact of the pandemic, we have re-shaped much of our planned work to position it in this context. Examples include the commentary in our recent reports on [Tackling Fraud](#), [Restarting NHS Planned Care](#) and on [Rough Sleeping](#).
- 14 We have also decided to move forwards with some additional work on Personal Protective Equipment (PPE). We expect that our focus will be largely forward looking, considering lessons learnt from the initial response and the arrangements that are being put in place to manage risks around the continuity of supply and effective distribution across Welsh public services.
- 15 In tandem, as part of our response to the changing circumstances, we have inevitably also had to do some reprioritising. Some of the projects that we were originally planning to commence in the second half of the financial year have been put on hold, and we are now likely to revisit those topics (which include follow-up reviews of broadband infrastructure, affordable housing, and coastal flood and erosion risk management) as part of our 2021-22 planning.

- 16 We have also scaled back some of our plans for more detailed work and stand-alone outputs to save time generally or reflect where it has not been possible to complete planned fieldwork. This includes our work on Welsh Government workforce planning and general grants management, where we will instead be using our planned Welsh Government accounts commentary to provide some initial high-level analysis in these areas. For grants management, it is possible that we will then look to re-scope this work as we consider relevant COVID-19 developments.
- 17 Overall, we are confident that we will deliver at least 18 national report outputs in 2020-21; a figure consistent with the target and outturn reported for 2019-20.
- 18 An up-to-date list of work completed, work already in progress and new work that we plan to undertake later in 2020-21 as part of our national programme is provided in **Appendix 2**.

## Supporting effective scrutiny and accountability

- 19 During the interim reporting period, the outputs from our work supported nine meetings of the Senedd Public Accounts Committee (held via a video communication platform).
- 20 Similarly, most public bodies in Wales have been swift to adapt to the challenges of the current situation and it is now the 'new norm' for us to attend their Audit and Scrutiny Committee meetings using video communication platforms to provide regular briefings and report on our audit work.
- 21 We also recently held an online event for Members of the Senedd, their support staff and Senedd staff, where the Auditor General shared the findings from his [first statutory report under the Well-being of Future Generations Act](#), published in May 2020. The event was jointly hosted with the Future Generations Commissioner, who shared the findings from her equivalent report. The session provided an opportunity to explore key messages ahead of the Public Accounts Committee-led inquiry on the two reports and aimed to help inform future post-legislative scrutiny of the Act.
- 22 In **Appendix 3**, we provide more detail on how we have supported the Public Accounts Committee's evidence sessions and more generally on our support of effective scrutiny and accountability in the first half of 2020-21.

## Good practice work

- 23 A key focus of our good practice work is to facilitate conversations between service providers where the learning from our audit work and from their comparative experiences is shared face-to-face. Increasingly we are bringing the views and experiences of service users and global experts to these conversations.
- 24 Our most common mechanism for facilitating such conversations – the hosting of shared learning seminars – has not been a viable option in 2020-21 due to the introduction of social-distancing measures. Consequently, all shared learning seminars listed in our original 2020-21 Annual Plan have been cancelled.
- 25 Instead, the focus of our good practice work has switched to the delivery of the [COVID-learning project](#), through which our staff gather novel and other practice as it emerges and analyse it rapidly to draw out relevant points of learning. We then share the resulting insights with key contacts across the Welsh public service. The outputs from this project include a range of substantive blogs and think pieces, and a weekly email ‘Digest’ that summarises the content that had been shared and points of interest.
- 26 The full suite of blogs is accessible via [our website](#). Notable examples that have been published in the period 1 April to 30 September 2020 include:
- [Test, Trace, Protect – how easy is it to access information?](#)
  - [International lessons for Welsh public bodies in responding to and recovering from COVID-19](#)
  - [Dancing to a new beat: the next phase of public services’ response to COVID-19](#)
  - [Local council democracy – coming out of lockdown](#)
  - [Welsh Government COVID-19 funding](#)
  - [Leaving the cave...](#)
  - [Mental health during COVID-19](#)
  - [Hitting our accounts deadlines whilst working from home](#)
- 27 We are now in the process of developing a programme of webinars to support these products with an emphasis on practical knowledge transfer between peers and practitioners.

- 28 We also hosted a webinar in September 2020, linked to our national studies programme and entitled: [How public bodies are adapting their cyber resilience arrangements during lockdown](#)

## Areas of focus

- 29 In response to our operating environment and to help us in delivering our strategic objectives, we identified 11 areas of focus for our audit delivery in 2020-21. The progress we have made towards delivering each of these commitments during the first half of the year is summarised in the following table.

Area of focus	What has been delivered so far
<p>Improve how we source, acquire and analyse data, including through automating simple and repetitive tasks so that we can focus our time on areas of higher risk that require greater attention.</p>	<p>We are in the final year of implementing a three-year data analytics strategy and work programme. Developments in the first half of this year have included:</p> <ul style="list-style-type: none"> <li>• establishing a permanent data analytics team;</li> <li>• exploring how we can use digital process automation (bots) to automate simple but labour-intensive tasks;</li> <li>• working on a suite of tools and applications to embed data analytics into our audit of accounts work;</li> <li>• accelerating work on providing remote access to ledgers and key financial systems of NHS and local government bodies, to enable us to carry out audit of accounts work without the need to visit sites during the pandemic; and</li> <li>• quantifying the potential future savings and efficiencies that will be delivered through applying a data-enabled audit approach.</li> </ul>
<p>Improve how we visualise and communicate our findings, including through publishing a broader range of interactive data tools and investing in further enhancing the engagement and influencing skills of our staff.</p>	<p>Our use of data tools and interactive reporting has continued to progress over the first half of this year, although some planned products have been delayed due to difficulties accessing data during the pandemic. Key outputs have included:</p> <ul style="list-style-type: none"> <li>• updated <a href="#">NHS Wales Finances</a> and <a href="#">NHS agency staffing expenditure</a> data tools; and</li> <li>• a tool to support our report on <a href="#">Rough sleeping in Wales</a>, which was also supported by a series of blogs including <a href="#">Data is part of our everyday lives</a>, looking at the data footprints of someone sleeping rough and how public bodies need to make more intelligent use of that data.</li> </ul>

Area of focus	What has been delivered so far
<p>Engage a wider range of audiences with the outcomes from our financial audit work, including through developing new outputs that explain, in more straightforward language, key information and trends from public bodies' accounts.</p>	<p>We have continued to increase our visibility and relevance over the last six months by producing more modern and easily accessible products relating to our audit of accounts work. In addition to the financial data tools listed above, this includes more straightforward commentary and web-based infographics on:</p> <ul style="list-style-type: none"> <li>• the <a href="#">NHS in Wales's summarised accounts</a>; and</li> <li>• the <a href="#">accounts of individual Welsh councils</a>.</li> </ul>
<p>More closely examine arrangements for integrated and collaborative service delivery, including in relation to continuing healthcare arrangements, the provision of emergency services and the operation of Public Service Boards.</p>	<p>In <a href="#">our Annual Plan</a>, we identified several outputs that aligned with this commitment, a number of which were substantially completed during the 1 April to 30 September reporting period:</p> <ul style="list-style-type: none"> <li>• A summary of the outcomes of our examinations carried out under the Well-being of Future Generations Act 2015, <a href="#">So, what's different?</a>;</li> <li>• Phase two of a review of partnership arrangements dealing with people sleeping rough in Wales – <a href="#">Rough Sleeping in Wales – Everyone's problem; no one's responsibility</a>; and</li> <li>• An examination of the <a href="#">Welsh Community Care Information System (WCCIS)</a>, which was published on 15 October 2020.</li> </ul>

Area of focus	What has been delivered so far
<p>Share the learning from our first round of sustainable development principle examinations and determine how we will further develop our audit approach in this area.</p>	<p>In May, we published our first statutory report under the Well-being of Future Generations (Wales) Act 2015: <a href="#">So, what's different?</a> In the report, we considered how public bodies across Wales have, to date, met their duties under the Act and what they need to do to improve.</p> <p><a href="#">The Future Generations Commissioner for Wales published a related report</a> at the same time, and we had planned to jointly host a shared learning event in September for public sector leaders. Unfortunately, we decided to defer the event due to the second spike in COVID-19 cases across Wales, although we continued with our plans to share our findings with Members of the Senedd, their staff and Senedd Commission staff via a pre-arranged webinar. On 7 October 2020, we also jointly presented the findings of the reports to a gathering of senior Welsh Government officials.</p> <p>We have recently launched a <a href="#">public consultation</a> on the approach to be adopted for our sustainable development principle examinations over the next five years.</p>
<p>Place greater emphasis on the importance of sound financial management across the Welsh public finance regime, including through introducing strengthened arrangements for the audit of town and community councils.</p>	<p>Key outputs over the last six months that relate to this focus area have included:</p> <ul style="list-style-type: none"> <li>• an updated <a href="#">NHS finances data tool</a> looking at trends in NHS finances;</li> <li>• a report identifying that fraudulent activities have increased significantly during the pandemic, '<a href="#">Raising our Game</a>' <a href="#">Tackling Fraud in Wales</a>; and</li> <li>• a report considering the <a href="#">Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic</a>.</li> </ul> <p>Our report on the most recently completed <a href="#">National Fraud Initiative (NFI) exercise</a> has recently been published, and we have also extended the scope of our NFI work in 2020 to enable local authorities in Wales to undertake eligibility checks on applications for COVID-19 support grants. The Auditor General is mandating that all local authorities across Wales should submit such grant and payment data to the NFI to help identify fraudulent applications.</p>

Area of focus	What has been delivered so far
<p>Prepare an updated 'Picture of Public Services' report setting out the key challenges currently facing Welsh public services and how well they are placed to respond, to inform the work of the Senedd following the 2021 elections.</p>	<p>Our planning for this project is progressing, but the timescales are challenging in the current circumstances, so the project is being rescopeed accordingly.</p> <p>We are likely to publish the main report from this work after the 2021 elections but are considering a range of different outputs under the overall umbrella of this project. This could include, for example, an update to our October 2019 <a href="#">Public Spending Trends</a> analysis and an overview of COVID-19 expenditure in 2020-21.</p>
<p>Develop proposals for how we will respond through our audit work to the challenges presented by climate change, taking account of the objectives set out in our Biodiversity and Resilience of Ecosystems Plan.</p>	<p>We are undertaking initial research in this area and will consider the results of that work alongside our development of the approach to the Auditor General's sustainable development examinations.</p> <p><a href="#">Our public consultation</a> on the approach to be adopted for our sustainable development principle examinations over the next five years invites views on specific issues that respondents think we should be reporting on considering the major challenges facing public bodies. We highlight the climate crisis as one of those challenges and have shared our consultation with some relevant representative organisations.</p> <p>The feedback we receive will help to inform the development of our forward work programme going into 2021-22.</p>
<p>Through our Good Practice Exchange, extend the range of approaches used to facilitate the sharing of learning outside our core programme of seminars and webinars.</p>	<p>As described earlier in this report, over the past six months, we have made a significant contribution to the reporting and sharing of COVID-19 learning from public services in Wales.</p> <p>We cancelled our programme of in-person seminars and developed a COVID-learning project as a replacement mechanism for shared learning. Outputs include a range of substantive blogs and think pieces, and a weekly email 'Digest' that summarises the content and highlights points of interest.</p> <p>We are now in the process of developing a programme of webinars to support these products with an emphasis on facilitating practical knowledge transfer between peers and practitioners.</p>



Area of focus	What has been delivered so far
<p>Develop a more diverse range of mechanisms for capturing the views of our stakeholders in the value and impact of our work, with an initial focus on seeking the views of Assembly Members.</p>	<p>We recognise that we need to rethink how we gather the views of different audiences on the impact and value of our work.</p> <p>We are, at the time of writing this report, going out to tender to appoint an independent company to assist us with the development of our overall approach for capturing stakeholder feedback, and the delivery of a survey of Members of the Senedd.</p>
<p>Expand our audit quality management arrangements to provide further assurance that all our work is underpinned by robust evidence and rigorous analysis, and to ensure continued alignment with new international auditing standards.</p>	<p>In response to the further development of international auditing quality standards, we have critically examined our audit approach and quality arrangements in recent months.</p> <p>Our newly established Audit Quality Committee met for the first time on 30 June 2020. The Committee membership includes Pamela McCreedy, the Chief Operating Officer of the Northern Ireland Audit Office, who will serve as an Independent Professional Member.</p> <p>The development of our new quality management model is being driven by our 'Audit of Accounts 2022' programme, which comprises a suite of strategic projects that support our vision of delivering a trusted, high-quality accounts audit that supports insight and improvement.</p>



# Running the business

## Core work



Setting the overall budget of **£22 million** and charging fees for audit work



Employing around **270 staff** and managing a diverse range of physical and information assets



Providing **strong leadership** and embedding our values and behaviours



**Monitoring** the exercise of the Auditor General's functions and providing him with advice

- 30 Over the last six months, we have continued to closely monitor the fast-moving COVID-19 situation and operate in accordance with guidance issued by the Welsh Government. Except for a brief period of very limited office re-opening in September, each of our offices has remained shut throughout the last six months in response to national, and then more recently local, lockdown restrictions. All our staff are carrying out their work remotely from home.
- 31 Our priorities in terms of running the business have been adapting and minimising disruption to our audit work and the operation of our corporate service functions, while ensuring we do the right thing by our people, keeping them safe and monitoring their wellbeing. Throughout the reporting period, our maxim has been, and continues to be 'self, family, work ... in that order'.
- 32 Since the introduction of social distancing measures in March 2020 and the temporary closure of our offices, the Board, its Committees and the Executive Leadership Team have continued to operate effectively using online meeting platforms.

- 33 On 4 May 2020, the Board held a specially convened meeting focused on:
- a obtaining assurance on the effectiveness of management's response to the COVID-19 emergency;
  - b gaining a better understanding of the implications for delivery of the Annual Plan 2020-21 and the financial position; and
  - c undertaking a review of the related additions to the strategic risk register.
- 34 The Board commended management's response, appreciating the time and effort invested in addressing the crisis and acknowledging the importance of balancing employee well-being and business delivery. Members were assured that we had a sound basis on which to develop our thinking on our long-term positioning.
- 35 Since then, the Board has received regular updates from the Auditor General on how our response has evolved, and the Head of Internal Audit has carried out a high-level review of our COVID-19 crisis management and business continuity approach. The results of the review will be reported to our Audit and Risk Assurance Committee at its meeting in December 2020.
- 36 Central to our response to the pandemic has been the use of technologies that allow us to connect, work and collaborate remotely and flexibly among our teams and with the public bodies that we audit. Our ongoing IT investment strategy, which in 2019-20 included an investment of £63,000 on new hybrid laptops that allow our staff to work efficiently and effectively from home, has enabled a relatively seamless transition to remote working.
- 37 Another critical element of our response has been the increased use of a wide variety of media and mechanisms to engage with our employees, providing them with reassurance and essential updates on the evolving situation, information on how they can access resources and support, and gathering feedback on their experiences to help identify any areas of concern.

- 38 These mechanisms have included:
- a weekly messages to all staff from the Auditor General;
  - b the posting of regular blogs from members of the Board and Executive Leadership Team;
  - c undertaking periodic 'pulse' surveys;
  - d hosting all-staff briefings and question and answer sessions via video communication platforms; and
  - e providing regular information cascades to line managers.
- 39 In addition, at the time of publishing this Report, we are running our annual all-staff survey. We are again using the same core survey questionnaire as used in the Civil Service People Survey to enable effective benchmarking and year-on-year comparison. This year, there is also a short additional section exploring individuals' experiences of working at Audit Wales during the coronavirus (COVID-19) pandemic.
- 40 Our staff have worked incredibly hard to continue to deliver our work in a radically different and challenging environment. Our approach throughout has been to prioritise staff wellbeing and to accept that, inevitably, the pandemic has had an impact on our overall capacity as colleagues managed caring responsibilities, shielding and other direct impacts of the virus. This is impacting to varying degrees across audit teams and corporate services and we anticipate further resourcing challenges through the winter depending on wider developments in the COVID-19 landscape.
- 41 Approximately two-thirds of our funding come from fees charged to audited bodies in accordance with a scheme of fees approved by the Senedd. Most of the remainder comprises approved financing from the Welsh Consolidated Fund, our use of which is subject to scrutiny from the Board at regular intervals during the year. The key priorities for our use of resources in 2020-21 were originally laid out in an Estimate, which was considered and approved by the Senedd Finance Committee in November 2019.

- 42 However, in the midst of the UK-wide lockdown at the start of the 2020-21 financial year, we faced the real risk of a significant reduction in audit fee income as it was unclear to what extent we would be able to carry out our planned local audit work for the year – in particular, our performance audit work.
- 43 After a significant reshaping of our audit programme and a great collective effort by both our staff and the officers of the relevant public bodies to enable audit work to be carried out remotely, in the first six months of 2020-21 we have managed to carry out more work and consequently generate a greater proportion of our planned fee income than we originally thought, based on projections that took stock of the emerging position through the first month of the lockdown period.
- 44 In addition, we have reduced our expenditure by reviewing essential expenditure needs early in the year, making savings on travel and subsistence and estate costs, and cancelling planned shared learning events that could no longer go ahead.
- 45 To an extent though, these savings have been offset by additional costs associated with ensuring that our staff have all the equipment they need and can work safely from home, and on making our offices safe for re-opening.
- 46 As a precautionary measure, we wrote to the Chair of the Senedd Finance Committee in July 2020 to signal that, while we had so far largely managed to offset reductions in fee income with corresponding expenditure savings, we still faced significant uncertainties in the months ahead. We signalled in our letter that there remains the potential for us to need to submit a Supplementary Estimate later in the year for additional financing from the Welsh Consolidated Fund to offset impacts on income levels arising from delayed, extended or suspended audit work. As a second wave of the virus gathers pace, this uncertainty remains.

## Areas of focus

47 In response to our operating environment and to help us in delivering our strategic objectives, we identified six areas of focus for our running of the business in 2020-21. The progress we have made towards delivering each of these commitments during the first half of the year is summarised in the following table.

Area of focus	What has been delivered so far
Restructure our senior executive team to ensure better alignment with our overall ambitions and to strengthen the strategic leadership provided to staff.	We have commenced the restructure of our senior management team by appointing an Executive Director of Corporate Services. At the time of publication of this report, we are undertaking recruitment exercises for an Executive Director of Audit Services and an Executive Director of Communications and Change.
Achieve a step change in how we plan for and manage major change projects, including through applying more rigorous and consistent change management practices.	<p>In the past six months, following the establishment of a dedicated central Change Programme Team to co-ordinate delivery and ensure a consistent approach, we have continued to take steps to improve the way all types of change projects are delivered in Audit Wales.</p> <p>This has included bringing together a prioritised portfolio of change projects, establishing a Change Programme Board to support and oversee delivery and provide resources for implementation, and building our change skills across Audit Wales.</p>
Enhance our public profile by developing a more extrovert and distinctive corporate tone of voice and making ourselves more easily recognisable through adopting the umbrella identity 'Audit Wales'.	<p>On 1 April 2020, we brought together the various strands of our work under the new, clearer umbrella identity of Audit Wales.</p> <p>Significant work has since been undertaken to modernise and refocus our audit reports and website content, including using visuals, data tools and interactive reporting. This has also included a more proactive use of blogs to get highlights and updates of our findings in the public domain in a timely and more accessible way.</p>

Area of focus	What has been delivered so far
<p>Strengthen our strategy for attracting, retaining and developing a highly skilled and diverse workforce, with a particular focus on ensuring our processes for recruitment, talent management and successions planning are refreshed and fit-for-purpose.</p>	<p>Talent management and workforce planning is one of the key areas of focus for our updated Workforce Strategy, which was approved by the Executive Leadership Team and the Wales Audit Office Board in September 2020.</p> <p>The strategy is underpinned by a detailed Workforce Delivery Plan, progress against which will be monitored quarterly by our Executive Leadership Team and the Remuneration and HR Committee.</p>
<p>Provide ongoing support to the Senedd Finance Committee for its work on addressing the unnecessary complexity in our statutory fee charging and governance arrangements.</p>	<p>Last year, and at the beginning of this year, we provided extensive briefing to support the Finance Committee’s development of a Bill to reform our statutory fee-charging and governance requirements, so as to reduce complexity.</p> <p>Unfortunately, the Bill would be very unlikely to pass without the support of the Welsh Government, and while the Minister had expressed her clear support for it in July 2019, the Welsh Government has subsequently reversed its position. The Committee has therefore paused its work on the Bill and is unlikely to proceed further until after the election in May 2021. We stand ready to further support the Committee once it has resumed its work on the Bill.</p>

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Area of focus	What has been delivered so far
<p>Embed the sustainable development principle to a greater extent in our decision-making processes, including when undertaking a review of our staff travel and subsistence arrangements, developing proposals for meeting our future accommodation needs, and experimenting with new more efficient and smarter ways of working.</p>	<p>Whilst we are not listed bodies for the purposes of the Well-being of Future Generations (Wales) Act 2015, we seek to apply the sustainable development principle in our operations. Work has progressed over the last six months on developing proposals for meeting our future accommodation needs and experimenting with new and more efficient and smarter ways of working. The review of our staff travel and subsistence arrangements is shortly to get fully underway.</p> <p>Our Board has identified three ways in which it will discharge its commitment to embedding the sustainable development principle to a greater extent in our decision-making, particularly in relation to these projects:</p> <ul style="list-style-type: none"><li>• challenging the proposals, plans and strategies that come before it for decision;</li><li>• building the five ways of working into how it conducts its business; and</li><li>• seeking assurances from management on the application of the five ways of working across the organisation.</li></ul>

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# Key performance indicators

The position as of 30 September 2020 in terms of achieving our 18 key performance indicator targets is summarised below.

## Audit delivery KPIs

No	Indicator	Description	Target	Performance to 30 September
1	Statutory deadlines	Proportion of audit products delivered by the required statutory deadline.	100%	100% On target <sup>1</sup>
2	On time	Proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting.	90%	93% On target
3	Quality	Proportion of reviewed audits that are delivered in accordance with Financial Reporting Council quality standards.	100% of sample assessed as satisfactory or above, and 90% as good or above	Not yet available <sup>2</sup>
4	Credibility	Proportion of stakeholders that consider us to be an independent and authoritative communicator on the governance and stewardship of public money and assets.	At least 90%	100% On target

1 [New regulations](#) have extended the statutory deadlines for local authorities in England and Wales to publish and make available for public inspection their 2019-20 annual accounts.

2 Reviews will be undertaken in the second half of 2020-21.



No	Indicator	Description	Target	Performance to 30 September
5	Providing insight	Proportion of stakeholders who said that through our work, they gained useful insight that they would not have acquired otherwise.	At least 80%	94% On target
6	Driving improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services.	At least 80%	88% On target
7	Savings identified	Value of potential savings identified through our work.	At least £30 million during 2018-2021	£25.7 million On target <sup>3</sup>
8	Good practice events	Proportion of attendees of our seminars and webinars who rated the events useful or very useful.	At least 90%	N/A <sup>4</sup>
9	Website visits	Number of visits to our website where at least one action is performed, e.g. download a report, click on a video.	25,000 each year	14,789 On target
10	Social media	Number of social media engagements, i.e. interactions with our posts such as a like, a comment, or a retweet/share.	1,300 each year	1,237 On target
11	Sharing audit learning	Number of instances where we present audit learning to key policy working groups or at relevant externally hosted events.	50 each year	57 On target

<sup>3</sup> Includes potential savings identified through the latest National Fraud Initiative exercise.

<sup>4</sup> All shared learning seminars listed in our original 2020-21 Annual Plan have been cancelled. We had originally planned to host shared learning events for over 1,100 attendees over the course of 2020-21.

## Running the business KPIs

No	Indicator	Description	Target	Performance to 30 September
12	Employee engagement	Percent positive annual staff survey engagement index score, aligned with that for the Civil Service People Survey (CSPS).	At least the top 10% score for the latest CSPS	Not yet available <sup>5</sup>
13	Employee experience	Percent positive annual staff survey thematic employee experience scores.	At least the top 25% scores for the latest CSPS	Not yet available
14	Sickness absence	Average working days lost per member of staff per annum.	Less than six days	6.4 days Close to target
15	Financial balance	Level of variance in gross income and expenditure from that set out in our Estimate for the current year.	Within 2% of budget	0.5% On target
16	Cost savings and efficiencies	Value of cost savings and efficiencies identified throughout the business.	£1.3 million in 2020-21	£1.7 million On target
17	Greenhouse gas emissions	Total CO <sub>2</sub> equivalent emissions from sources that we own or control, from consumption of electricity, and that are produced indirectly through our activities.	290 tonnes in 2020-21	46 tonnes On target
18	Trainee success rate	Proportion of trainees achieving first-time passes in their Professional and Advanced level examinations with the Institute of Chartered Accountants in England and Wales.	At least 90%	91% On target

<sup>5</sup> The latest staff survey is currently running through October and November 2020; the outcomes will be published on our website in due course.



# Appendices

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- 1 Local audit work**
- 2 National value-for-money examinations and studies**
- 3 Supporting effective scrutiny and accountability**

# 1 Local audit work

The Auditor General carries out local work at most public bodies in Wales. The programme includes audit of accounts, local performance audit work and well-being of future generations work.

Public body	Audit of accounts	Local performance audit work <sup>6</sup>	Well-being of future generations work
Senedd Commission	✓		
Welsh Government	✓		✓
8 Welsh Government sponsored bodies	✓		✓ <sup>7</sup>
Welsh Revenue Authority including the tax statement	✓		
4 Welsh Government companies	✓		
8 Commissioners, Inspectorates and Regulators	✓		
7 Local Health Boards	✓	✓	✓
3 NHS Trusts and a Special Health Authority	✓	✓	✓ <sup>8</sup>
22 Councils (Unitary Authorities)	✓	✓	✓
4 Police and Crime Commissioners and Chief Constables	✓	✓	
3 Fire and Rescue Authorities	✓	✓	✓
3 National Park Authorities	✓	✓	✓
9 Pension funds	✓		
Several smaller local government bodies including joint committees, drainage districts and harbour authorities	✓		
Over 730 Town and Community Councils	✓ <sup>9</sup>		

<sup>6</sup> The Auditor General is not required to conduct a programme of local performance audit work at each central government body. Performance audit work conducted within this sector currently sits within his programme of national value for money examinations and studies.

<sup>7</sup> Only for listed bodies under the Well-being of future Generations (Wales) Act 2015.

<sup>8</sup> Only for listed bodies under the Well-being of Future Generations (Wales) Act 2015.

<sup>9</sup> On a limited assurance basis.

## 2 National value-for-money examinations and studies

This programme of work includes value-for-money examinations, local government studies, and the preparation of summary reports of the findings from local audit work across multiple NHS, central government and/or local government bodies.

It also includes examinations undertaken in response to issues of public concern identified through our audit work or raised with the Auditor General through correspondence. The outputs from much of this programme support the work of the Senedd Public Accounts Committee and other Senedd committees.

We are keeping our plans under regular review, taking account of our audit priorities, the context of our own resourcing and the capacity of our audited bodies to engage with us.

Work completed or substantially completed	
<u>Findings from the Auditor General's sustainable development principle examinations</u>	<u>10 Opportunities for resetting and restarting the NHS planned care system</u>
<u>Ensuring value for money from Rural Development Grants made without competition</u>	<u>Better law making: the implementation challenge</u>
<u>Rough sleeping in Wales – everyone's problem; no one's responsibility</u>	<u>Commercialisation in local authorities.</u>
<u>Raising the game – tackling fraud in Wales</u>	<u>Local government – financial sustainability</u>
<u>The refurbishment of Ysbyty Glan Clwyd – Betsi Cadwaladr University Health Board</u>	<u>National Fraud Initiative</u>
<u>Cracking the code: management of clinical coding across Wales</u>	<u>Welsh Community Care Information System (WCCIS)</u>

<b>Work in progress or soon to get underway</b>	
Collaborative arrangements for managing local public health resources	Personal Protective Equipment
Unscheduled care, data tool	Welsh Government accounts commentary
Covering teachers' absence	Curriculum reform
Welsh Government accounts commentary incorporating <ul style="list-style-type: none"> <li>• Welsh Government workforce</li> <li>• Welsh Government grants management</li> </ul>	Impact of austerity on local authority discretionary services
Welsh Government ICT	The regeneration of Welsh Towns
Public bodies' digital resilience – cyber security	Direct payments in local government
Administration of student finance	Emergency services – collaborative working
Warm homes programme – Arbed and Nest	Orthopaedic services
Welsh Health Specialised Services Committee	General Equality duty
Picture of Public Services	EU transition
NHS structured assessment – summary commentary	

## 3 Supporting effective scrutiny and accountability

### Supporting the work of the Public Accounts Committee and other Senedd Committees

Our work continues to play a key role in supporting the work of the Public Accounts Committee in its consideration of the use of resources and the discharge of public functions in Wales.

During the interim reporting period, the outputs from our work supported nine meetings of the Committee (held via a video communication platform). This has included initial consideration of Audit Wales reports on:

- [Arrangements for Interim Senior Staff Appointments at Betsi Cadwaladr University Health Board](#);
- [Findings from the Auditor General's Sustainable Development Principle Examinations](#);
- [Ensuring Value for Money from Rural Development Grants Made Without Competition](#);
- [Rough Sleeping in Wales](#);
- [Tackling Fraud in Wales](#); and
- [The Refurbishment of Ysbyty Glan Clwyd](#).

We have also supported the Committee's evidence sessions and/or reporting on various topics, drawing where relevant on previous audit work:

- the Welsh Government's COVID-19 response, including financial support to business;
- the effectiveness of local planning authorities in Wales;
- public procurement in Wales;
- scrutiny of accounts; and
- the A465 Section 2 road improvement.

Our work has also informed the work of other Senedd committees whose wider remit includes scrutinising the expenditure and policies of the Welsh Government, holding Ministers to account, and examining proposed legislation. During the last six months, this has included:

- oral and written evidence to the Finance Committee on implementation of the Wales Act 2014 and operation of the fiscal framework;
- written evidence to the Children, Young People and Education Committee on the Curriculum and Assessment (Wales) Bill; and
- written evidence to the Committee on Senedd Electoral Reform on capacity of the Senedd.

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

Through the interim reporting period, we have been unable to attend in person (as would normally have been the case) most meetings of the audit and scrutiny committees of the principal bodies that we audit. However, most public bodies in Wales have been swift to adapt to the challenges of the situation and we now routinely attend such meetings using video communication platforms.

We continue to provide briefings and reports on our audit work together with advice and support to strengthen governance effectiveness. Emphasis has also been placed on providing updates on the changes we have made to our work programmes in response to the COVID-19 situation and on raising awareness of the key outcomes from that work.

### **Supporting the public and their local representatives**

We regularly receive correspondence from the public, their local and national elected representatives and others that raise potential concerns about the stewardship of public money and assets.

During the reporting period, we received 25 items of correspondence and ensured that we responded to those concerns in a fair, proportionate and professional manner. In addition, 10 individuals contacted us between 1 April and 30 September 2020 indicating that they wished to make a whistleblowing disclosure.

Where audit teams need to do further investigative work in response to any concerns raised through correspondence or whistleblowing disclosures, this work is typically taking a little longer than would normally be expected due to the need to work remotely. If we are not able to provide a final reply to the correspondent/discloser within 30 working days, we will provide an interim response including an estimate of the timescale for providing a full reply.







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