

Agenda – Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: Monday, 11 July 2016

Meeting time: 14.00

For further information contact:

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Committee Clerk

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SeneddPAC@assembly.wales

1 Introductions, apologies, substitutions and declarations of interest

(14:00–14:05)

2 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

(14:05)

Item 3

3 Introduction to the Public Accounts Committee

(14:05–16:00)

(Pages 1 – 130)

PAC(5)–01–16 paper 1 – Paper on the Committee’s role and responsibilities

PAC(5)–01–16 paper 2 – Fourth Assembly Committee’s Legacy Report

PAC(5)–01–16 paper 3 – Memorandum from the Auditor General for Wales

PAC(5)–01–16 paper 4 – Auditor General for Wales – Annual Plan 2015–16



Document is Restricted

**National Assembly for Wales
Public Accounts Committee**

**Fourth Assembly
Legacy Report**

March 2016

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Committee remit

The Committee was established on 22 June 2011. The role of the Public Accounts Committee is to ensure that proper and thorough scrutiny is given to Welsh Government expenditure. The specific functions of the Committee are set out in Standing Order 18. The Committee considered reports prepared by the Auditor General for Wales on the accounts of the Welsh Government and other public bodies, and on the economy, efficiency and effectiveness with which resources were employed in the discharge of public functions.

Committee membership

Committee member	Party	Constituency or Region
Darren Millar (Chair)	Welsh Conservatives	Clwyd West
Mohammad Asghar	Welsh Conservatives	South Wales East
Jocelyn Davies	Plaid Cymru	South Wales East
Mike Hedges	Welsh Labour	Swansea East
Sandy Mewies	Welsh Labour	Delyn
Julie Morgan	Welsh Labour	Cardiff North
Jenny Rathbone	Welsh Labour	Cardiff Central
Aled Roberts	Welsh Liberal Democrats	North Wales

Contents

Recommendations	1
Introduction	5
Ways of Working	7
Committee scheduling.....	7
Committee led inquiries	7
Referral onto other Committees	8
Scrutiny of accounts	9
Annual Committee Report.....	10
Committee Led Inquiries.....	11
Conclusion	15
Inquiries undertaken	17
Cross cutting topics.....	17
Education and Public Services	19
Economy, Skills and Natural Resources.....	23
Health and Social Services.....	26
Legislation considered by the Committee	32
Looking forward to the Fifth Assembly	34
Annexe A	36
Annexe B	38

Recommendations

Recommendation 1. We would like to request that the successor Committee has equivalent, regular meeting time status alongside the other main committees scheduled into the organisation of business in the fifth Assembly.

Recommendation 2. We recommend that the successor Committee discusses with the Auditor General for Wales matters arising from the value for money study reports published during the fourth Assembly that we have not reported on ourselves, to consider any opportunities for follow up during the fifth Assembly.

Recommendation 3. We recommend that the successor Committee continues to publish annual reports and debate them in Plenary.

Recommendation 4. We recommend that the successor Committee continues with the scrutiny of accounts work that we started in the fourth Assembly, taking evidence from the Welsh Government and Assembly Commission on an annual basis and from other bodies on a cyclical basis (covering Welsh Government sponsored bodies, commissioners and the Public Services Ombudsman) and reflecting back on the response to recommendations from our previous work.

Recommendation 5. We recommend that the successor Committee includes Natural Resources Wales in any scrutiny of accounts work in autumn 2016-17 to provide an opportunity to follow up on the Auditor General's February 2016 report on 'The Development of Natural Resources Wales'.

Recommendation 6. We recommend that the successor Committee considers including the BBC's audited accounts as part of its annual account scrutiny work following agreement of the revised Memorandum of Understanding – BBC Charter Review/Welsh Government.

Recommendation 7. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on the Intra-Wales – Cardiff to Anglesey – Air Service, including: trends in passenger numbers and the impact of the anticipated temporary closure of Anglesey Airport during 2016; any outcomes from the work to explore the potential opportunities for expanding operations at Anglesey Airport; and the outcome of the procurement of a new long-term operator.

Recommendation 8. We recommend that the successor Committee seeks an update from the Welsh Government on the implementation of our recommendations on senior management pay at the end of 2016 and considers any issues arising from the publication by the Welsh Government of updated information on senior management pay rates across the Welsh public sector.

Recommendation 9. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on the implementation of our recommendations and discusses with the successor to the Enterprise and Business Committee any plans for further scrutiny of this topic.

Recommendation 10. We recommend our Successor Committee continues to adopt this practice during the Fifth Assembly.

Recommendation 11. We recommend that the successor Committee receives a briefing from the Auditor General on his third Picture of Public Services report to provide a platform for the Committee's scrutiny work across a range of issues in the fifth Assembly.

Recommendation 12. We recommend that, when considering the Auditor General's planned report on the public procurement landscape in Wales, the successor Committee takes the opportunity to revisit the response to recommendations from our September 2013 report on 'The Procurement and Management of Consultancy Services'.

Recommendation 13. We recommend that the successor Committee continues to scrutinise the Welsh Government's progress in improving grants management, drawing on the Welsh Government's annual reporting and reflecting on any new evidence on grants management arising from the Auditor General's work or other concerns that are brought to the Committee's attention.

Recommendation 14. We recommend that the successor Committee considers progress in the level of compliance with the Welsh Housing Quality Standard in advance of the revised 2020 deadline for compliance across all social housing.

Recommendation 15. Taking account of work that Estyn will be taking forward, and any plans for further work by the Auditor General, we recommend that the successor Committee engages with the successor to the Children, Young People and Education Committee in the fifth Assembly to determine how best to undertake any further scrutiny of issues relating to cover for teacher absence and the use of supply teachers.

Recommendation 16. Drawing on the Auditor General's planned report on the financial resilience of local government in Wales and the evidence presented in the Auditor General's December 2015 Picture of Public Services report, we recommend that the successor Committee consults with other relevant National Assembly committees in the fifth Assembly to agree an approach to on-going scrutiny of the financial resilience of local government that aligns with plans for scrutiny of local government reform.

Recommendation 17. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on action taken in response to our recommendations on responding to welfare reform.

Recommendation 18. We recommend that the successor Committee reflects on the findings and recommendations from our inquiry on the Regeneration Investment Fund for Wales in the event that future inquiries identify similar weaknesses in Welsh Government governance and administration, disposal of public assets or in the oversight of arms-length bodies. We also recommend that the successor Committee scrutinises the effectiveness of the Welsh Government's actions in response to our report, in order to satisfy itself and also seek assurance on behalf of the Welsh public that the issues which arose with RIFW will not be repeated.

Recommendation 19. We recommend that the successor Committee reflects on the findings and recommendations from our inquiry on the River Lodge Hotel, Llangollen in the event that future inquiries identify similar weaknesses in Welsh Government governance and administration.

Recommendation 20. We recommend that the successor Committee receives a further update from the Auditor General on the changes that have been made to the audit approach for small bodies, particularly in the context of the audit of town and community councils, following the completion of the 2015-16 audits and any summary reporting on that work.

Recommendation 21. We recommend that in addition to the update the Welsh Government has promised on the findings of the Glastir monitoring and evaluation programme, the successor Committee requests that the Welsh Government provide a further update on its response to our previous recommendations. We also recommend that the successor Committee discusses with the successor to the Environment and Sustainability Committee any plans for further scrutiny of this topic.

Recommendation 22. We recommend that the successor Committee considers taking further evidence from the Welsh Government and BT in autumn 2016 on the basis of its promised update on the rollout of the Superfast Cymru contract, and after discussing with the Auditor General his plans for any further follow up work.

Recommendation 23. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on the implementation of our recommendations.

Recommendation 24. We took evidence on 8 March 2016 from the Welsh Government and Finance Wales and have written to the Welsh Government outlining our initial findings. We recommend that the successor Committee undertakes a more detailed inquiry into the Wales Life Sciences Investment Fund early on in the fifth Assembly.

Recommendation 25. We recommend that the successor Committee considers the Auditor General's planned update on hospital catering and patient nutrition early in the fifth Assembly.

Recommendation 26. Taking account of any work planned by the Auditor General and/or Healthcare Inspectorate Wales, we recommend that the successor Committee engages with the successor to the Health and Social Care Committee in the fifth Assembly to determine how best to undertake any further scrutiny of maternity services.

Recommendation 27. We recommend that the successor Committee receives an update from the Auditor General on the findings from his recent local audit work on the NHS consultant contract, in the context of our previous recommendations on this topic.

Recommendation 28. We recommend that the successor Committee receives a briefing from the Auditor General on his 'Review of the Impact of Private Practice on NHS Provision' to inform a decision by the successor Committee on the merits of any further scrutiny.

Recommendation 29. We recommend that our successor Committee consider any lessons arising from the Auditor General's report on the impact of the NHS Finance (Wales) Act 2014 and draws on that report to revisit more generally issues arising from our previous health finances work.

Recommendation 30. We recommend that our successor Committee considers revisiting the issues of waiting times and orthopaedic services and holds an evidence session with the Welsh Government.

Recommendation 31. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on action to discharge our previous recommendations on continuing NHS healthcare and on the overall progress that has been made in clearing retrospective claims.

Recommendation 32. Taking account of the work that is being undertaken by the Auditor General as part of his programme of local audit work across NHS Wales, we recommend that the successor Committee discusses with the Auditor General, and with the successor to the Health and Social Care Committee in the fifth Assembly, how best to undertake any further scrutiny of unscheduled care services.

Recommendation 33. We recommend that our successor Committee monitors the progress Betsi Cadwaladr University Health Board makes during the period of special measures including GP Out of Hours services, and considers taking further oral evidence from the Health Board in Spring 2017.

Recommendation 34. We recommend that the successor Committee considers the Welsh Government's response to the recommendations in our February 2016 report on 'Wider issues emanating from the governance review of Betsi Cadwaladr University Health Board' and follows up on the implementation of related actions at regular intervals.

Introduction

1. We are a cross-party committee of the National Assembly for Wales, made up of eight members representing all four political parties at the Assembly. The Committee is not part of the Welsh Government.
2. Our role is to ensure that proper and thorough scrutiny is given to devolved expenditure. The specific functions of the Committee are set out in Standing Order 18 of the National Assembly for Wales. We largely considered studies prepared by the Auditor General for Wales (AGW) on the economy, efficiency and effectiveness with which resources were employed in the discharge of public functions. It is prohibited under Standing Orders from considering the merits of policy objectives of the Welsh Government or of any public body it scrutinises.
3. We are advised by, and receive briefings from, the Auditor General and Wales Audit Office staff. We are independent from that office, and also have our own team of officials to support us in our work.
4. Since 2014, we have also undertaken inquiries on our own initiative where we believed there would be merit and public interest in doing so. These inquiries initiated by the Committee have been supported by the Auditor General and Wales Audit Office staff and the staff of the National Assembly Commission. The Auditor General has provided a number of factual memoranda to support these Member-led inquiries.
5. In undertaking inquiries, we considered value for money, probity and governance arrangements. It is the aim of the Committee to ensure that public money is being spent effectively and efficiently. We also aim to bring important issues into focus, stimulate change and drive improvement in service delivery and the use of public money.
6. Annexe A lists all the reports we have published following inquiries in the fourth Assembly together with the formal Welsh Government, and where appropriate other bodies, responses to the recommendations contained in our reports.
7. Annexe B provides greater detail about each Committee Report, including the number of recommendations and whether they were accepted or not.

COMMITTEE ACHIEVEMENTS DURING THE FOURTH ASSEMBLY

 **31**

INQUIRY
REPORTS

29 FORMAL WELSH
GOVERNMENT REPOSSES

 **146**
MEETINGS

 SCRUTINY OF PUBLIC
AUDIT (WALES) BILL

3 COMMITTEE INITIATED
INQUIRES

 **2**

ANNUAL REPORTS

COMMITTEE RECOMMENDATIONS

425 RECOMMENDATIONS MADE

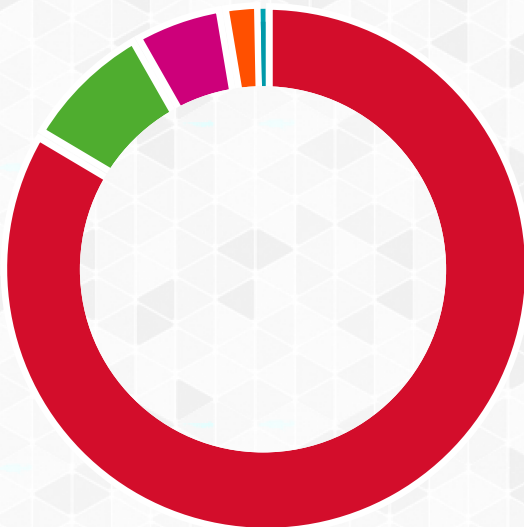
284 ACCEPTED

28 PARTIALLY ACCEPTED

19 ACCEPTED ON PRINCIPLE

8 FOR OTHER BODIES

1 REJECTED



Ways of Working

8. In December 2013, we agreed to review our ways of working in order to strengthen our ability to scrutinise and hold relevant accounting officers to account. We sought to improve the timeliness of our reporting, including facilitating enhanced support from the Wales Audit Office as part of that process, improve our approach to engaging the public in our work, the adoption of a unique approach of undertaking our own inquiries, rather than solely examining issues emanating from reports of the Auditor General for Wales. The latter enabling us to investigate other areas of committee and public interest, an approach that generated significant interest from our counterpart committees in other jurisdictions due to this being an innovative and unique approach. These and other changes to our ways of working are explored in more detail below.

Committee scheduling

9. At the start of this Assembly, we were scheduled to meet on a fortnightly basis which we considered limited our capacity to carry forward the Committee's responsibilities. We raised these concerns with the Business Committee who agreed that we could meet weekly to fulfil its responsibilities and also agreed that we could meet for longer outside of its scheduled time should it be required to do so.
10. We have needed, on several occasions, to operate outside of usual committee business windows to deal with our work programme and early on in the life of the Assembly, it established a task and finish group to deal with the issues of governance and accountability in relation to the Auditor General for Wales.
11. The Committee is eager to undertake inquiries drawing in wider evidence than just the Welsh Government but this has not always been practical due to time constraints balanced with the requirement to keep pace with the reports published by the Auditor General, our own led inquiries and our role in monitoring the implementation of recommendations contained in our reports.

Recommendation 1. We would like to request that the successor Committee has equivalent, regular meeting time status alongside the other main committees scheduled into the organisation of business in the fifth Assembly.

Committee led inquiries

12. While the primary focus for our work has been the value for money studies and other audit reports prepared by the Auditor General, we agreed to undertake inquiries specifically to pick up on issues of concern to Members provided these are balanced with our other work. Those inquiries have been supported by factual memoranda prepared by the Auditor General and additional analysis by the Auditor General and/or Research Service for the Committee. The prime examples are the Intra-Wales – Cardiff to Anglesey – Air Service, Senior Management Pay and Value for Money of Motorway and Trunk Road Investment. The latter inquiry, although Committee led, was also prompted by a report by the Auditor General for Wales on Major Transport Projects. These specific inquiries together with Scrutiny of Accounts are discussed in the following chapter.

Referral onto other Committees

13. Reflecting on the constraints on our work programme, we have been selective in our approach to dealing with AGW reports. Consideration has been given to gathering information from alternative sources rather than by solely holding oral evidence sessions. For example, we have written to stakeholders seeking responses to inform the formation of our conclusions. We have routinely requested a written response from the Welsh Government to AGW reports, referring both the report and response to other relevant Committees where we have not had time to take forward an inquiry ourselves.
14. Following our report on Covering Teachers' Absence and the subsequent monitoring of the implementation of the recommendations by the Welsh Government, the Children, Young People and Education Committee used our findings to assist with their inquiry on supply teachers.
15. The table below lists examples of reports by the Auditor General for Wales that we have not considered in detail but which have informed scrutiny work by other National Assembly Committees.

Examples of Auditor General reports that have not led to Public Accounts Committee inquiries	Relevance to other National Assembly committee inquiries
Public participation in waste recycling (February 2012)	Informed an Environment and Sustainability Committee inquiry on Recycling in Wales.
The educational attainment of looked after children and young people (August 2012)	Referred on to the [then] Children and Young People Committee to inform scrutiny of relevant legislation.
Higher education finances (November 2013)	Informed a Finance Committee inquiry on Higher Education Funding.
Children and Adolescent Mental Health Services: follow up review of safety issues (December 2013 – joint report with Healthcare Inspectorate Wales)	Referred on to inform a Children, Young People and Education Committee inquiry on Child and Adolescent Mental Health Services.
The management of chronic conditions in Wales – an update (March 2014)	Referred on to the Health and Social Care Committee and informed scrutiny of the Minister.
Young people not in education, employment or training (July 2014)	Informed an Enterprise and Business Committee inquiry on Assisting Young People into Work.
Achieving improvement in support to schools through regional education consortia – an early view (June 2015)	Informed scrutiny by the Children, Young People and Education Committee of the consortia arrangements in autumn 2015.

Recommendation 2. We recommend that the successor Committee discusses with the Auditor General for Wales matters arising from the value for money study reports published during the fourth Assembly that we have not reported on ourselves, to consider any opportunities for follow up during the fifth Assembly.

Scrutiny of accounts

16. As part of our revised ways of working we agreed to undertake annual scrutiny of the accounts of several tax-payer funded organisations. In doing so we considered their use of public money and their accountability in terms of how that expenditure is overseen, cash management and reserves, format of accounts. This work has supported the Assembly’s budget scrutiny process through us reporting on our observations and highlighting value for money issues arising from our work during the preceding year. The Assembly’s Finance Committee found this contribution to their work valuable.

17. The bodies whose accounts we considered are listed in the table below.

Annual Accounts 2013-14	Annual Accounts 2014-15
Arts Council for Wales	Assembly Commission
Assembly Commission	National Library of Wales
Children's Commissioner for Wales	National Museum Wales
Older People's Commissioner for Wales	Sport Wales
Public Services Ombudsman for Wales	Welsh Government
Welsh Government	
Welsh Language Commissioner	

18. We have received feedback from a number of the above organisations advising that they have welcomed the scrutiny and as a result of our recommendations have looked to improve, or pledged to do so, the presentation of following year’s accounts.

Annual Committee Report

19. We agreed that an Annual Public Accounts Committee report should be prepared and tabled for debate by the whole Assembly. Annual reports were published for 2013-14 and 2014-15 and plenary debates held with the Minister for Finance and Government Business responding. The Minister reflected that the publication of an annual report is an important step forward in demonstrating accountability to the people of Wales in an informed and proportionate way and added that there is a genuine willingness on behalf of the Welsh Government to accept constructive criticism, to act on it, and to continually improve the way in which they undertake their business on behalf of the people of Wales.¹

The annual report plays an important part in demonstrating accountability to the public.

Recommendation 3. We recommend that the successor Committee continues to publish annual reports and debate them in Plenary.

¹ National Assembly for Wales, Record of Proceedings, Plenary, 1 July 2015

Committee Led Inquiries

20. While the primary focus for our work has been the value for money studies and other audit reports prepared by the Auditor General, we agreed to undertake inquiries specifically to pick up on issues of concern to Members provided these are balanced with our other work.

Scrutiny of Accounts

21. In autumn 2014-15, we decided to embark on a series of evidence sessions based on the content of public bodies' annual reports and accounts. The first cycle for this work covered the Welsh Government, National Assembly Commission, Arts Council of Wales, Public Services Ombudsman, Children's Commissioner, Older People's Commissioner and Welsh Language Commissioner. In autumn 2015-16, we repeated this exercise for the Welsh Government and National Assembly Commission, alongside evidence from three Welsh Government sponsored bodies: Sport Wales, National Museum Wales and the National Library of Wales.
22. One of the issues we have explored through this work is the overall accessibility and transparency of accounting documentation, particularly with regard to the Welsh Government's consolidated resource accounts. We are expecting the Welsh Government, and other bodies, to reflect on the latest HM Treasury guidance on streamlining reports in the presentation of their 2016-17 accounts and annual reporting. In doing so, we hope that consideration will be given to the relevant recommendations in our reports on accounts scrutiny. In his evidence to us on 23 February 2016, the Permanent Secretary welcomed the introduction of an annual evidence session with the Committee on the Welsh Government's accounts.²
23. Our scrutiny of the accounts has received positive feedback from some of the organisations who contributed to the process. In 2014-15 the Arts Council of Wales responded to our report welcoming the opportunity to comment on our findings. The Arts Council commented that as a result of our work, they accepted our encouragement in making their future accounts more accessible to the public.³

The Committee was, of course, robust and forensic in its scrutiny. But it was also insightful. Committee members' questioning brought a fresh perspective to topics which to us seem straightforward and familiar.

24. Our work in autumn 2015-16 also received positive feedback from different organisations. In response to the recommendations made to the National Library of Wales, we were told that they welcomed the opportunity to review and discuss their important work.⁴ Similarly the Welsh Government thanked us for the careful and considered way the inquiry was undertaken.⁵
25. The feedback received illustrates to us the importance and value of this work which leads us to the conclusion that this work should be continued by our successor Committee.

Recommendation 4. We recommend that the successor Committee continues with the scrutiny of accounts work that we started in the fourth Assembly, taking evidence

² National Assembly for Wales, Record of Proceedings, paragraph 223, 23 February 2016

³ PAC(4)-15-15 PTN1, 2 June 2015

⁴ PAC(4)-08-16 P1, 1 March 2016

⁵ PAC(4)-08-16 P5, 1 March 2016

from the Welsh Government and Assembly Commission on an annual basis and from other bodies on a cyclical basis (covering Welsh Government sponsored bodies, commissioners and the Public Services Ombudsman) and reflecting back on the response to recommendations from our previous work.

Recommendation 5. We recommend that the successor Committee includes Natural Resources Wales in any scrutiny of accounts work in autumn 2016-17 to provide an opportunity to follow up on the Auditor General's February 2016 report on 'The Development of Natural Resources Wales'.

Recommendation 6. We recommend that the successor Committee considers including the BBC's audited accounts as part of its annual account scrutiny work following agreement of the revised Memorandum of Understanding – BBC Charter Review/Welsh Government.

Intra-Wales – Cardiff to Anglesey – air service

- 26.** We looked into the public subsidy of the Cardiff to Anglesey air service after concerns were raised with the Chair. The Auditor General prepared a short memorandum for us, which outlined some key facts in respect of the history of the service, procurement and contract management arrangements, and the overall costs and performance of the service. We published an interim report on this topic in July 2014 and a final report in July 2015.
- 27.** The inquiry leading to our interim report came at a time when the Welsh Government was still to decide on the future of the air service contract beyond December 2014. We took further oral evidence from the Welsh Government in January 2015, by which point the Welsh Government had let a new four-year contract. We recognised that the Welsh Government had commissioned an independent review to inform the continued operation of the service, although we had concerns about the timescale for the procurement of the new contract.
- 28.** We have recognised through our work that the air service can act as a platform for greater connectivity between North and South Wales, and we heard further evidence in that regard from the Chairman of Cardiff International Airport Ltd. during our recent inquiry on Cardiff Airport. However, we are aware that problems arose in late 2015 with the operator of the service having its safety licence revoked. The Welsh Government provided us with an update on these issues in January 2016, confirming that it had put in place interim arrangements, but that the operator had, on 22 January 2016, decided to unilaterally withdraw from its obligations to provide the service, without notice. The Welsh Government undertook an emergency procurement for a short-term seven-month contract in advance of plans to procure a long-term operator beyond that period.
- 29.** The Welsh Government has indicated that these issues are likely to have impacted on progress in response to some of our previous recommendations about the marketing of the service. Other actions in response to our recommendations are also on-going. For example, the Welsh Government has commissioned a review of potential opportunities for expanding operations at Anglesey Airport, including extending operating hours, with a draft report expected by the end of March 2016. The Welsh Government has also given us a commitment that it will publish passenger numbers annually (including a public subsidy cost per passenger calculation).

Recommendation 7. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on the Intra-Wales – Cardiff to Anglesey – Air Service, including: trends in passenger numbers and the impact of the anticipated temporary closure of Anglesey Airport during 2016; any outcomes from the work to explore the potential opportunities for expanding operations at Anglesey Airport; and the outcome of the procurement of a new long-term operator.

Senior management pay

- 30.** In late 2013, we decided to progress with an inquiry into senior management pay. We took a wide range of evidence covering central government, local government, the NHS, higher and further education and registered social landlords. The Auditor General prepared a memorandum comparing senior management pay rates across the organisations he audits. Wales Audit Office staff and the Assembly Research Service provided additional analysis in respect of higher and further education and registered social landlords. The purpose of our work was not to pass judgment on the salaries of individuals but to explore the rationale behind some of the senior management pay rates that were highlighted by our report and some of the differences between and within individual sectors. We were concerned about the inconsistency of arrangements across the public sector as a whole for the disclosure of information on senior management pay.
- 31.** We received an update from the Welsh Government in January 2016 on progress with the implementation of our recommendations. The original Welsh Government response to our report had suggested that the actions in response to our recommendations would largely have been discharged by late autumn 2015. This was not the case and some key actions remain outstanding, including publication by the Welsh Government on an annual basis of information on senior management pay rates across the Welsh public sector. In evidence to us on 23 February 2016, the Welsh Government confirmed that it was now aiming to discharge that particular action by the end of 2016.⁶
- 32.** In their response to our recommendations, the Welsh Government was appreciative of the inquiry we had undertaken whilst identifying that they would take time to fully implement them.⁷

The recommendations are timely given work already in progress in this area, but are also challenging, in view of the resource constraints we face

- 33.** The Welsh Government has provided some clarity on the action it is taking in response to our recommendations to extend coverage of the further education, higher education and registered social landlord sectors. We have been informed that the Minister for Education and Skills' remit letter to HEFCW for 2015-16 included a requirement for the Council to monitor senior pay levels and awards in the HE sector and submit a report to the Welsh Government on an annual basis, outlining the position for HEIs in Wales.⁸ The Permanent Secretary recognised that the Welsh Government had 'over-promised and under-performed' in terms of how long

⁶ National Assembly for Wales, Record of Proceedings, paragraph 217, 23 February 2016

⁷ PAC(4)-01-15 P1, 13 January 2015

⁸ PAC(4)-10-16 P1, 15 March 2016

the implementation of our recommendations would take, but that this was a 'difficult and complicated piece of work'.⁹

Recommendation 8. We recommend that the successor Committee seeks an update from the Welsh Government on the implementation of our recommendations on senior management pay at the end of 2016 and considers any issues arising from the publication by the Welsh Government of updated information on senior management pay rates across the Welsh public sector.

Value for money of motorway and trunk road investment

- 34.** In December 2014, we decided to initiate an inquiry into the maintenance of and investment into the Welsh trunk road network. The inquiry was not prompted by a report from the Auditor General. However, our work was informed in part by the findings and recommendations of a report by the Auditor General on 'Major Transport Projects' from January 2011 and the Auditor General provided additional advice and input to support our inquiry.
- 35.** The evidence we heard suggested that timescales for major projects were not specific enough and there was a lack of consistency and transparency around decision-making and budgets. We believed that better value for money and accountability could be achieved by the Welsh Government through the implementation of the recommendations in our report. We were also concerned by evidence that suggested a reduction in the monitoring of the condition of the trunk road network and its assets. We emphasised the importance of striking the right balance between investing in new road projects and maintaining the existing road infrastructure. We recommended that options for longer-term funding periods to allow better planning of maintenance works should be considered as part of the review of Trunk Road Agents, taking account of any learning from the introduction of a new five-year budget cycle in England.
- 36.** We are aware that many of the actions outlined by the Welsh Government as part of its response to our recommendations remain on-going. For example, publication of new Welsh Transport Appraisal Guidance during 2016 and a new road and street works strategy; the approach to the planning of and funding cycle for maintenance works; a review of the trunk road agent delivery model; information management and public communication about roadworks and incidents. We note that a Memorandum on the Economy, Science and Transport (EST) Draft Budget Proposals for 2016/17¹⁰ provided an update on our report stating that, "Progress is ongoing to meet the target dates. In particular, findings on the consideration of a single agent model has been reported, delivery of a finance system within the IRIS information management system is being trialled and the 'Streetwork Strategy for Wales' which went to public consultation on 7 December 2015." However, we are not aware of any report on the single agent model being published.

Recommendation 9. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on the implementation of our recommendations and discusses with the successor to the Enterprise and Business Committee any plans for further scrutiny of this topic.

⁹ National Assembly for Wales, Record of Proceedings, paragraph 206, 23 February 2016

¹⁰ Enterprise and Business Committee, EBC(4)-16-01 P2, 14 January 2016

Conclusion

37. Committee led inquiries have proved to be highly valuable and have incurred vast interest from both Members and the public. These type of inquiries have enabled us to investigate other areas of committee and public interest, an approach that generated interest from Public Accounts Committees, in different jurisdictions. This demonstrates that this approach is both innovative and is influencing others and feedback from parties involved has been largely positive especially when undertaking scrutiny of accounts.

Recommendation 10. We recommend our Successor Committee continues to adopt this practice during the Fifth Assembly.

WITNESSES



256

WITNESSES APPEARED
BEFORE THE COMMITTEE



362

PIECES OF ORAL
EVIDENCE

BREAKDOWN OF ORAL EVIDENCE



138 WELSH GOVERNMENT

116 OTHER ORGANISATIONS

66 HEALTH ORGANISATIONS

19 INDIVIDUALS

17 LOCAL AUTHORITIES

6 WELSH LOCAL GOVERNMENT ASSOCIATION

ENGAGEMENT



425 FOLLOWERS OF @SENEDDPAC

221 FOLLOWERS OF @SENEDDARCHWILIO

1,312 TWEETS OVER THE
TWO TWITTER ACCOUNTS



VISITS

FORMAL MEETING DURING

SENEDD@SWANSEA

Inquiries undertaken

38. We have focused in this section of our report on setting out matters arising from our substantive inquiries and recommendations for action for the Public Accounts Committee in the fifth Assembly to consider in light of our previous work. In line with our working practice, we have considered a range of reports by the Auditor General but have not necessarily undertaken detailed inquiries of our own. We have however sought responses from the Welsh Government to all Auditor General reports.
39. There are also several examples of reports by the Auditor General that we have not considered in detail but which have informed scrutiny work by other National Assembly committees. We have set out those examples in an earlier chapter of this report.
40. We have grouped our commentary on our inquiries to reflect the structure of the three main organisational groupings, together with some that fall into cross-cutting themes, within the Welsh Government at the time of this legacy report. The groups are Education and Public Services, Economy, Skills and Natural Resources and Health and Social Services.

Cross cutting topics

A Picture of Public Services

41. This inquiry considered issues arising from the second of the Auditor General's three reports on this topic. Our April 2012 report considered a range of matters including the overall financial challenges facing public services at the time and looking ahead over the lifetime of the fourth Assembly, focusing particularly on the impact on local government and health services. More generally, we considered evidence in respect of collaboration, collective leadership and the sharing of good practice as public bodies sought to respond to the financial pressures they were facing. We returned to some of these issues through its subsequent inquiries on health finances and on the financial challenges facing local government. Our 'scrutiny of accounts' work over the past two years has also provided an opportunity to consider the financial challenges facing some central government bodies.
42. The Auditor General published his third Picture of Public Services report in December 2015. We did not have the opportunity to take further evidence on the basis of that report. Commenting in the report on the response to financial pressures, the Auditor General noted that

"...despite some progress, public services are yet to develop the long-term and radical change that is needed to responds effectively to the pressures they have and will continue to face."¹¹

Recommendation 11. We recommend that the successor Committee receives a briefing from the Auditor General on his third Picture of Public Services report to provide a platform for the Committee's scrutiny work across a range of issues in the fifth Assembly.

¹¹ Auditor General for Wales, A Picture of Public Services 2015, 17 December 2015

The Procurement and Management of Consultancy Services

43. Our inquiry followed a report by the Auditor General which had identified estimated spend on consultancy services of around £133 million in 2010-11 across the different parts of the Welsh public sector covered by the work. Our report reflected concerns about data quality and about the extent to which public bodies were applying accepted good practice in their approach to contracting with consultants.
44. We took the opportunity through our inquiry to consider the role that the new National Procurement Service (NPS) might play in promoting better value for money and good practice generally in this area. The Welsh Government's response to many of our recommendations pointed to work that the NPS would take forward. The first recommendation in our report encouraged the publication of an annual report on the impact of the NPS in improving procurement practices and generating procurement savings, including in respect of consultancy services. We received a copy of the first such annual report in autumn 2015 and we expect future annual reports to be forwarded to the successor Committee.
45. The Auditor General is undertaking a review that will consider the public sector procurement landscape in Wales, including the development of the NPS. The Auditor General's work will provide a basis for the successor Committee to consider the development of the NPS. It will also help the successor Committee to consider how public bodies are responding to recent developments in procurement including the Welsh Government's recently updated procurement policy statement and the implications of the Well-being of Future Generations (Wales) Act 2015.¹²

Recommendation 12. We recommend that, when considering the Auditor General's planned report on the public procurement landscape in Wales, the successor Committee takes the opportunity to revisit the response to recommendations from our September 2013 report on 'The Procurement and Management of Consultancy Services'.

Grants management in Wales

46. Issues relating to the management of grant funding by the Welsh Government in particular have featured regularly in our work programme during the fourth Assembly following publication in November 2011 of the Auditor General's report on 'Grants Management in Wales'. We have published two specific reports on this topic, an interim report in August 2012 and a final report in June 2013. Our final report drew on evidence in relation to grant funding for the All Wales Ethnic Minority Association following a report by the Auditor General. The final report also reflected evidence from our June 2013 report on 'The Welsh Government's acquisition and action to dispose of the River Lodge Hotel, Llangollen'.
47. We took further evidence on the Welsh Government's grants management arrangements in a series of evidence sessions between March 2014 and February 2016. Those evidence sessions have drawn on the content of the Welsh Government's annual reports on grants management for 2013, 2014 and 2015. The Welsh Government published these reports as part of its response to the recommendations from our previous work. We also explored through those evidence sessions issues arising from further reports by the Auditor General on 'Public

¹² The Well-being of Future Generations (Wales) Act 2015

Funding of Penmon Fish Farm’, ‘Public Funding of the Cywain Centre – Bala’ and ‘European Union Structural Funding 2007-2013’.

48. Areas of concern highlighted by our work and reports by the Auditor General included inadequate due diligence arrangements, poor communication between Welsh Government departments and with other funders, opportunities to reduce the overall number of grant schemes, the general inconsistency of grants management practice, administration costs and compliance with the Code of Practice for Funding the Third Sector. During our consideration of the Welsh Government’s 2015 Annual Report on 23 February 2016, the Permanent Secretary noted that when he took up post [in October 2012] he would have characterised grants management as having been ‘demonstrably weak and high risk’.¹³ The Permanent Secretary also emphasised that our own scrutiny of these issues had provided a focus for improvement.¹⁴

I’ve talked about grants management, which I think has been a very productive outcome and a constructive intervention by the Committee.

49. We have welcomed the evidence we have received over recent years which points to improvements that the Welsh Government has introduced to strengthen its management of grant funding. This is, however, an on-going process of continuous improvement. One further potential development that the Permanent Secretary described to us was that he was considering the risks and benefits of introducing a more centralised shared service style approach to grants management across the Welsh Government.

Recommendation 13. We recommend that the successor Committee continues to scrutinise the Welsh Government’s progress in improving grants management, drawing on the Welsh Government’s annual reporting and reflecting on any new evidence on grants management arising from the Auditor General’s work or other concerns that are brought to the Committee’s attention.

Education and Public Services

Progress in delivering the Welsh Housing Quality Standard

50. The Welsh Government introduced the Welsh Housing Quality Standard in 2002. Our September 2012 report acknowledged that the introduction of the Standard had led to improvements in the quality of social housing for a substantial number of tenants. However, the original deadline that all social housing in Wales would comply with the Standard by the end of 2012 was not going to be met. In addition, we heard that around one in five dwellings was not expected to comply by 2017. The main shortfall was for local authority landlords in areas where tenants had voted against stock transfer, or were yet to vote on this issue at the time of our report. Our recommendations covered a range of issues including the way in which compliance with the Standard is measured and verified, realising wider benefits from work to achieve the Standard and engaging with tenants. We were also keen to see progress on reforming the housing revenue account system for local authority landlords, which we note took effect from April 2015.

¹³ National Assembly for Wales, Record of Proceedings, paragraph 11, 23 February 2016

¹⁴ National Assembly for Wales, Record of Proceedings, paragraph 229, 23 February 2016

51. Following the publication of our report, we received a number of updates from the Welsh Government in 2013 and we took further oral evidence from the Welsh Government in June 2013. We are aware that the Welsh Government is now publishing annually statistics on compliance with the Standard. We are also aware that Part 4 of the Housing (Wales) Act 2014 gave a new power for the Welsh Government to intervene if a landlord chooses not to comply with the Standard, whereas previously it would have had to rely on grant conditions to influence compliance. The Welsh Government is now expecting all social housing landlords to comply with the Standard as soon as possible and in any event no later than 2020.

Recommendation 14. We recommend that the successor Committee considers progress in the level of compliance with the Welsh Housing Quality Standard in advance of the revised 2020 deadline for compliance across all social housing.

Civil Emergencies in Wales

52. Our report focused on the overall governance arrangements for responding to civil emergencies, including the respective roles of the Welsh Government and UK Government, in the context of the Civil Contingencies Act 2004 which came into force in England and Wales in 2005. We took evidence from the UK Government's Cabinet Office as part of our inquiry. We did not examine the detail of the response of public bodies, and other parties, to specific incidents. However, we noted that when called upon civil contingency arrangements had worked satisfactorily in Wales.
53. We understand from discussions between Wales Audit Office staff and the Welsh Government that action has been taken forward to respond to the recommendations in the report. This includes action in areas such as the input of the voluntary sector to emergency planning arrangements, multi-agency regionalisation, training for resilience officers and good practice in the use of social networking during emergency incidents. However, several of our recommendations reflected issues relating to the Welsh Government's stated desire to seek to enhance its statutory duties in the co-ordination and planning for civil emergencies and the recommendations of the Commission on Devolution in Wales. These issues remain relevant in the context of the development of the UK Government's Wales Bill.

Covering Teachers' Absence

54. We recognised in our report that planned or unplanned absences mean that it is inevitable that not all lessons will be covered by the assigned teacher. We emphasised that this should not mean an inevitable reduction in the quality of education the children of Wales receive. We were surprised by the lack of monitoring that has taken place for covered lessons, the failure to understand the value for money of the different approaches to providing cover and the lack of evaluation of the impact on the education of pupils. Among other things, we also found that there was a lack of support available for teachers; firstly in the form of continuing professional development for supply teachers and secondly in the support for head teachers in managing teachers absence. We welcomed the acknowledgement from the Welsh Government of these issues.
55. The Welsh Government's original response to our report made clear that some of the recommendations we made would be addressed through the production of new guidance. While that process took longer than expected, we are aware that the Welsh Government published this guidance in July 2015. In the meantime, the Children, Young People and Education Committee (CYPE) commenced its own inquiry on supply teaching. The CYPE

Committee's report, in December 2015, built on issues covered by the recommendations in the Auditor General's report on covering teachers' absence and our own report. The CYPE Committee also recommended that the Welsh Government plan a new model for the employment of supply teachers and commission research into the effects of supply teaching. The Welsh Government's response to the CYPE Committee's report confirms that Estyn will be reviewing issues relating to cover for teacher absence over the next 12 months. As described, Estyn's work will consider some, but not all, of the issues raised by the two Committees.

Recommendation 15. Taking account of work that Estyn will be taking forward, and any plans for further work by the Auditor General, we recommend that the successor Committee engages with the successor to the Children, Young People and Education Committee in the fifth Assembly to determine how best to undertake any further scrutiny of issues relating to cover for teacher absence and the use of supply teachers.

Meeting the financial challenges facing local government in Wales

56. Building on the issues covered by our Picture of Public Services report early in fourth Assembly, we continued to take oral and/or written evidence throughout 2014 and 2015 from the Welsh Government, the Welsh Local Government Association and some individual local authority representatives on the financial challenges facing local government in Wales. Our work in this area was informed by two reports from the Auditor General, as well as the Auditor General's reports on local government scrutiny arrangements, environmental health services, and the management of early departure arrangements across the public sector.
57. While we have not reported formally on this issue, we exchanged correspondence with the Welsh Government about some of our residual areas of concern. These concerns included the extent to which the Welsh Government understood the financial challenges facing local government, the use of reserves, public engagement about budget priorities, concerns that some discretionary services were at risk of disappearing, and the funding formula on which financial allocations are based. We also shared relevant information with the Communities, Equality and Local Government Committee.
58. We note that the Auditor General's December 2015 Picture of Public Services report provided an updated analysis of the impact of public spending cuts on local government and we understand that the Auditor General is planning to publish a further report on the financial resilience of local government in Wales. We are aware, of course, that decisions on any arrangements for local government reform in the fifth Assembly will also be relevant in this context.

Recommendation 16. Drawing on the Auditor General's planned report on the financial resilience of local government in Wales and the evidence presented in the Auditor General's December 2015 Picture of Public Services report, we recommend that the successor Committee consults with other relevant National Assembly committees in the fifth Assembly to agree an approach to on-going scrutiny of the financial resilience of local government that aligns with plans for scrutiny of local government reform.

Responding to welfare reform in Wales

59. Unusually for the Committee, this report dealt with the implications of a non-devolved policy and its impact on devolved services. We took evidence from a range of stakeholders to consider how the Welsh Government, local authorities, registered social landlords and advice

providers have adapted to the challenge of a new welfare regime. During the course of our inquiry, the Auditor General provided some updated material on discretionary housing payments.

60. Our recommendations related to a range of different issues, including but not limited to the administration of discretionary housing payments, funding for and access to advice services, addressing the impact of planned changes to housing benefit eligibility for 18-21 year olds, and improving data collection. The Welsh Government fully accepted just six of our 17 recommendations in full, accepting one in principle and the remaining ten recommendations in part. We therefore sought clarification on a range of matters. For example, we had called on the Welsh Government to develop a strategy to manage the impact of welfare reform where it has reduced welfare payments in Wales. The Welsh Government confirmed to us that it will continue to provide leadership in this area but that it does not see the need for a separate strategy document and considers that the response to welfare reform is part of its wider tackling poverty strategy. Nevertheless, the Welsh Government indicated that it would be pleased to share information on action taken and further action planned.¹⁵

Recommendation 17. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on action taken in response to our recommendations on responding to welfare reform.

Regeneration Investment Fund for Wales

61. We published our report on the Regeneration Investment Fund for Wales (RIFW) in January 2016. The issues that we considered during this inquiry were some of the most concerning and complex that we had come across during the fourth Assembly. It is clear that the sale of land assets transferred to the Fund by the Welsh Government did not represent value for money for the taxpayer. It appears that tens of millions of pounds could and indeed should have been generated for investment in regeneration projects across Wales.
62. Our inquiry was detailed and wide ranging. It exposed significant flaws in Welsh Government processes and procedures; blurred accountability and line management arrangements; and in fundamental weaknesses in both record keeping and data retention. We noted that many of the flaws we identified were consistent with issues that we had considered during previous inquiries, such as on the Welsh Government's acquisition and action to dispose of the former River Lodge Hotel, Llangollen.
63. Our inquiry highlighted that there is still much work to be undertaken to improve the robustness of Welsh Government processes and specifically in relation to the monitoring and oversight of its arm-length bodies. Our recommendations focussed on the important lessons the Welsh Government can learn from the RIFW initiative.
64. In response to the publication of the Committee's report the First Minister made an apology¹⁶ to the National Assembly for Wales during Plenary on 26 January 2016 and said:

"It is correct to say that the way that RIFW was managed fell well below the standards we would expect as a Government, and for that we are sorry."

¹⁵ PAC(4) 24-15 P6, 29 September 2015 & PAC(4)-30-15 PTN2, 10 November 2015

¹⁶ National Assembly for Wales, Record of Proceedings, Plenary, 26 January 2016

65. The Welsh Government's response accepted in full all 17 of our recommendations. This acceptance is particularly encouraging given the gravity of the Committee's overall conclusions which reflected events further following publication of the Auditor General's report, including evidence from subsequent onward sales of the assets by the purchaser. Furthermore, we note in response to our work the First Minister's statement and apology to the National Assembly in plenary on 26 January 2016, the Welsh Government's initiation of legal action against the Fund's Investment Manager, Lambert Smith Hampton (in direct response to our recommendation 13) and the Welsh Government's commitment to keep under review whether further legal steps may be necessary.

Recommendation 18. We recommend that the successor Committee reflects on the findings and recommendations from our inquiry on the Regeneration Investment Fund for Wales in the event that future inquiries identify similar weaknesses in Welsh Government governance and administration, disposal of public assets or in the oversight of arms-length bodies. We also recommend that the successor Committee scrutinises the effectiveness of the Welsh Government's actions in response to our report, in order to satisfy itself and also seek assurance on behalf of the Welsh public that the issues which arose with RIFW will not be repeated.

Economy, Skills and Natural Resources

The Welsh Government's acquisition and action to dispose of the River Lodge Hotel, Llangollen

66. This inquiry looked into the circumstances of the Welsh Government's decision in 2007 to buy the former River Lodge Hotel for £1.6 million and in 2009 to enter into a lease agreement with an organisation known as Powys Fadog (which was subsequently unable to fulfil the conditions of its lease agreement). The Auditor General's report on this matter had highlighted that five years on from the acquisition, the property remained vacant and had become derelict. The Welsh Government continued to incur the costs associated with ownership, and had gained nothing in return for its substantial investment in the property.
67. Our report identified significant concerns about the overall governance of the Welsh Government's decision-making in this case. Some of the general issues covered by our recommendations included: the approach to year-end spending; the nature and quality of internal communication (between officials/departments and with Ministers); and the involvement of Welsh Government officials on external boards and the handling of potential conflicts of interest.
68. We recognised and welcomed the fact that the Welsh Government had already sought to overhaul many of its governance arrangements and management processes since the various decisions relating to the River Lodge Hotel project were originally made. However, we were still not convinced that the Welsh Government's revised processes would necessarily produce different results if similar issues arose again. As noted above, we have drawn parallels in our recent report on the Regeneration Investment Fund for Wales with some of the issues arising from our inquiry on the River Lodge Hotel.

Recommendation 19. We recommend that the successor Committee reflects on the findings and recommendations from our inquiry on the River Lodge Hotel, Llangollen in the event that future inquiries identify similar weaknesses in Welsh Government governance and administration.

Caldicot and Wentlooge Levels Internal Drainage Board

- 69.** Our inquiry into matters relating to the Caldicot and Wentlooge Levels Internal Drainage Board followed the publication by the Appointed Auditor for the Drainage Board of a report in the public interest. That public interest report drew attention to a failure in governance arrangements and inadequacies in management and internal control at the Drainage Board. Our October 2013 report raised concerns about the accountability of drainage boards in general, the clarity of their roles and responsibilities and some of the specific governance issues that had been raised in respect of this particular Drainage Board. The findings from our work led us to make some wider recommendations to ensure that scrutiny arrangements for other small public bodies were also fit for purpose.
- 70.** We are aware that our recommendations relating to the accountability and oversight of internal drainage boards operating wholly or partially in Wales have been overtaken by events. We were aware at the time of our report that the Welsh Government was considering a possible transfer of functions to Natural Resources Wales. On 1 April 2015, the Welsh Government transferred the functions of the three Internal Drainage Boards operating wholly or partly in Wales into Natural Resources Wales. The Auditor General's February 2016 report on 'The Development of Natural Resources Wales' noted that stakeholder feedback on the management of the transition was very positive.
- 71.** While we welcomed the report by the Appointed Auditor on the Drainage Board, we noted our concern that some of the issues raised in the audit report had not been addressed by audit work in previous years. We therefore took evidence as part of our inquiry from the Appointed Auditor and other Wales Audit Office staff about the approach to the audit of small bodies. We heard about changes that were being introduced in that regard, and we received an update from Wales Audit Office staff in early 2014. We are also aware that the Auditor General's recent reports on matters arising from the audit of town and community councils have highlighted a change in audit approach for the 2015-16 audit onwards, which will see auditors examine specific thematic governance issues as part of the audit approach.

Recommendation 20. We recommend that the successor Committee receives a further update from the Auditor General on the changes that have been made to the audit approach for small bodies, particularly in the context of the audit of town and community councils, following the completion of the 2015-16 audits and any summary reporting on that work.

Glastir

- 72.** The Glastir agri-environment scheme was designed to improve the Welsh Government's support for environmental improvement in Wales's farms. The Environment and Sustainability Committee published a report on Glastir in October 2012 and we undertook a short inquiry on this topic following a report by the Auditor General in September 2014. Our report covered issues relating to the impact of Glastir in changing practices at participating farms, including in respect of water quality issues, the overall administration of the scheme, including administration costs, and participation rates, target setting and monitoring and evaluation.

73. The Welsh Government accepted our recommendation that it should look to disaggregate the administration costs of Glastir from the costs of administering Common Agricultural Policy schemes more generally. The Welsh Government had originally indicated in response to a recommendation from the Auditor General that this would not be practical. The Welsh Government generally accepted our other recommendations. However, the Welsh Government maintained its position that it is legitimate in some cases to fund through the Glastir Advanced element of the scheme certain activities that support the maintenance of high value habitats where there might otherwise be the risk of them being lost, without necessarily delivering a direct improvement.
74. The Welsh Government provided us with a number of further updates and points of clarification following its initial response to our recommendations in May 2015. The Welsh Government has also confirmed that it will provide an update on the findings of the Glastir monitoring and evaluation programme in autumn 2016.

Recommendation 21. We recommend that in addition to the update the Welsh Government has promised on the findings of the Glastir monitoring and evaluation programme, the successor Committee requests that the Welsh Government provide a further update on its response to our previous recommendations. We also recommend that the successor Committee discusses with the successor to the Environment and Sustainability Committee any plans for further scrutiny of this topic.

Welsh Government investment in next generation broadband infrastructure

75. Our inquiry focused on the development and rollout of the 'Superfast Cymru' contract between the Welsh Government and BT. This contract is the key component of the Welsh Government's efforts to provide access to 'next generation' or 'superfast' broadband services across all homes and businesses in Wales.
76. Our report noted the Auditor General's conclusion that reasonable progress was being made with the Superfast Cymru rollout, although many of the more 'difficult-to-connect' premises were still to be given access. We also recognised that there were some positive lessons to learn from the planning and management of the Superfast Cymru contract and we recommended that these lessons be captured and shared across the Welsh Government. However, we reflected concerns about communication with householders and business owners on the timescales for the rollout. We also encouraged further work to promote take-up and benefits realisation (which is the responsibility of the Welsh Government and sits outside the contract with BT).
77. We were concerned about the impact that a recent contract extension to cover additional premises would have on the timescale for rollout to premises that were part of the original contract but are not yet able to access next generation broadband services. The Welsh Government has emphasised to us that the timescales for deploying to some premises will inevitably change, because of decisions on the most efficient deployment method taking into account the new premises covered by the contract extension.

Recommendation 22. We recommend that the successor Committee considers taking further evidence from the Welsh Government and BT in autumn 2016 on the basis of its promised update on the rollout of the Superfast Cymru contract, and after discussing with the Auditor General his plans for any further follow up work.

Cardiff Airport

78. The Committee agreed to undertake an inquiry into the findings of the Auditor General's report on the Welsh Government's Acquisition and Ownership of Cardiff Airport and specifically examined the Welsh Government's role in the acquisition process governance arrangements post-acquisition, commercial progress and wider development and benefits realisation that the acquisition can bring to the Welsh economy.
79. Our report concluded that the Welsh Government had a clear rationale for purchasing the airport and there was a clear case for intervention to help secure a change in ownership to meet wider policy objectives that recognised the strategic importance of the airport to the wider economy. We also concluded that the Welsh Government negotiated a purchase price that was informed by the estimated value of the airport as a public asset and a range of commercial valuations.

Recommendation 23. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on the implementation of our recommendations.

Wales Life Sciences Investment Fund

80. The Auditor General's report considered the establishment, governance, oversight and early operation of the Fund and examined whether the Welsh Government and Finance Wales established the Fund and oversaw its initial operations (including its first three investments) effectively.

Recommendation 24. We took evidence on 8 March 2016 from the Welsh Government and Finance Wales and have written to the Welsh Government outlining our initial findings. We recommend that the successor Committee undertakes a more detailed inquiry into the Wales Life Sciences Investment Fund early on in the fifth Assembly.

Health and Social Services

Hospital catering and patient nutrition.

81. The report on Hospital Catering and Patient Nutrition was our first in the fourth Assembly. We noted that there was some evidence of an improvement in hospital catering over the previous ten years. However, we were disappointed to find that there remained a wide variation in the costs, planning and delivery of catering services across NHS organisations in Wales, especially given the importance of good nutrition in supporting patients' recovery. Among other things, we emphasised that 'protected mealtimes' policies should not be used to exclude relatives and carers from providing assistance with eating.
82. We also scrutinised progress with the implementation of the Auditor General's recommendations on this topic, receiving written updates and taking further oral evidence from the Welsh Government on several occasions throughout the fourth Assembly. Residual areas of concern included the progress being made with the rollout of e-learning on the All Wales Nutrition Care Pathway and All Wales Food Record Chart, development of a national catering IT solution and arrangements for food waste disposal. Drawing on local audit work to follow up previous recommendations, the Auditor General is preparing a memorandum that will summarise the progress that has been made.

Recommendation 25. We recommend that the successor Committee considers the Auditor General's planned update on hospital catering and patient nutrition early in the fifth Assembly.

Maternity services in Wales

- 83.** This inquiry picked up from work by our predecessor Committee in the third Assembly. The Auditor General provided an update on progress in addressing previous recommendations, following the completion of some further local audit work. We undertook our inquiry shortly after the [then] Children and Young People Committee had reported on its 'Inquiry into Neonatal Care', which we referenced in our report. We acknowledged the action that had been taken to address some of the previous recommendations. However, we were concerned about the pace of improvement and a lack of urgency in making the necessary changes to service provision, particularly in respect of staffing issues, performance monitoring and management, and the collection of data. We heard about the Welsh Government's plans to strengthen performance monitoring and about the on-going development of delivery plans by individual health boards. We also took evidence about the work of an 'All Wales Maternity Services Implementation Group' which had been set up in late 2011 in order to take forward the Welsh Government's strategic vision for maternity services. The Implementation Group completed its work in spring 2013, with a new maternity services 'National Delivery Board' being established to support progress.
- 84.** In late 2013, we received an update from the Welsh Government on issues arising from its 'Maternity Performance Board' meetings with each health board in autumn 2013. We shared this update with the Health and Social Care Committee. We have not returned to this issue since that time, but we have considered concerns about the quality, safety and sustainability of maternity services as part of our work on governance issues at Betsi Cadwaladr University Health Board.

Recommendation 26. Taking account of any work planned by the Auditor General and/or Healthcare Inspectorate Wales, we recommend that the successor Committee engages with the successor to the Health and Social Care Committee in the fifth Assembly to determine how best to undertake any further scrutiny of maternity services.

The [NHS] consultant contract in Wales: Progress with securing the intended benefits

- 85.** Our inquiry recognised that the NHS consultant contract in Wales, introduced in 2003, had helped to improve recruitment and retention. However, other intended benefits had not been fully realised, for example in respect of the contract supporting broader service modernisation. Our inquiry highlighted weaknesses in the application of job planning processes which we considered limited health boards' ability to marshal and plan their resources effectively. We also found that a significant proportion of consultants were working hours each week beyond the European Working Time Directive and we were concerned about the sustainability of that situation.
- 86.** Our report called on the Welsh Government to provide more dynamic, strategic leadership on this issue. In support of its response to several of our recommendations, the Welsh Government pointed to a Task and Finish Group that had been established to oversee the development of updated all-Wales job planning guidance by early 2014. The Welsh Government has not, however, provided us with the annual updates it promised previously on

its work with health boards and the deanery to develop and implement specific strategies for recruiting specialist consultants to address workforce and expertise shortages. We have recently written to the Welsh Government seeking an update on the implementation of the recommendation. The Auditor General has been undertaking further local audit work on issues relating to the implementation of the NHS consultant contract in Wales, focusing specifically on the robustness of consultant job planning, and indicated previously that he would provide an update on the findings from that work.

Recommendation 27. We recommend that the successor Committee receives an update from the Auditor General on the findings from his recent local audit work on the NHS consultant contract, in the context of our previous recommendations on this topic.

87. As part of our work on the NHS consultant contract, we also took evidence about the impact of private practice on NHS consultants' working hours and explored the impact of private practice on waiting times. We recommended that the Auditor General should examine health boards' processes and procedures for patients moving between private and NHS practices. The Auditor General published his 'Review of the Impact of Private Practice on NHS Provision' in February 2016. The report considered evidence relating to the impact of private practice on waiting times as well as the wider impact of private practice on NHS resources. We did not have the opportunity to consider or take further evidence on the Auditor General's report.

Recommendation 28. We recommend that the successor Committee receives a briefing from the Auditor General on his 'Review of the Impact of Private Practice on NHS Provision' to inform a decision by the successor Committee on the merits of any further scrutiny.

Health Finances (and service performance)

88. We have published two stand-alone reports on health finances, in February 2013 and March 2014, building on the commentary and recommendations on health finances in our April 2012 'A Picture of Public Services' report and drawing on related reports by the Auditor General. Our reports have covered a range of issues, including the relationship between the financial situation and matters relating to service performance. One key development during the course of our work has been the introduction through the NHS Finance (Wales) Act 2014 of a new three-year integrated planning framework for NHS bodies. The Act put into practice the greater year-end financial flexibility that we had been calling for. Nevertheless, our March 2014 report noted that the funding of NHS Wales remained a huge challenge.
89. We took further evidence from the Welsh Government in November 2014 following publication by the Auditor General of a further report on 'NHS Wales: An Overview of Financial and Service Performance 2013-14'. In our February 2016 report on 'Wider issues emanating from the governance review of Betsi Cadwaladr University Health Board', we recognised that the first full three year cycle of the new planning framework will not be completed until 31 March 2017. But we expressed concern that some health boards were likely to go into the 2016-17 financial year (year 3) carrying accumulated deficits and remain to be convinced that implementation of three year financial planning is achieving its desired intention. We therefore reiterated Recommendation 8 from our March 2014 report which sought to address some of the risks of financial planning over three years. We note also that in his December 2015 'Picture of Public Services' report, the Auditor General highlighted that three NHS bodies still did not have an approved three year plan at that point in time.

90. Our February 2016 report acknowledged that the Auditor General intends to undertake a review of the impact of the NHS Finance (Wales) Act 2014¹⁷ during the fifth Assembly. We recommended that our successor Committee should consider any lessons arising from the Auditor General's report. We have repeated and extended that recommendation below.

Recommendation 29. We recommend that our successor Committee consider any lessons arising from the Auditor General's report on the impact of the NHS Finance (Wales) Act 2014 and draws on that report to revisit more generally issues arising from our previous health finances work.

91. Our March 2014 report on health finances noted a concerning deterioration in performance against targets for unscheduled care and elective care. Although it was difficult to establish a direct link from the evidence available to us, we believed that correlation between deterioration in service performance and the period of funding pressure was not a coincidence. During our on-going consideration of health finances related issues, the Auditor General published in January 2015 his report 'NHS Waiting Times for Elective Care in Wales'. The report showed further deterioration in performance and that funding pressures were limiting the NHS' capacity to provide timely access to elective treatment. In February and November 2015, the Welsh Government provided us with written updates on progress against the Auditor General's recommendations.
92. In June 2015, the Auditor General published 'A Review of Orthopaedic Services'. The report found that orthopaedic services have become more efficient in the past decade. But it also concluded that NHS Wales is not well placed to meet future demand because whilst there has been a focus on securing immediate reductions in waiting times, less attention has been paid to developing more sustainable, long-term solutions to meet demand. We did not undertake an inquiry into this report, although we received a written response from the Welsh Government to the Auditor General's recommendations. The Welsh Government's response noted that some of the action it was already taking in response to the Auditor General's report on elective waiting times was relevant in addressing some of the issues raised in the report on orthopaedic services.

Recommendation 30. We recommend that our successor Committee considers revisiting the issues of waiting times and orthopaedic services and holds an evidence session with the Welsh Government.

Continuing NHS Healthcare

93. Drawing on reports by the Auditor General, we have published two reports of our own on continuing NHS healthcare. When assessed as having a primary health need, people are eligible for Continuing NHS Healthcare (CHC), which is a package of care and support that is provided to meet all of the assessed needs of an individual, including if applicable care home fees.
94. Our first report, in December 2013, acknowledged the action that the Welsh Government was taking through a new National Framework to improve the approach to this issue across NHS Wales. However, we still had significant concerns that the system was letting people down. We remained of the view that more could, and should, be done to ensure patients and their loved

¹⁷ NHS Finance (Wales) Act 2014

ones are treated consistently and fairly when they engage with the continuing NHS healthcare process. We considered that the delayed decisions and financial hardship faced by many individuals and their families while they awaited decisions on claims was unacceptable. Our recommendations called on the Welsh Government to do more in a range of areas, including in making swift progress to address a backlog of retrospective claims.

95. We continued to track progress in this area and issued a follow up report in March 2015. While we recognised that some further progress had been made, we were still concerned about delays, potential inconsistencies in health boards' decision-making, and the overall rate of progress in clearing retrospective claims. We also highlighted our concerns about access to information about the continuing NHS healthcare system and about the awareness, quality and level of provision of advocacy services.

Recommendation 31. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on action to discharge our previous recommendations on continuing NHS healthcare and on the overall progress that has been made in clearing retrospective claims.

Unscheduled Care

96. Our report on unscheduled care looked at a wide range of issues including: the overall performance of unscheduled care services; emergency department pressures; the role of and urgent access to primary care – including out-of-hours services – and the scope for greater co-location of GP services alongside emergency departments; GP recruitment and retention; managing demand including the development of the NHS 111 service (which is taking longer than envisaged at the time of our report); and issues specific to meeting the needs of older and frail people. This topic was also of interest to the Health and Social Care committee in the fourth Assembly, particularly in the context of winter pressures.
97. We recognised that the pressures facing the delivery of unscheduled care services in Wales are complex and the efforts that had been made to drive forward improvement. However, we considered that the pace of change had been unable to deliver the required transformation in service provision. We highlighted the need for better performance data to inform decision-making and emphasised the importance of resolving issues about service reconfiguration and addressing anticipated future problems in the GP workforce. We also noted that work to promote the choices available to patients to maximise their access to primary care services and reduce pressures on emergency departments was equally important.
98. We continued to track progress with the implementation of our recommendations through a series of written updates from the Welsh Government in 2014 and 2015. We have also considered some related issues during the evidence we have taken on governance at Betsi Cadwaladr University Health Board, notably in respect of out-of-hours services. We understand that the Auditor General is taking forward some further local audit work during 2016-17 across NHS Wales that will be considering issues relating to emergency ambulance commissioning, out-of-hours primary care and discharge planning. That work will also provide an opportunity to reflect on the response locally by health boards' to previous audit recommendations on unscheduled care.

Recommendation 32. Taking account of the work that is being undertaken by the Auditor General as part of his programme of local audit work across NHS Wales, we recommend that the successor Committee discusses with the Auditor General, and

with the successor to the Health and Social Care Committee in the fifth Assembly, how best to undertake any further scrutiny of unscheduled care services.

Governance arrangements at Betsi Cadwaladr University Health Board (and wider issues emanating from our inquiry)

- 99.** We first started looking into issues relating to the governance of Betsi Cadwaladr University Health Board in July 2013 following a joint report by the Auditor General and Healthcare Inspectorate Wales. We were particularly concerned to learn from that joint report that an apparent breakdown in working relationships between some of the Health Board's senior leaders had compromised its governance arrangements making it more difficult to properly identify issues concerning the quality and safety of patient care. We published our first report on this topic in December 2013 and made a wide range of recommendations, both specific to the situation at Betsi Cadwaladr University Health Board and on wider issues relating to governance arrangements across NHS Wales.
- 100.** We closely monitored the implementation of the recommendations contained within our December 2013 report by receiving regular written and oral updates from the Health Board and the Welsh Government and taking account of further reporting by the Auditor General and Healthcare Inspectorate Wales. This monitoring gave us an opportunity to consider how the Health Board has responded to being placed in special measures by the Minister for Health and Social Services in June 2015. The Welsh Government has since indicated that the period of special measures is likely to last until at least October 2017.
- 101.** During our work, we decided to look more generally at governance arrangements across NHS Wales and followed up issues arising from the independent review of Princess of Wales and Neath Port Talbot hospitals, "Trusted to Care", published in May 2014. As part of this work we also considered a memorandum provided by the Auditor General on NHS governance arrangements and we took evidence from Healthcare Inspectorate Wales on its role in health board governance and relationships with health boards and Community Health Councils.
- 102.** In February 2016 we published a further report on 'Wider issues emanating from the governance review of Betsi Cadwaladr University Health Board' which brought together evidence from our on-going scrutiny during 2014 and 2015. We made a wide range of further recommendations, some of which we have referenced in the earlier commentary in this report on health finances. At the time of writing this legacy report, we were still to receive a response from the Welsh Government to our recommendations. We recommended that our successor Committee should monitor the Health Board's progress in the fifth Assembly. We have repeated and extended that recommendation below.

Recommendation 33. We recommend that our successor Committee monitors the progress Betsi Cadwaladr University Health Board makes during the period of special measures including GP Out of Hours services, and considers taking further oral evidence from the Health Board in Spring 2017.

Recommendation 34. We recommend that the successor Committee considers the Welsh Government's response to the recommendations in our February 2016 report on 'Wider issues emanating from the governance review of Betsi Cadwaladr University Health Board' and follows up on the implementation of related actions at regular intervals.

Legislation considered by the Committee

- 103.** The Public Audit (Wales) Bill was introduced by the Welsh Government in summer 2012 and remitted to the Public Accounts Committee for scrutiny. The Bill progressed through the various stages and Royal Assent was given on 29 April 2013 to the Public Audit (Wales) Act 2013.¹⁸
- 104.** The aim of the Public Audit (Wales) Act 2013 is to strengthen and improve the accountability and governance arrangements relating to the Auditor General for Wales (AGW) and the Wales Audit Office (WAO) whilst protecting the AGW's independence and objectivity. These new arrangements have been in force since 1 April 2014.
- 105.** To achieve the policy objectives, the Act makes the following provisions across three Parts:
- **Part 1** of the Act relates to the office of the AGW and his or her general functions. It provides for the continuation of the office of AGW as a corporation sole and provides for the AGW to be appointed by the Queen on the nomination of the Assembly. The Act also includes provision that will establish arrangements for the appointment, tenure, termination of and disqualification from that office. In particular, the Act states that an AGW may hold the office for a maximum of eight years and that a person may only hold the office once.
- 106.** This part also expressly safeguards the AGW's independence from the Welsh Government and the Assembly by providing the AGW with complete discretion in the manner of the exercise of his/her functions. It also makes provision for the AGW to become the statutory auditor of local government bodies in Wales, as opposed to the previous legislation which required the AGW to appoint the statutory auditors and oversee their work.
- **Part 2** provides for the establishment of the WAO as a body corporate consisting of nine members, with responsibility for providing resources for the exercise of the Auditor General's functions. The Act formally separated the WAO's responsibilities from those of the AGW. Five of the WAO's members are non-executives appointed by the Assembly on merit through open and fair competition whilst the remaining board members are the AGW (who is also be the WAO's Chief Executive) and three WAO employees, one of whom is recommended by the AGW for appointment by the non-executive members and the other two appointed following election by staff ballot. The WAO is responsible for employer, financial and other administrative functions previously vested in the AGW, with the intention to ensure that such powers would no longer rest solely in the hands of one individual.
- 107.** The Act also requires both the AGW and WAO jointly to prepare an annual income and expenditure estimate for consideration by the Assembly and inclusion in the Assembly's Annual Budget Motion. In addition, the WAO, together with the AGW, are required to produce an annual plan which both parties must have regard to in the exercise of their functions, that sets out the intended programmes of work for the WAO and the AGW, the resources available and how they will be used. The WAO and AGW are then required to report annually to the Assembly and at least once in every financial year to prepare an interim report on the progress made against the plan. Responsibility for scrutiny of the estimates and plans currently rests with the National Assembly for Wales' Finance Committee.

¹⁸ Public Audit (Wales) Act 2013

- **Part 3** includes general and consequential provisions relating to the functions of the Assembly which allows it, by standing orders, to make provisions regarding the functions conferred on it in relation to the AGW and WAO by the Act. This Part also outlines the Act's commencement provisions and procedures for making subordinate legislation.

The Committee notes that the appointment of a new Auditor General for Wales will need to be undertaken in 2017/18 and our successor Committee will be involved in this appointment.

We also note that the Wales Audit Office Board appointments will be scheduled to take place in 2017/18 which the successor to the Finance Committee will be involved with.

Looking forward to the Fifth Assembly

108. In looking back at our work over the last five years we have identified the following issues our successor Committee may wish to consider.

Committee Scheduling

109. We have highlighted our concerns regarding the scheduling of meetings of the Public Accounts Committee and the constraints this has placed on effective scrutiny and the conduct of committee business. We emphasise that as the only committee required by statute, the Public Accounts Committee should be given the same status as principal committees in the committee timetable.

Arrangements for Welsh Government response to Auditor General Recommendations

110. During this Assembly we have found that drawing upon advice from the Auditor General, we need to follow up issues with the Welsh Government seeking clarity on various matters relating to their response to recommendations contained in the Auditor General's reports. Such issues have included timescales for actions, interpretation by the Welsh Government of the recommendations, clarification of whether the recommendations have been truly accepted, or to challenge their rejection/partial acceptance in some cases.

111. Our successor Committee may wish to consider these arrangements and through discussions with the Welsh Government establish a set timescale for responding following publication of an Auditor General's value for money report rather than waiting to be prompted by the Committee. Given such reports are subject to a formal clearance process, the Welsh Government should be in a position to respond promptly, which could speed up our successor Committees' decision making regarding its own course of action.

Forward Work Programme

112. Our legacy report identifies a number of residual issues that our successor Committee may wish to follow up and return to. We have highlighted in our chapter on inquiries undertaken by the Committee any updates that should be provided to the successor Committee arising from our work. Furthermore, the following reports published by the Auditor General towards the end of this Assembly, have not been considered by the Committee in detail and there may be opportunities for our successor Committee to consider these:

- A Picture of Public Services 2015
- A Review of the Impact of Private Practice on NHS Provisions
- Operating Theatres: A Summary of Local Audit Findings
- Natural Resources Wales¹⁹
- Any other report published by the Auditor General for Wales between this report being published and the establishment of the successor Committee²⁰

¹⁹ The current Environment and Sustainability Committee agreed, in principle, to undertake an inquiry following publication of this report

²⁰ March 2016

- 113.** In addition, there may be opportunities for our successor Committee to consider briefing papers prepared by the Auditor General for Wales on items of correspondence that have been referred to him:
- Provision of direct payments for adults by Welsh local authorities (The Auditor General will also prepare a memorandum that will provide an update for our successor Committee on his work programme, the impact of previous work and additional areas that the successor Committee might wish to follow up.
- 114.** Together we anticipate our successor Committee will find this helpful in establishing its own work programme.

Annexe A

Inquiry	Welsh Government Response
Hospital Catering and Patient Nutrition	Response
A Picture of Public Services	Response
Progress in delivering the Welsh Housing Quality Standard	Response
Health Finances	Response
Maternity Services	Response
River Lodge Hotel, Llangollen	Response
Grants Management in Wales:Interim Report	Response
Grants Management in Wales:Final Report	Response
Civil Emergencies in Wales	Response
Consultant Contract in Wales: Progress with Securing the Intended Benefits	Response
The Procurement and Management of Consultancy Services	Response
Caldicot and Wentlooge Levels Internal Drainage Board	Response
Implementation of the National Framework for Continuing NHS Healthcare	Response
Follow up report	Response
Governance Arrangements at Betsi Cadwaladr University Health Board	Response
Health Finances 2012-13 and Beyond	Response
Unscheduled Care	Response
Covering Teachers' Absence	Response
Intra-Wales - Cardiff to Anglesey - Air Service Interim Report (July 2014)	Response
Intra-Wales – Cardiff to Anglesey – Air Service Final Report (July 2015)	Response

Inquiry	Welsh Government Response
Senior Management Pay	Response
Glastir	Response
Scrutiny of Commissioners' Accounts 2013-14	Response
Health Finances 2013-2014 ²¹	
Value for money of Motorway and Trunk Road Investment	Response
Responding to Welfare Reform in Wales	Response
Meeting the Financial Challenges Facing Local Government in Wales ²²	
Welsh Government Investment in Next Generation Broadband Infrastructure	Response
Scrutiny of Accounts	
2013 - 2014	Responses
2014 - 2015	Responses
Regeneration Investment Fund for Wales	Response
Wider issues emanating from the Governance review of Betsi Cadwaladr University Health Board ²³	
Cardiff Airport ²⁴	

²¹ The Committee's views on from Health Finances 2013-2014 are included in **Wider issues emanating from the Governance review of Betsi Cadwaladr University Health Board**, February 2016

²² The Committee did not formally report on this, it conveyed its findings via correspondence.

²³ At time of publication the Committee had not received a response from the Welsh Government, this will be published to the inquiry page upon receipt.

²⁴ At time of publication the Committee had not received a response from the Welsh Government, this will be published to the inquiry page upon receipt.

Annexe B

Inquiry	Date Report Published	Number of Recommendations	Welsh Government Response	Comments
Hospital Catering and Patient Nutrition	February 2012	7	Response	Closed
			6 Recommendations accepted. R3 partially accepted.	
A Picture of Public Services	April 2012	11	Response	Closed
			All Recommendations accepted.	
Progress in delivering the Welsh Housing Quality Standard	September 2012	11	Response	Closed
			8 Recommendations accepted. R 2,3 & 5 accepted in principle.	
Health Finances	February 2013	12	Response	Closed
			9 Recommendations accepted. R 3,6 & 7 accepted in principle.	
Maternity Services	February 2013	12	Response	Closed
			11 Recommendations accepted.	
			R 11 partially accepted.	
River Lodge Hotel, Llangollen	June 2013	21	Response	Closed
			20 Recommendations accepted.	

Inquiry	Date Report Published	Number of Recommendations	Welsh Government Response	Comments
				R 2 accepted in principle.
Grants Management in Wales	June 2013	18	Response	Closed
				All Recommendations accepted.
Civil Emergencies in Wales	July 2013	14	Response	Closed
				10 Recommendations accepted.
				R 4, 5, 8 & 13 partially accepted.
Consultant Contract in Wales: Progress with Securing the Intended Benefits	September 2013	9	Response	Closed
				8 Recommendations accepted. R 6 was directed at the AGW
The Procurement and Management of Consultancy Services	September 2013	12	Response	Closed
				All Recommendations accepted.
Caldicot and Wentlooge Levels Internal Drainage Board	October 2013	16	Response	Closed
				9 Recommendations accepted. R 1 & 4 accepted in principle. R 8 & 10 partially accepted. R 7 directed at the Internal Drainage Boards, R 9 directed at local authorities and R 14 directed at the AGW.

Inquiry	Date Report Published	Number of Recommendations	Welsh Government Response	Comments
Implementation of the National Framework for Continuing NHS Healthcare	December 2013	10	Response 7 Recommendations accepted. R 4, 8 & 10 partially accepted.	Closed
Follow up report	March 2015	9	Response All recommendations accepted.	
Governance Arrangements at Betsi Cadwaladr University Health Board	December 2013	21	Response All recommendations accepted.	Closed
Health Finances 2012-13 and Beyond	March 2014	12	Response All recommendations accepted.	Closed
Unscheduled Care	April 2014	19	Response 16 Recommendations accepted. R 1, 8 & 11 partially accepted.	Closed

Inquiry	Date Report Published	Number of Recommendations	Welsh Government Response	Comments
Covering Teachers' Absence	May 2014	14	Response 6 Recommendations accepted. R 1, 2, 4, 6, 10, 13 & 14 accepted in principle. R 3 rejected.	Closed
Intra-Wales - Cardiff to Anglesey - Air Service – Interim Report	July 2014	9	Response 8 recommendations accepted. R 6 accepted in principle.	Closed
Senior Management Pay	November 2014	23	Response All recommendations accepted.	Closed Recommendation in Legacy report for Successor Committee to monitor
Glastir	March 2015	8	Response 6 recommendations accepted. R 1 & 8 partially accepted.	Closed

Inquiry	Date Report Published	Number of Recommendations	Welsh Government Response	Comments
Scrutiny of Accounts 2013-14	March 2015	9	Response 6 recommendations accepted. R 4, 7 & 9 for other bodies.	Closed
Health Finances 2013-2014	May 2015	12	Response All recommendations accepted.	Closed
Value for Money of Motorway and Trunk Road Investment	June 2015	18	Response 17 recommendations accepted. R 13 partially accepted.	Closed Recommendation in Legacy report for Successor Committee to monitor
Responding to Welfare Reform in Wales	July 2015	17	Response 6 recommendations accepted. R 1, 2, 3, 4, 5, 7, 10, 11, 13 & 15 partially accepted. R 12 accepted in principle.	Closed Recommendation in Legacy report for Successor Committee to monitor

Inquiry	Date Report Published	Number of Recommendations	Welsh Government Response	Comments
Intra Wales – Cardiff to Anglesey – Air Service – Final Report	July 2015	9	Response R1 & 2 accepted in principle. 7 recommendations accepted.	Closed Recommendation in Legacy report for Successor Committee to monitor
Meeting the Financial Challenges Facing Local Government in Wales	October 2015			Successor Committee may wish to maintain a watching brief
Welsh Government Investment in Next Generation Broadband Infrastructure	November 2015	10	Response 9 recommendations accepted. R 1 partially accepted.	Recommendation in Legacy report for Successor Committee to monitor
Scrutiny of Accounts 2014-2015	December 2015	25	National Library of Wales Response National Museum Wales Response Assembly Commission Response Sport Wales Response Welsh Government Response	Recommendation in Legacy report for Successor Committee to monitor responses and continue with annual scrutiny

Inquiry	Date Report Published	Number of Recommendations	Welsh Government Response	Comments
Regeneration Investment Fund for Wales	January 2016	18	Response 17 recommendations accepted R 8 for National Assembly for Wales	Recommendation in Legacy report for Successor Committee to monitor
Wider issues emanating from the governance review of Betsi Cadwaladr University Health Board	February 2016	27	Response not received at time of publication	Successor Committee to consider WG Response and monitor the situation at BCUHB
Cardiff Airport	March 2016	10	Response not received at time of publication	Successor Committee to consider WG Response
Wales Life Sciences Investment Fund	March 2016			Recommendation in Legacy report for Successor Committee to undertake a full inquiry

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Update on work-plan

Memorandum for the Public Accounts Committee



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

I have prepared and published this Memorandum for the
Public Accounts Committee in accordance with
various statutory provisions.

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The Auditor General is independent of the National Assembly and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the National Assembly on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General, together with appointed auditors, also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

For further information please write to the Auditor General at the address above, telephone 029 2032 0500, email: info@audit.wales, or see website www.audit.wales

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Contents

The roles of the Auditor General and the Wales Audit Office and how we support the Public Accounts Committee	5
Work in progress	7
Impacts of recent audit work	9
Possible topics for future studies	11
Issues arising from the previous Committee's legacy report	13
Appendices	14
Appendix 1 - Detailed picture of work in progress and timescales	15
Appendix 2 - Commentary on the recommendations of the legacy report of the Public Accounts Committee in the fourth Assembly	23

The roles of the Auditor General and the Wales Audit Office and how we support the Public Accounts Committee

- 1 This paper provides the Public Accounts Committee (the Committee) with:
 - a a brief summary of my role as Auditor General, the role of the Wales Audit Office and how we support the Committee;
 - b an update on work in progress that could support the Committee's own work programme between now and summer 2017;
 - c an overview of some of the impacts of my recent audit work;
 - d an opportunity to start a discussion about future value for money studies¹; and
 - e an opportunity to consider the key residual issues that the previous Committee set out in its [legacy report](#).
- 2 This paper is intended as a general overview of current and planned audit work that could support the Committee's own programme. Members can find more detail in our [Annual Plan 2016-17](#) on the role and work of the Auditor General and Wales Audit Office as well as our priorities for 2016-17 and beyond.
- 3 As I highlighted in my December 2015 [Picture of Public Services report](#), these remain challenging times for Welsh public services as they face the prospect of ongoing spending cuts and continued demand pressures, not to mention the uncertainty now arising from the result of the recent EU referendum vote. But there are also opportunities arising from changes in the public-service landscape. For example, to use tax-raising powers and other new legislation, such as the Well-being of Future Generations (Wales) Act 2015, to further policy goals and to harness the power of new technology to find more effective and low-cost ways of providing services. In this context, and as I enter the latter years of my tenure as Auditor General, it is my sincere view that audit, inspection and review remain as relevant as ever in order to ensure that the people of Wales know whether public money is being managed wisely, and public bodies in Wales understand how to improve outcomes.
- 4 This is also a period of constitutional change for Wales, as the UK Government proposes changes to Wales' devolution settlement in the Wales Bill 2016-17. Owing to the continued importance and relevance of my audit work, it is imperative that the Bill provides for the current statutory protections that preserve the Auditor General's independence to continue. Such protections safeguard good public scrutiny by ensuring that my work is, and is seen to be, objective, impartial and independent. The Bill as introduced provides for these important protections to continue, but it is vital that the Bill's passage through Parliament is kept under close review to ensure that these important protections are not removed.
- 5 As Auditor General for Wales, I am the statutory external auditor of most of the Welsh public sector. The Public Audit (Wales) Acts 2004 and 2013, the Government of Wales Acts 1998 and 2006, alongside a range of other legislation, provide the statutory basis for my work. I am responsible for the audit of the majority of public money spent in Wales, including the funds that are voted annually by the National Assembly.

¹ I am required under the Government of Wales Acts 1998 and 2006 to take account of the views of the Committee as to the examinations and studies to be carried out under those Acts of the Welsh Government, Welsh Government Sponsored Bodies and other Welsh Government-related bodies, the Assembly Commission and NHS bodies.

- 6 The Wales Audit Office is a Board that employs professionally qualified staff and utilises other resources, including additional expertise from private sector accountancy firms, to enable me to carry out my functions. I use the resources provided by the Wales Audit Office to independently examine whether public money in Wales is being managed wisely and is properly accounted for.
- 7 Where it makes sense and is practical to do so, I look to carry out my functions alongside those of other relevant organisations. Assembly Members have been sent a **briefing paper** from Inspection Wales partners² which outlines the role of audit, inspection and regulation in Wales. The paper also highlights how the Inspection Wales Programme helps collaboration between audit and inspection bodies in Wales and provides practical examples. These examples include our work with Healthcare Inspectorate Wales on governance arrangements at Betsi Cadwaladr University Health Board and with Estyn in our reviews of regional education improvement consortia. However, my joint working extends beyond Inspection Wales partners, for example, to include the commissioners in Wales³ and other UK audit bodies, and takes a number of different forms.
- 8 Wales Audit Office staff and I provide advice and support to help the Committee to carry out its work and to help maximise our collective impact. We provide briefings on the content of my reports, which help the Committee determine its subsequent course of action. We also provide advice and support to the Committee, as required, for instance: in supporting the development of members' briefings for evidence sessions with witnesses from the Welsh Government and other organisations; providing advice to support the development of the Committee's own reports; and in advising on the adequacy of the Welsh Government's formal responses to recommendations in the Committee's reports.
- 9 Historically, the Committee had focused almost all of its work on matters arising from reports published under my value for money study powers. However, as set out in the previous Committee's legacy report, more recently the Committee has changed the way it works to consider a wider range of topics. The Committee has taken a growing interest in matters arising from my local government study reports. While the Committee cannot hold councils directly to account, it can take an interest in national issues and the leadership role of the Welsh Government.
- 10 Also, the previous Committee instigated several of its own inquiries, as its legacy report showed. These inquiries included; Value for Money of Motorway and Trunk Road Investment, Senior Management Pay, Scrutiny of Accounts, and the Intra-Wales – Cardiff to Anglesey – Air Service. As part of these inquiries, I usually provide some factual evidence, for example, in the form of a memorandum or a letter, rather than a fuller value for money study.

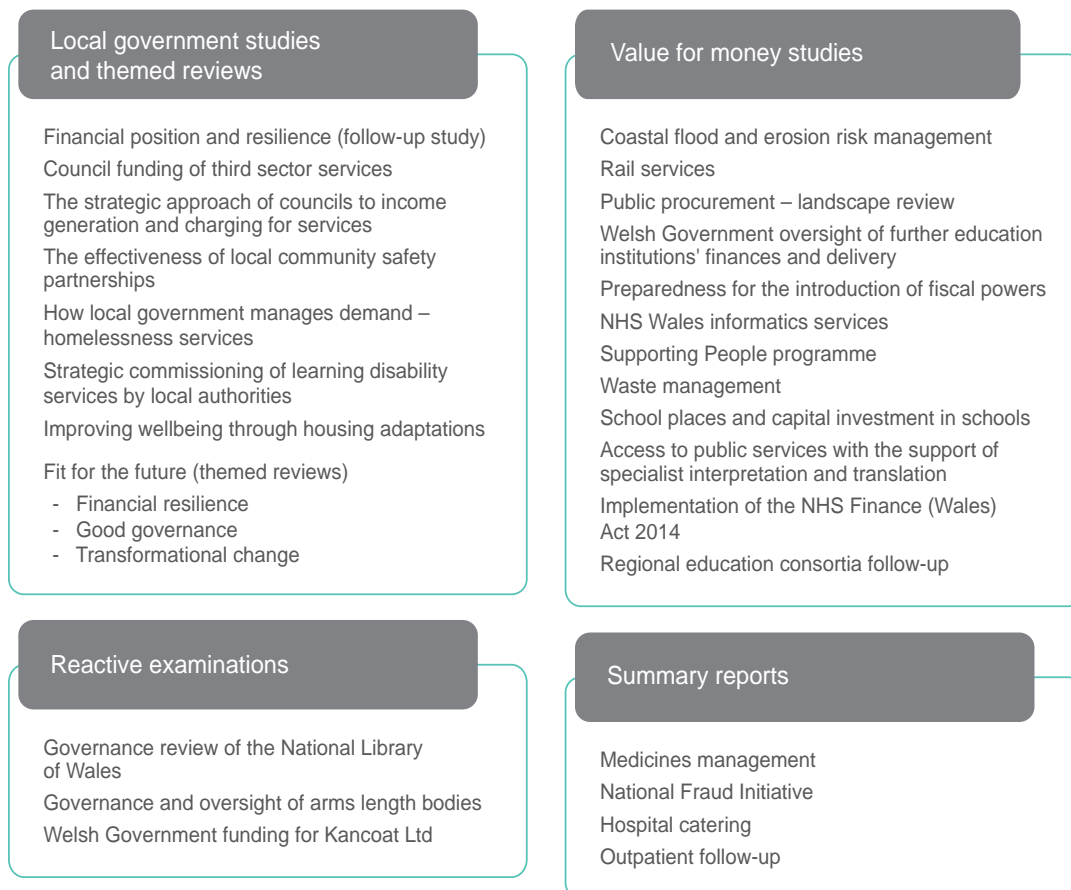
² The Inspection Wales partners are me and the Wales Audit Office, the Care and Social Services Inspectorate Wales, Estyn – Her Majesty's Inspectorate for Education and Training in Wales, and Healthcare Inspectorate Wales.

³ We undertook the audit work for my October 2015 report on the independence of older people jointly with staff of the Care and Social Services Inspectorate Wales and the office of the Older People's Commissioner for Wales.

Work in progress

- 11 **Figure 1** outlines the substantial body of work in progress that I expect to report on between now and summer 2017 which would be available for consideration by the Committee. This work is in addition to financial and performance audit work reported locally to individual audited bodies. There is local work in progress across the NHS on a range of topics. Following the completion of my local work, I will consider the appropriateness for each topic of producing an all-Wales summary report. In local government, I am carrying out three thematic reviews that will form part of the local programme of audit work this year. Once the local work is complete, I intend to produce an all-Wales summary report.
- 12 **Appendix 1** provides further details about the work in progress and estimated timescales for reporting. Our programme of work retains a degree of flexibility to respond to changing circumstances, priorities and risks. Much, but not all, of the audit work that we are committed to in 2016-17 will be completed in-year. Ongoing planning work during the year may result in new work getting underway during the financial year, for example, in response to areas of interest for the Committee.
- 13 During 2015-16, I set up a new 'investigative studies' team in the Wales Audit Office in order to strengthen our forensic audit capacity and our ability to respond more swiftly to issues of public concern as they arise with less impact on my planned programme of work. Members of the investigative studies team are currently working on the reactive examinations in **Figure 1**.
- 14 In addition to the work set out in **Figure 1**, I also intend to deliver work to develop and test my approach to discharging my responsibilities under the Well-being of Future Generations (Wales) Act 2015. In April 2016, I launched a **consultation** on the approach I should take to discharging my duties under the Act. I invited public bodies to express an interest in volunteering to work with me to develop and test the approach. The nature and timing of this work is uncertain, but I am intending to at least start some work during 2016-17. I will keep the Committee informed of progress with developing my approach and decisions about the future shape of my audit work in response to the Act.

Figure 1 – Work in progress



Note

This figure updates our Annual Plan 2016-17 with additional studies and outputs that we have decided to publish. Since producing our Annual Plan, we have changed the title of some studies as the scope of the work has become more clearly defined.

Impacts of recent audit work

- 15 My work aims to provide insight, assurance and help public services to improve. The additional scrutiny provided by the Committee significantly enhances our impact, particularly in areas such as grants management where the previous Committee took a particular interest drawing on the findings of several different reports.
- 16 Our recent Annual Reports – for 2014-15 and 2015-16 – show how we are doing against our objectives and also provide case studies that demonstrate the impact of our work. In our most recent report, we have focused on governance work, including the impacts of governance work in local government, the NHS and central government. In 2014-15, our annual report highlighted the impact of work on issues including NHS waiting times, district nursing and managing early departures.
- 17 We make recommendations that aim to improve the economy, efficiency and effectiveness of Welsh public services. In 2015-16, almost all (98 per cent) of our recommendations were fully accepted for action by the relevant audited body. Going forwards, we are looking to develop a more systematic approach to tracking the implementation and impact of audit recommendations. I am particularly pleased that the survey findings summarised in my latest annual report show that our stakeholders generally agree that we have had a positive impact:
 - a 98 per cent of stakeholders considered the Auditor General to be an authoritative commentator;
 - b 80 per cent of stakeholders gained useful insight through our work; and
 - c 79 per cent of stakeholders believe our work has led to improvements in public services.
- 18 One way in which we intend to have impact during this period of austerity is by helping to identify potential savings. Of course, it is for audited bodies themselves to ensure they make those savings. The amount of savings we identify varies depending on the topics we look at in a year: some topics clearly better lend themselves to finding savings than others. In 2014-15, our reports identified £36 million of potential savings. In 2015-16 our reports identified some £11 million of potential savings. I am, however, mindful that, in the current climate, there is a risk that public bodies focus on short-term savings without giving due consideration to the wider and longer-term impact of changes made to deliver cost reduction. Indeed, the introduction of the Well-being of Future Generations (Wales) Act 2015 is likely to require some new thinking in that regard.

- 19 As the previous Committee's legacy report shows, my work can also help support the work of other scrutiny committees of the National Assembly for Wales. For example:
- a my report on **Young people not in education, employment or training** informed an Enterprise and Business Committee inquiry on Assisting Young People into Work; and
 - b my report on **Achieving improvement in support to schools through regional education consortia – an early view** informed scrutiny by the Children, Young People and Education Committee of the consortia arrangements in autumn 2015.

Possible topics for future studies

- 20 In June 2015, I discussed with the previous Committee a range of potential topics that I was considering for inclusion in my programme of value for money studies in the coming years. Some of those proposals are now included as part of the work in progress (Figure 1). I would welcome members' views on whether they have a particular interest in any of the residual topics set out in Figure 2 or any other topics that they feel should feature in my work programme.
- 21 With a new Welsh Government, a new programme for government and taking account of the implications of the results of the referendum on EU membership, I intend to do further work to develop new proposals in light of current opportunities and risks to delivery and value for money across the Welsh public sector. I will report back to the Committee by early 2017 with an updated set of possible topics for studies for discussion.
- 22 I have recently set out an indicative plan for my local government national studies to 2018-19 following a recent consultation with local government bodies and other stakeholders⁴. In some areas, such as tackling alcohol and drug misuse, I am considering combining a local government focus with a wider focus on the Welsh Government's oversight as well as the involvement of the NHS. I should, however, stress that I will be revisiting the indicative programme of local government studies each year to consider other issues that emerge.
- 23 Alongside the proposals in this document, I may also carry out examinations as a result of correspondence. Such correspondence may come, for example, from the public, from a whistle-blower or from Assembly Members. These issues can arise at any point in the year. I do not carry out detailed examinations or produce reports for every piece of correspondence I receive. Where concerns about value for money or propriety are raised through correspondence, I consider whether it is in the public interest to examine the matters in more detail and to report formally on them. We have recently published an [updated guide for correspondents](#).

⁴ The proposed local government study topics for 2017-18 are: **Tackling the causes and effects of drug and alcohol misuse; Using data effectively; How well do public services provide services to rural communities?**
The proposed topics for 2018-19 are: **Implementing Social Services and Well Being Act; Tackling domestic violence; Are planning services delivering value for money?**

Figure 2 – Possible future study topics

Examples of possible future value for money studies

NHS Wales shared services partnership (NWSSP)⁵

- Primary care services
- End-of-life care
- Bus services/concessionary fares
- Public sector broadband aggregation (PSBA) and Digital First
- Public investment in tourism promotion
- Enterprise zones
- Preparation for, and response to, animal diseases
- Stewardship of the natural environment and biodiversity

ICT in schools⁶

- Welsh for Adults
- Communities First
- Affordable housing
- Fuel poverty
- Regenerating Wales (Vibrant and Viable Places)
- Regulation of housing associations
- Welsh Government capacity and capability
- Welsh Government central ICT services
- Services for older people
- ICT asset management across the public sector
- Public health improvement

⁵ Our current work on public procurement will give some consideration to NWSSP's work in respect of procurement.

⁶ There are possible links here with the earlier reference to Public Sector Broadband Aggregation and Digital First.

Issues arising from the previous Committee's legacy report

- 24 In March 2016, the previous Committee published its [legacy report](#). The legacy report makes 34 recommendations. I have included my thoughts on the recommendations for the Committee to consider in [Appendix 2](#).
- 25 Several of the recommendations involve me providing a briefing on a report due for publication at that time or that the previous Committee did not have time to fully consider. I would, of course, be happy to provide the Committee with such briefings. The Committee can then decide what action it wants to take on the back of such briefings.
- 26 Some of the recommendations relate to building on previous work by holding new or expanded evidence sessions. These include recommendations to include specific bodies within the scope of any future scrutiny of accounts work. They also include taking further evidence in response to issues raised in previous reports, such as the rollout of superfast broadband, as well as areas where the previous committee took some evidence or received a briefing from me but did not complete an inquiry, such as NHS waiting times and orthopaedics. I would be happy to advise the Committee as it considers taking these issues forwards.
- 27 Other recommendations call on the Committee to request further updates from the Welsh Government on its progress in implementing previous recommendations as well as keeping track of key issues identified in reports. Members may be aware that I provide the Committee with advice on the Welsh Government's response to recommendations and progress reports. Where I feel the Welsh Government is not responding appropriately, or conversely where it is making good progress, I will advise the Committee.

Appendices

Appendix 1 - Detailed picture of work in progress and timescales

Reports due for publication between now and August 2016

Coastal flood and erosion risk management

The study will examine the funding and management of coastal flood and erosion risk management. It will look at the Welsh Government's strategic oversight as well as local delivery and management.

Rail services

This report will consider a range of issues including: the Welsh Government's powers over rail services and relationship with Network Rail; the overall level of investment in rail services over recent years (from different sources); the performance of the Wales and Borders rail franchise and the development of plans for the next franchise from 2018.

National Fraud Initiative

The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect overpayment and fraud. We intend to publish an overview of our work on the NFI during summer 2016.

The Welsh Government's funding of Kancoat Ltd

The review will set out a factual account of the key matters relating to the Welsh Government's financial support package for Kancoat, set within the wider context of the Welsh Government's support for businesses in Wales.

Financial position and resilience (follow-up local government study)

This report will look at the current financial performance of the 22 local authorities in Wales and the quality of their financial management arrangements, in order to determine their level of resilience in meeting the key future challenges. This work builds upon our earlier reports on the financial resilience of local authorities. The report also provides an assessment of the role of the Welsh Government in understanding the impact of changes in local authority budgets.

The effectiveness of local community safety partnerships

This study will look at the effectiveness of community safety in Wales. The review looks at the effectiveness of partnership working, use of resources, planning and improvement activity and covers the Welsh Government, Police and Crime Commissioners and local authorities. The work also draws on the views of citizens on community safety and how effective public bodies are at keeping people in Wales safe.

Reports due for publication between now and September 2016

Hospital catering follow-up

This memorandum will provide a summary of progress made by NHS Wales to address the recommendations made by both the Auditor General for Wales and the Public Accounts Committee. It considers the extent to which NHS Wales has secured improvements in meeting patients' nutritional needs and their mealtimes experience, in controlling catering costs and planning and monitoring.

Governance review of the National Library of Wales

Following correspondence about the leadership and governance of the National Library of Wales, and publicity about specific other concerns, the Auditor General indicated to the Library, Welsh Government and the Public Accounts Committee that he would undertake a review of the Library's governance. The report will provide insight to the Library's Board and senior management at a time of significant change in both its Executive and non-Executive leadership.

Outpatient follow-up appointments

Our programme of local audit work has included a review of health boards' arrangements for managing follow-up outpatient appointments following concerns that some health boards had built up large backlogs of such appointments. A paper summarising the results of this work was produced in May 2016 to inform the work of the NHS Wales Planned Care Programme Board.

Reports for publication between October 2016 and December 2016

Welsh Government oversight of further education institutions' finances and delivery

This study considers the overall financial standing of the further education sector and the sector's financial planning and management arrangements, as well as the impact of recent structural changes across the sector and reductions in Welsh Government funding.

Governance and oversight of arms-length bodies

This paper focuses on challenges and emerging trends in the governance, ethics and conduct of indirectly provided, publicly funded services in Wales. It sets out issues, explores causes and highlights learning points from previous audit work. It aims to prompt discussion amongst service leaders and stakeholders about how to ensure that the conduct of public business in Wales by individuals and entities demonstrates appropriately high ethical standards and meets public expectations.

Council funding of third-sector services

The study looks at the overall scale of council third-sector funding in Wales, how councils effectively manage funding for third-sector services and review whether the principles of good governance and future generations in funding third-sector services are being followed. The review considers the different ways in which councils across Wales fund third-sector organisations highlighting the different approaches and the effectiveness of these.

Regional education consortia follow-up

Wales Audit Office staff are supporting Estyn in the delivery of Estyn's inspections of the four regional consortia, building on our joint working in the review we reported in June 2015. Alongside this we will be considering the Welsh Government's response to our previous recommendations. The precise form of the output is not yet clear: it may be a short report or a letter to the Committee.

Medicines Management

This report will consider whether NHS bodies are managing medicines effectively in primary and secondary care. In primary care, it will consider issues such as the strategic planning of prescribing across primary and secondary care, the delivery of national prescribing priorities and the securing of prescribing savings and efficiencies. It will also look at the adequacy of hospital pharmacy facilities and pharmacy staffing levels, and we reviewed the effectiveness of a range of processes related to the use of medicines in hospitals.

Reports for publication between October 2016 and December 2016

The strategic approach of councils to income generation and charging for services

This study includes an audit of councils' strategic approach to charging; the approval process for setting and reviewing charging within a council; and the impact of charging on services and service users. The work also compares the performance of Welsh local government with its counterparts in England and Scotland.

Preparedness for the introduction of fiscal powers

The Welsh Government is set to acquire new tax-raising and borrowing powers during the term of the fifth Assembly. As part of the preparations for these new powers, Wales Audit Office staff have been attending meetings of the Welsh Government Treasury Implementation Board and the Finance Minister's Welsh Tax Forum as observers. Later this year, I intend to publish a commentary on the state of preparation for the introduction of these new fiscal powers.

Reports due for publication between January and March 2017

Waste management

This study will examine the degree to which the Welsh Government and its partners are providing sufficient capacity and support to manage current and future waste in an efficient, economic and effective way. The study is being carried out in three modules. Module 1 will look at waste generation and prevention and Module 2 will look at waste collection and recycling. We intend to report our findings from these modules by early 2017. The timescale for Module 3 will depend to an extent on the progress of Modules 1 and 2 but we are aiming to complete this stage of the work by summer 2017.

School places and capital investment in schools

This study will provide an early view of the Welsh Government's strategic direction and oversight of the 21st Century Schools Programme to replace or upgrade schools across Wales. It will look at the rationale for the programme and investment, including projections of future demand for school places and school condition. Because the programme is at a relatively early stage, we will not be reviewing local delivery of new schools or upgrades. We are considering revisiting the topic and looking at local delivery when the Programme is more mature.

Public procurement landscape review

The study will provide a broad overview of current public sector procurement arrangements in Wales. The study will cover procurement of goods and services across Central and Local Government, NHS, Fire and Rescue, Further Education, Higher Education, Police and Welsh Government Sponsored Bodies. It will look at collaborative procurement through the National Procurement Service and through other mechanisms, including those that are not specific to Wales (eg, Crown Commercial Services).

Implementation of the NHS Finances (Wales) Act 2014 (integrated medium-term planning)

This study will focus primarily on the financial benefits of integrated medium-term planning identified in the Explanatory Memorandum to the NHS Finances (Wales) Act 2014. We will also be taking account of the wider planning issues around linking financial and service plans. We intend to draw from our structured assessment work to look at aspects of local planning under the Act. However, we do not intend to carry out a full review of the quality of local plans, which are ultimately subject to Welsh Government assessment and Ministerial approval (or otherwise).

Reports due for publication between January and March 2017

Fit for the future themed review: financial resilience

The current difficult financial climate means that councils need to make significant savings and cost reductions. This study will examine whether councils' arrangements for planning savings support their wider financial resilience. It will build on our previous and current work looking at financial resilience across councils.

Fit for the future themed review: good governance

The purpose of the review is to provide assurance that councils' governance arrangements are well-placed to respond to future challenges, as well as identify opportunities to strengthen arrangements and approaches. The review will also provide insight and promote improvement through assessment of each of the 22 councils' governance arrangements in relation to service change, taking into account revised CIPFA guidance, the Public Sector Equality Duty and the Future Generations (Wales) Act. The review will seek to highlight notable practice and lessons learned from councils' experiences of determining service change proposals.

Reports for publication between April 2017 and July 2017

Supporting People programme

This study will look at how effectively the Welsh Government is managing the Supporting People Programme which supports vulnerable people to live independent lives. It will look at improvements made since 2012, particularly in governance, the prioritisation of funding and the Welsh Government's evaluation of impacts in shaping the Programme to be fit for the future.

How local government manages demand – homelessness services

Demand for public services in Wales is set to rise, putting a further strain on councils' budgets. Through focussing on how local authorities are managing demand for homelessness services the project will seek to draw out the wider principles of prevention and demand management and identify approaches councils might adopt in delivering other services.

Strategic commissioning of learning disability services by local authorities

This study will examine the features and principles of effective strategic commissioning and how this contributes to improved outcomes and wellbeing for citizens in Wales. The work will build upon the recent National Inspection of Care and Support for People with Learning Disabilities undertaken by the Care and Social Services Inspectorate in Wales (CSSIW).

NHS Wales informatics services

This study will take a whole-system look at the planning, delivery and management of national clinical ICT systems across Wales. It will look at the strategic direction provided by the NHS and the Welsh Government. It will look at the programme and project management carried out by the NHS Wales Informatics Service and the support and engagement from the wider NHS.

Work planned but for which the publication date is yet to be determined/or is not scheduled until after summer 2017

Access to public services with the support of specialist interpretation and translation

This study builds on previous Auditor General correspondence about interpretation services for sign-language users, to look more widely at the challenges faced by people who do not speak English or Welsh well or face other disadvantages in accessing public services and the extent to which public bodies in Wales have clear arrangements in place to provide interpretation and translation services to enable them to do so.

Improving wellbeing through housing adaptations

Housing adaptations have an important role to play in maintaining independent living, delivery of health and care services at or closer to home, better management of long-term conditions and prevention of high-cost incidents such as falls in the home. This study will look at housing-adaptation services provided by both local authorities and Registered Social Landlords (RSLs). The study will also involve health bodies by examining whether adaptations have speeded up discharge from hospitals or have helped to stop admissions.

Fit for the future themed review: transformational change

In finding ways to make services more efficient and effective, councils are increasingly aiming at transformational change. We intend to look at a specific aspect or aspects of transformational change in this study, but have not yet narrowed our scope down. We aim to have a clearer idea of the focus of the work by autumn 2016.

Appendix 2 - Commentary on the recommendations of the legacy report of the Public Accounts Committee in the fourth Assembly

Legacy report recommendation	Auditor General comment
<p>Recommendation 1. We would like to request that the successor Committee has equivalent, regular meeting time status alongside the other main committees scheduled into the organisation of business in the fifth Assembly.</p>	<p>This is a matter for the National Assembly, However, I consider it would be helpful to ensure that the Committee has adequate time to take evidence and I shared the previous Committee's concerns about the impact of scheduling during the fourth Assembly.</p>
<p>Recommendation 2. We recommend that the successor Committee discuss with the Auditor General for Wales matters arising from the value for money study reports published during the fourth Assembly that we have not reported on ourselves.</p>	<p>I would, of course, be happy to brief the Committee on the issues on which the previous Committee did not report and to discuss options.</p>
<p>Recommendation 3. We recommend that the successor Committee continues to publish annual reports and debate them in Plenary.</p>	<p>This is a matter for the Committee and the National Assembly. However, I consider that the annual reports provide a helpful summary of the work of the Committee, and Plenary debate helps to raise the profile of the Committee's work and my underpinning audit work.</p>
<p>Recommendation 4: We recommend that the successor Committee continues with the scrutiny of accounts work that we started in the fourth Assembly, taking evidence from the Welsh Government and Assembly Commission on an annual basis and from other bodies on a cyclical basis (covering Welsh Government sponsored bodies, commissioners and the Public Services Ombudsman) and reflecting back on the response to recommendations from our previous work.</p>	<p>This is a matter for the Committee. However, I consider that the previous Committee's scrutiny of accounts work gave a helpful profile to my financial audit work and provided for useful scrutiny of organisations that are not regularly covered by my value for money studies work.</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 5. We recommend that the successor Committee includes Natural Resources Wales in any scrutiny of accounts work in autumn 2016-17 to provide an opportunity to follow up on the Auditor General's February 2016 report on The Development of Natural Resources Wales.</p>	<p>The previous Public Accounts Committee did not consider my report, but Wales Audit Office staff briefed the previous Environment and Sustainability Committee on its findings. The Committee could discuss with the successor to the Environment and Sustainability Committee plans for further scrutiny.</p>
<p>Recommendation 6. We recommend that the successor Committee consider including the BBC's audited accounts as part of its annual account scrutiny work following agreement of the revised Memorandum of Understanding – BBC Charter Review/Welsh Government.</p>	<p>Following the publication of the White Paper on the BBC, the National Audit Office (NAO) looks set to become the external auditor of the BBC. This would add the financial audit of the accounts to the existing arrangements which provide for the NAO to report on value for money related issues.</p> <p>However, as Auditor General for Wales, I have no powers to review the BBC's accounts nor its activities in Wales. There are therefore limits to the support that I can provide myself to any Committee scrutiny in this area (as reflected in my correspondence with the previous Committee in March 2014). It may be appropriate for the new Culture, Welsh Language and Communications Committee to lead on any scrutiny of the BBC's accounts.</p>
<p>Recommendation 7. We recommend that the successor Committee seek an update from the Welsh Government in autumn 2016 on the Intra-Wales – Cardiff to Anglesey – Air Service, including: trends in passenger numbers and the impact of the anticipated temporary closure of Anglesey Airport during 2016; any outcomes from the work to explore the potential opportunities for expanding operations at Anglesey Airport; and the outcome of the procurement of a new long-term operator.</p>	<p>A further written update from the Welsh Government in autumn 2016 should provide an opportunity to resolve some of the previous Committee's lines of enquiry.</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 8. We recommend that the successor Committee seek an update from the Welsh Government on the implementation of our recommendations on senior management pay at the end of 2016 and consider any issues arising from the publication by the Welsh Government of updated information on senior management pay rates across the Welsh public sector.</p>	<p>Given the slippage in the timescale for the implementation of the previous Committee's recommendations, further scrutiny of this topic by the new Committee is merited.</p>
<p>Recommendation 9. We recommend that the successor Committee seek an update from the Welsh Government in autumn 2016 on the implementation of our recommendations [on the value for money of motorway and trunk-road investment] and discuss with the successor to the Enterprise and Business Committee any plans for further scrutiny of this topic.</p>	<p>There were several actions that the Welsh Government set out in response to the previous Committee's recommendations that were due to have been discharged by autumn 2016. As in 2015-16, scrutiny of the Welsh Government's budget should provide an opportunity to consider some of the issues raised by the previous Committee.</p>
<p>Recommendation 10. We recommend that our successor Committee continue to adopt this practice [of undertaking Committee-led inquiries] during the fifth Assembly.</p>	<p>This is a matter for the Committee. However, I am happy to continue to support the Committee in these inquiries by providing factual briefings to support scrutiny.</p>
<p>Recommendation 11. We recommend that the successor Committee receive a briefing from the Auditor General on his third Picture of Public Services report to provide a platform for the Committee's scrutiny work across a range of issues in the fifth Assembly.</p>	<p>I can provide Committee members with a formal briefing on my Picture of Public Services report. I will also be using the messages of that report to support the induction of new Assembly members.</p>
<p>Recommendation 12. We recommend that, when considering the Auditor General's planned report on the public procurement landscape in Wales, the successor Committee take the opportunity to revisit the response to recommendations from our September 2013 report on The Procurement and Management of Consultancy Services.</p>	<p>As noted in Appendix 1, this report is due for publication between January and March 2017. While the report itself may not cover explicitly the response to the Committee's previous recommendations on consultancy services, I will look to prepare separate briefing material for the Committee on this topic.</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 13. We recommend that the successor Committee continue to scrutinise the Welsh Government's progress in improving grants management, drawing on the Welsh Government's annual reporting and reflecting on any new evidence on grants management arising from the Auditor General's work or other concerns that are brought to the Committee's attention.</p>	<p>Given the Welsh Government's extensive use of hypothecated grant schemes, there is merit in the Committee continuing its predecessor's practice of taking oral evidence from the Permanent Secretary on his annual Grants Management report. Future audit reports may also include new coverage of issues relevant to the Welsh Government's grants management arrangements.</p>
<p>Recommendation 14. We recommend that the successor Committee considers progress in the level of compliance with the Welsh Housing Quality Standard in advance of the revised 2020 deadline for compliance across all social housing.</p>	<p>I will be considering the merits and timing of some follow-up audit work on this topic as part of my planning work over the next six months.</p>
<p>Recommendation 15. Taking account of work that Estyn will be taking forward, and any plans for further work by the Auditor General, we recommend that the successor Committee engages with the successor to the Children, Young People and Education Committee in the fifth Assembly to determine how best to undertake any further scrutiny of issues relating to cover for teacher absence and the use of supply teachers.</p>	<p>I have no immediate plans to follow up this work but I understand that Estyn will be reviewing issues relating to cover for teacher absence.</p>
<p>Recommendation 16. Drawing on the Auditor General's planned report on the financial resilience of local government in Wales and the evidence presented in the Auditor General's December 2015 Picture of Public Services report, we recommend that the successor Committee consult other relevant National Assembly committees in the fifth Assembly to agree an approach to ongoing scrutiny of the financial resilience of local government that aligns with plans for scrutiny of local government reform.</p>	<p>I intend to publish my follow-up report on the financial resilience of councils in summer 2016 (Appendix 1).</p> <p>I am happy to provide the Committee with a briefing once the draft is published. The Committee can then decide how it wants to engage with other National Assembly Committees.</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 17. We recommend that the successor Committee seek an update from the Welsh Government in autumn 2016 on action taken in response to our recommendations on responding to welfare reform.</p>	<p>I do not have any current plans for follow-up work on this topic but would be happy to advise the Committee on any issues arising from a future written update.</p>
<p>Recommendation 18. We recommend that the successor Committee reflect on the findings and recommendations from our inquiry on the Regeneration Investment Fund for Wales (RIFW) in the event that future inquiries identify similar weaknesses in Welsh Government governance and administration, disposal of public assets or in the oversight of arms-length bodies. We also recommend that the successor Committee scrutinise the effectiveness of the Welsh Government's actions in response to our report, in order to satisfy itself and also seek assurance on behalf of the Welsh public that the issues which arose with RIFW will not be repeated.</p>	<p>Wales Audit Office staff are maintaining a close watching brief on the Welsh Government's continuing actions in response to the previous Committee's report on RIFW. As these include legal action, it may be some time before all matters are resolved.</p> <p>I will advise the Committee in due course if I identify any concerns in this regard that merit further attention by the Committee, for example, if future audit reports identify similar general weaknesses in governance and administration.</p>
<p>Recommendation 19. We recommend that the successor Committee reflect on the findings and recommendations from our inquiry on the River Lodge Hotel, Llangollen in the event that future inquiries identify similar weaknesses in Welsh Government governance and administration.</p>	<p>The recommendations in the Committee's report related to the lessons that could be learned to strengthen Welsh Government governance and administration (and did not relate to issues specific to the River Lodge Hotel case).</p> <p>If future audit reports identify similar weaknesses then I will bring these to the Committee's attention.</p>
<p>Recommendation 20. We recommend that the successor Committee receive a further update from the Auditor General on the changes that have been made to the audit approach for small bodies, particularly in the context of the audit of town and community councils, following the completion of the 2015-16 audits and any summary reporting on that work.</p>	<p>The timescales for my audit of town and community council accounts mean that the next summary report is likely to be published in spring 2017.</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 21. We recommend that in addition to the update the Welsh Government has promised on the findings of the Glastir monitoring and evaluation programme, the successor Committee request that the Welsh Government provide a further update on its response to our previous recommendations. We also recommend that the successor Committee discuss with the successor to the Environment and Sustainability Committee any plans for further scrutiny of this topic.</p>	<p>I would expect that a further update from the Welsh Government should help to resolve the residual issues arising from the recommendations in the previous Committee's report.</p> <p>As part of my ongoing planning work, I will be exploring opportunities for future audit work and reporting in the context of the new 2014-2020 Rural Development Programme.</p>
<p>Recommendation 22. We recommend that the successor Committee consider taking further evidence from the Welsh Government and BT in autumn 2016 on the basis of its promised update on the rollout of the Superfast Cymru contract, and after discussing with the Auditor General his plans for any further follow-up work.</p>	<p>We will be considering the merits and timing of any further follow-up work on the basis of the promised update on rollout of the Superfast Cymru contract.</p>
<p>Recommendation 23. We recommend that the successor Committee seek an update from the Welsh Government in autumn 2016 on the implementation of our recommendations [in relation to Cardiff Airport].</p>	<p>In the first instance, the Committee will need to consider the Welsh Government's formal response to the previous Committee's recommendations and my advice on that response.</p>
<p>Recommendation 24. We took evidence on 8 March 2016 from the Welsh Government and Finance Wales and have written to the Welsh Government outlining our initial findings. We recommend that the successor Committee undertake a more detailed inquiry into the Wales Life Sciences Investment Fund early on in the fifth Assembly.</p>	<p>Given other competing demands on the Committee's forward programme, there may be limited benefit in undertaking further scrutiny of this topic. The Welsh Government and Finance Wales have implemented the recommendations made by their respective internal auditors, and it appears that the necessary lessons from my own audit report have been learned.</p>
<p>Recommendation 25. We recommend that the successor Committee consider the Auditor General's planned update on hospital catering and patient nutrition early in the fifth Assembly.</p>	<p>Wales Audit Office staff are currently drafting the all-Wales summary and it will be available this summer (Appendix 1).</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 26. Taking account of any work planned by the Auditor General and/or Healthcare Inspectorate Wales, we recommend that the successor Committee engage with the successor to the Health and Social Care Committee in the fifth Assembly to determine how best to undertake any further scrutiny of maternity services.</p>	<p>I do not have any immediate plans to undertake formal local follow-up work on maternity services, although this could feature in subsequent years' work. The suggested liaison with the successor to the Health and Social Care Committee could include consideration of the merits of seeking an update on progress with maternity services from the Welsh Government.</p>
<p>Recommendation 27. We recommend that the successor Committee receive an update from the Auditor General on the findings from his recent local audit work on the NHS consultant contract, in the context of our previous recommendations on this topic.</p>	<p>Wales Audit Office staff are currently in the process of completing local audit work that has followed up previous audit recommendations in this area. I plan to write to the Committee summarising the key messages from this work. This communication would be ready for the Committee to consider when it reconvenes after the summer recess.</p>
<p>Recommendation 28. We recommend that the successor Committee receive a briefing from the Auditor General on his Review of the Impact of Private Practice on NHS Provision to inform a decision by the successor Committee on the merits of any further scrutiny.</p>	<p>The issues of private practice could potentially be picked up at a high level alongside any inquiry on NHS waiting times and orthopaedic services (see Recommendation 30 below). The Committee could also explore whether the successor to the Health and Social Care Committee could pick this up in more detail.</p>
<p>Recommendation 29. We recommend that our successor Committee consider any lessons arising from the Auditor General's report on the impact of the NHS Finance (Wales) Act 2014 and draw on that report to revisit more generally issues arising from our previous health finances work.</p>	<p>Wales Audit Office staff are about to start work on a review of the implementation of the NHS Finance (Wales) Act 2014. I intend to publish this report in the first quarter of 2017 (Appendix 1).</p>
<p>Recommendation 30. We recommend that our successor Committee consider revisiting the issues of waiting times and orthopaedic services and hold an evidence session with the Welsh Government.</p>	<p>I consider that there would be merit in the Committee seeking an update on the latest position from the Welsh Government and holding an evidence session with the Accounting Officer in autumn 2016.</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 31. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on action to discharge our previous recommendations on continuing NHS healthcare and on the overall progress that has been made in clearing retrospective claims.</p>	<p>I, and the previous Committee, have each reported twice on this topic. Wales Audit Office staff have been maintaining a watching brief, and further scrutiny by the new Committee would help to close the loop on the issues reported on previously.</p>
<p>Recommendation 32. Taking account of the work that is being undertaken by the Auditor General as part of his programme of local audit work across NHS Wales, we recommend that the successor Committee discuss with the Auditor General, and with the successor to the Health and Social Care Committee in the fifth Assembly, how best to undertake any further scrutiny of unscheduled care services.</p>	<p>Current local audit work is examining a number of related aspects of unscheduled care and patient flow, namely emergency ambulance commissioning arrangements, GP out-of-hours services and discharge planning.</p> <p>This local work will be substantially complete by the end of March 2017, and I will keep the Committee updated on my plans for summary reporting in the areas covered.</p>
<p>Recommendation 33. We recommend that our successor Committee monitor the progress Betsi Cadwaladr University Health Board makes during the period of special measures including GP Out of Hours services, and considers taking further oral evidence from the Health Board in Spring 2017.</p>	<p>Currently, I plan to undertake further joint follow-up work with Healthcare Inspectorate Wales on the Health Board's governance arrangements during the early part of 2017. The publication of the findings from that work could inform the suggested evidence session with the Health Board in spring 2017.</p>
<p>Recommendation 34. We recommend that the successor Committee consider the Welsh Government's response to the recommendations in our February 2016 report on Wider issues emanating from the governance review of Betsi Cadwaladr University Health Board and follows up on the implementation of related actions at regular intervals.</p>	<p>In the first instance, the Committee will need to consider the Welsh Government's formal response to the previous Committee's recommendations and my advice on that response.</p> <p>While the wider issues covered by this previous inquiry are important, the new Committee might wish to discuss with the successor to the Health and Social Care Committee any plans for further scrutiny. My planned report on the implementation of the NHS Finances (Wales) Act 2014 will also pick up some of the issues covered by the previous inquiry.</p>

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Annual Plan 2015-16

Including additional information
on our three-year priorities



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



Independent audit of the use of public funds is an essential component of democratic accountability. The public needs to be adequately informed about the activities of public bodies and how they use public money. And public bodies need to understand how to improve outcomes and succeed. They need to be able to access information which is timely, impartial, accurate, comprehensive and clear.

Together I, as Auditor General, and the staff of the Wales Audit Office independently examine and report on whether public money in Wales is being managed wisely and properly accounted for.

This Annual Plan:

- describes the aims and objectives of our work;
- sets out our priorities in the exercise of our functions both for 2015-16 and for the three-year period 2015-2018;
- provides detail on my planned programme of audit work for 2015-16;
- sets out the resources available and which may become available to the Wales Audit Office, and how those resources are to be used in our work programmes; and
- describes how we will measure and report on our performance.

Public bodies throughout Wales currently face a number of difficult challenges and need to find new and better ways of designing and delivering services.

This Plan provides a blueprint of how we propose to prioritise and strengthen our programmes of work during 2015-16 and for the next three years so that they can add maximum value, thereby helping and encouraging the Welsh public sector to succeed.

Huw Vaughan Thomas
Auditor General for Wales



The Wales Audit Office enables the Auditor General to carry out his functions. We are committed to:

- providing the Auditor General with highly skilled resources to deliver his programme of work;
- being, and being seen to be, a well-run and efficient organisation;
- applying the principles of sustainable development to all that we do and the way that we do it;
- keeping a tight grip on costs, seeking further efficiencies and keeping audit fees as low as possible (without sacrificing the quality and level of independent audit assurance provided);
- further developing our workforce through a learning culture; and
- being a trusted organisation and great place to work.

In this document, we outline the actions we intend to take in 2015-16 and over the next three years to meet these commitments, as part of a longer term view of how the effectiveness of public sector audit in Wales can be enhanced.

When devising the Plan, we have paid particular attention to considering what sort of audit office Wales needs now and in the future, how best we can work together with other external review bodies and our key stakeholders, and how we can effectively assess whether we are getting it right.

By successful implementation of the Plan, we will help the people of Wales know whether public money is being managed wisely, and help public bodies in Wales understand how to improve.

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 2016, which includes additional information on our three-year 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.

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

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Contents

Who we are	6
What we do	7
How we follow the public pound in Wales	8
Our aim and objectives	10
Our plan for delivery	11
Audit work at local government bodies	13
Audit work at NHS bodies	14
Audit work at central government bodies	15
Audit work for consideration by the Public Accounts Committee	16
Exchange of good practice	17
Engagement and joint working	18
Our governance and leadership	19
Our use of resources	20
Measuring and reporting on our performance	21
Appendices	22
1 Wales Audit Office organisation chart	22
2 The key challenges facing Welsh public services	24
3 Programmes of work for 2015-16	26
4 Roles and responsibilities of the Wales Audit Office Board	32
5 Our estimate of income and expenditure for 2015-16	34
6 Our relative expenditure	35
7 Key performance measures and targets	36

Who we are

- 1 The Auditor General 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 nearly 250 staff.

See Appendix 1 – Wales Audit Office organisation chart

- 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 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 as a central organising principle for integrated decision making and reporting by audited bodies.

What we do

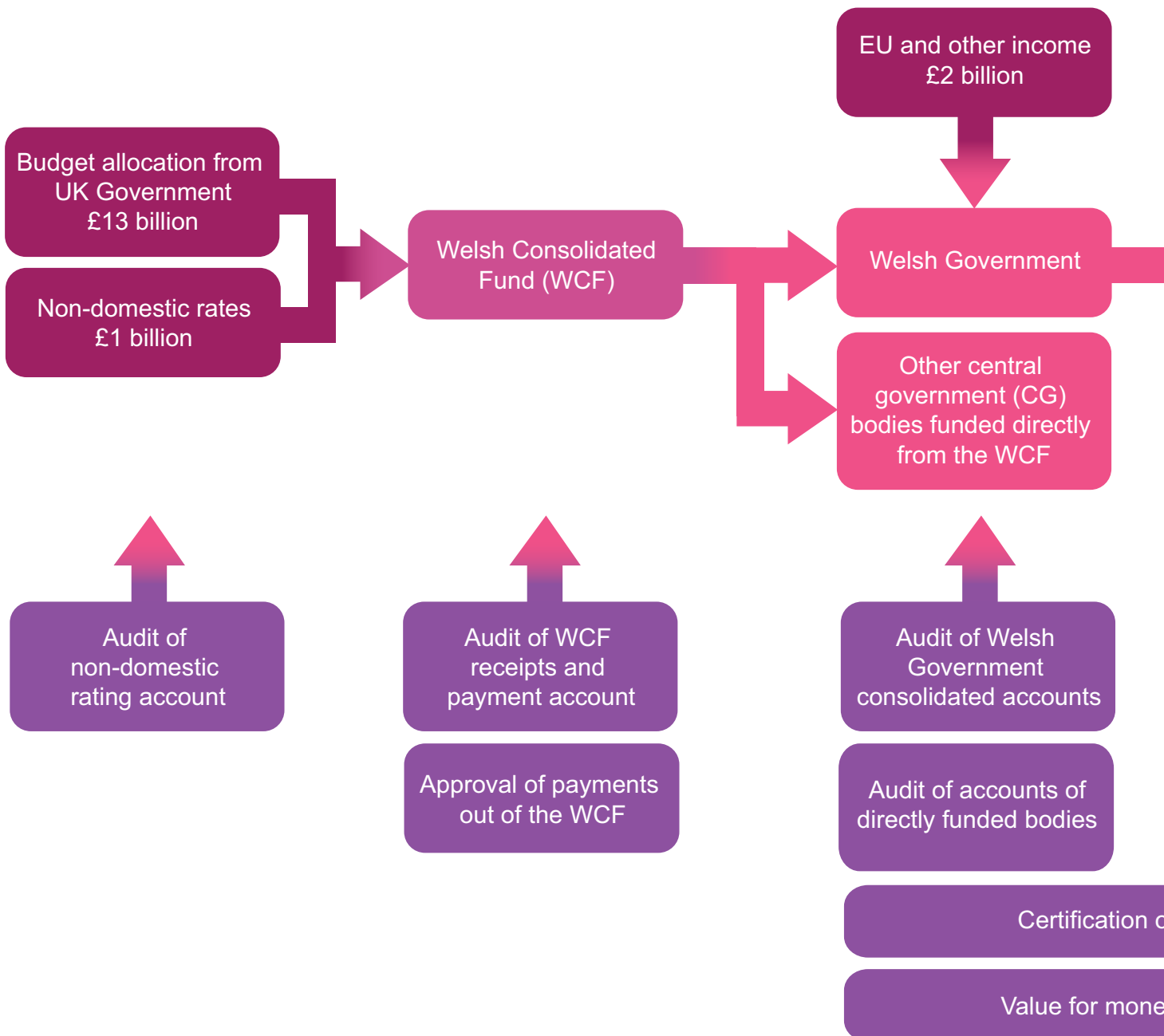
Public sector audit involves providing an opinion on the accounts and also covers issues such as regularity (whether public money is being used for approved purposes), propriety (how public business is being conducted) and value for money

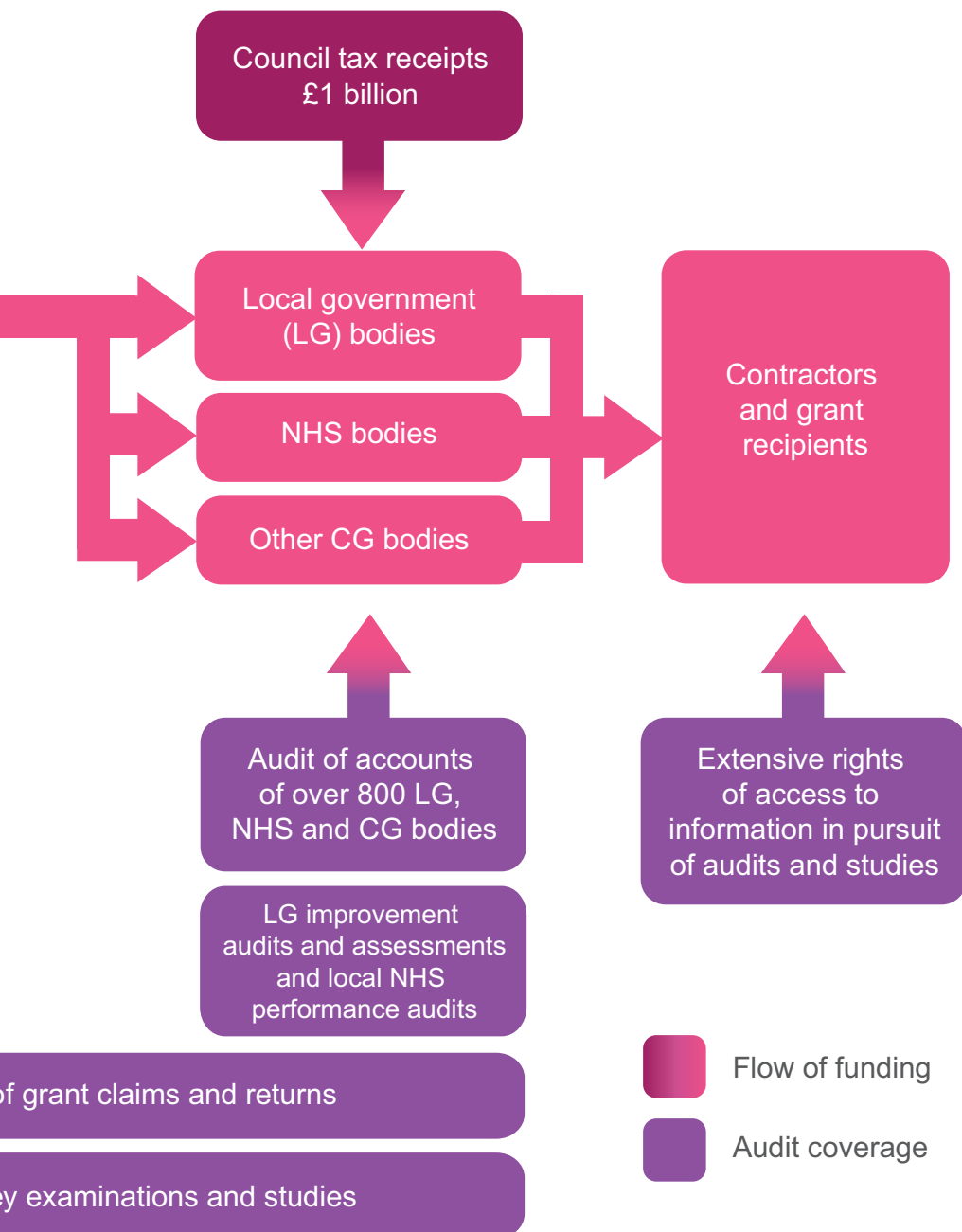
- 6 Each year the Auditor General, using resources provided by the Wales Audit Office delivers an extensive but proportionate programme of external audit work, alongside certain other functions. The Auditor General also retains a degree of flexibility in his programme in order that he can respond swiftly 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

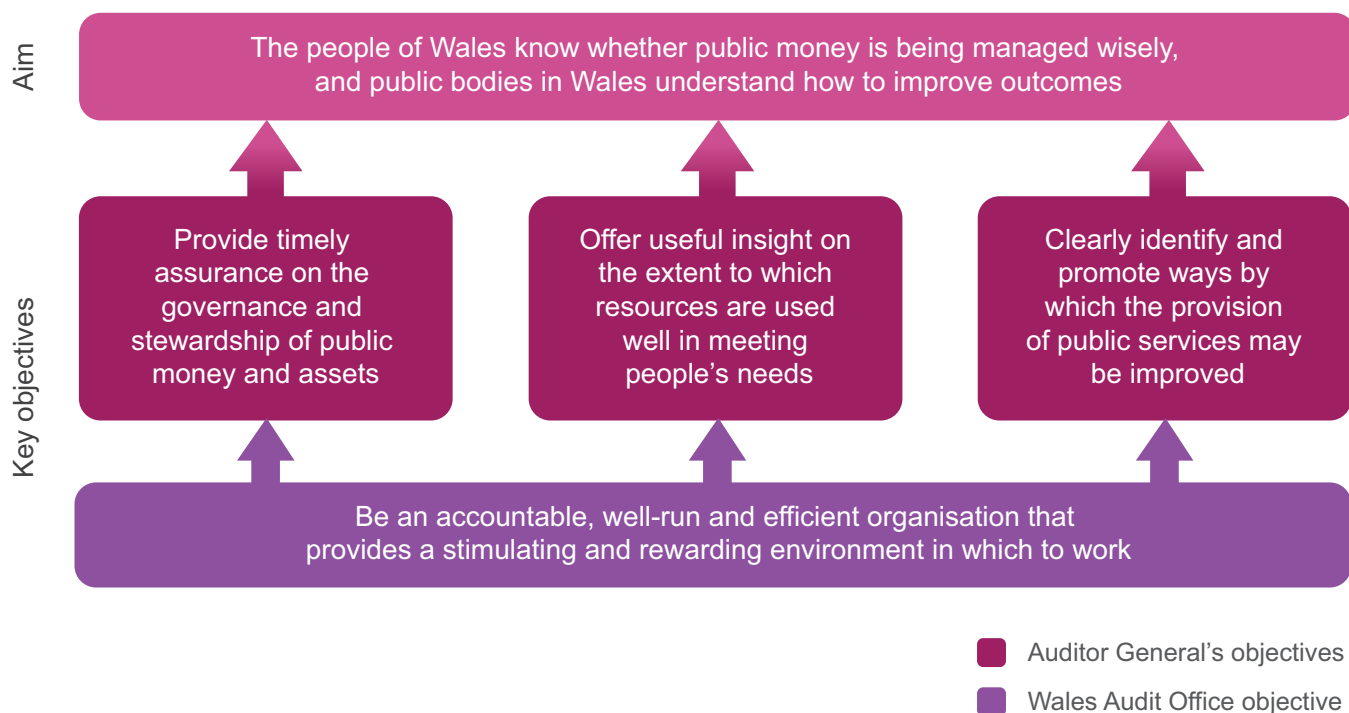


How we follow the public pound in Wales



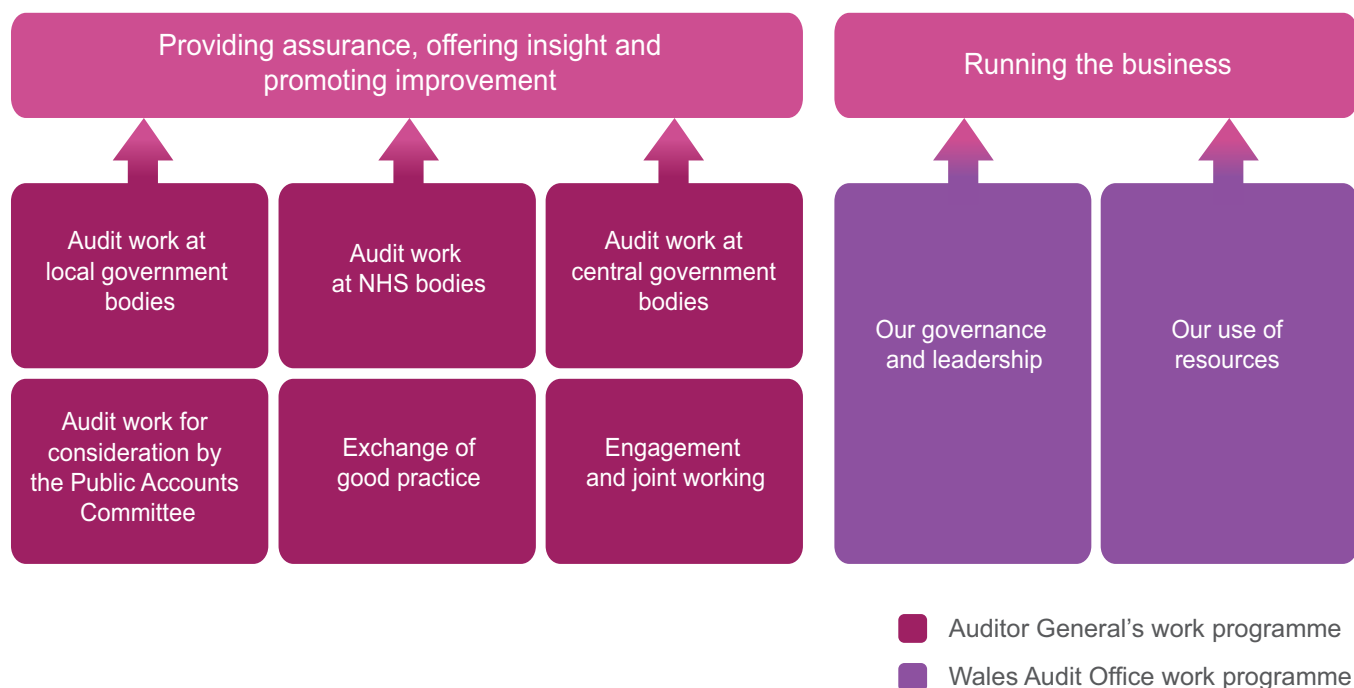


Our aim and objectives



- 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 plan for delivery



11 Public bodies throughout Wales, including ourselves, currently face a number of difficult challenges and need to find new and better ways of designing and delivering services.

See Appendix 2 – The key challenges facing Welsh public services

12 The Auditor General and Wales Audit Office will therefore prioritise and strengthen our programmes of work during 2015-16 and over the next three years so that we can add maximum value, thereby helping and encouraging the Welsh public sector to succeed.

13 The following pages constitute our Plan for responding to our operating environment and delivering our aim and key objectives, both in 2015-16 and for the three-year period 2015-2018. In the Plan detail is provided on the work programmes of the Auditor General and Wales Audit Office for 2015-16. 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 2016, are to be used in delivering these work programmes. The Plan is divided into eight sections which are aligned with our objectives.

- 14 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 2015-16 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.
- 15 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 2015-16 and for the next three years in exercising its functions.
- 16 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 and is supported by a project plan.

Audit work at local government bodies

17 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.

See Appendix 3 – The Auditor General's programme of audit work at local government bodies in 2015-16

18 Local government bodies in Wales currently face a number of 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
Further enhance our local assessments of financial health and quality of financial planning and continue to provide an annual all-Wales overview	2015 and each year thereafter	Alan Morris Sector Lead, Local Government and Criminal Justice
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, and further align our work with that of other external review bodies	2015-2016	Alan Morris
Prepare for the introduction of faster closure of local government accounts, and for the impact of changes to the grant funding regime in Wales, whether arising from new terms and conditions set by the Welsh Government or the introduction of Universal Credit by the Department for Work and Pensions	2015-2016	Anthony Barrett Assistant Auditor General and Head of Financial Audit
Modify our framework for the audit of town and community councils to provide more informative reporting on the effectiveness of governance arrangements	2016	Anthony Barrett
Examine local government bodies' preparedness and planning for reform and mergers	2016-2018	Alan Morris

Audit work at NHS bodies

19 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.

See Appendix 3 – The Auditor General’s programme of audit work at NHS bodies in 2015-16

20 Across the NHS in Wales (as elsewhere in the UK) some recent highly-publicised failures in corporate and clinical governance, 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 a genuine opportunity to shift away from the short-term pressures of annual budgets and to focus instead on robust medium-term integrated delivery plans. The strengthening of the interface between health and social care will also be a key concern to NHS planners during the ongoing debates around the future shape of public services in Wales.

Three-year priorities	When	Management Committee Lead
Establish an NHS Expert Panel, including academics and health professional bodies, to advise on all aspects of our health audit programme	2015	Gillian Body Assistant Auditor General and Head of Performance Audit
Further enhance the content and impact of our reports for NHS bodies on the effectiveness of governance arrangements to better support both corporate and service improvement	2015	Gillian Body
Participate fully in applying the new protocol for identifying and responding to serious issues affecting service delivery, quality and safety of care and organisational effectiveness across NHS Wales	2015 and each year thereafter	Mike Usher Sector Lead, Health and Central Government
Draw on local audit work to present a national picture of relative financial and service performance by NHS bodies	2015 and each year thereafter	Mike Usher
Publish an audit review of the initial operation of three-year NHS integrated delivery plans	2017	Mike Usher

Audit work at central government bodies

21 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.

See Appendix 3 – The Auditor General’s programme of audit work at central government bodies in 2015-16

22 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 recently commenced on this complex change programme. A different set of strategic challenges will be posed by the impact of the outcome of the 2014 referendum on Scottish independence on the relationship between Wales and Westminster and the devolution settlement.

Three-year priorities	When	Management Committee Lead
Publish an annual overview report on the results of audit work undertaken within the central government sector	2015 and each year thereafter	Mike Usher
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	2015-2016	Mike Usher
Provide the National Assembly’s Finance Committee and Public Accounts Committee with an audit commentary on preparedness for the introduction of fiscal powers and on progress made throughout the planning and implementation stages	2015-2018	Mike Usher
Evaluate and prepare for the accounting and audit implications of the implementation of Welsh fiscal powers, together with the UK Government’s impending response to the ‘Silk 2’ report	2015-2018	Mike Usher

Audit work for consideration by the Public Accounts Committee

23 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.

See Appendix 3 – The Auditor General's programme of audit work being undertaken during 2015-16 for consideration by the Public Accounts Committee

24 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, 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
Put in place discrete arrangements to strengthen our forensic audit capacity and ensure timely responses to issues of public concern without detracting from our statutory audit work	2015-2016	Gillian Body
Increase the impact of, and engagement with, our public reporting through enhancing the design of our reports and broadening our communication channels	2015-2017	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	2015-2018	Gillian Body
Better understand the expectations and requirements of the Public Accounts Committee, through surveying members on their views of our support for their scrutiny work, and seeking feedback on individual audit reports	2016-2017	Gillian Body
Raise awareness of the work of the Auditor General and Wales Audit Office amongst 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

- 25 Our approach to knowledge exchange has been developed and applied with increasing success over the last five years. 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.
- 26 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.

See Appendix 3 – Our programme of good practice work in 2015-16

Three-year priorities	When	Management Committee Lead
Encourage improvements in public services by capturing at least 50 pledges to action from an annual programme of 12 shared learning events, and monitor their translation into action	2015 and each year thereafter	Alan Morris
Develop programmes of good practice work on key challenges facing public services including governance, risk management, strategic financial management and planning for the long term.	2015 and each year thereafter	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	2015 and each year thereafter	Alan Morris
Increase the proportion of audit projects that incorporate good practice and shared learning activity and outputs	2015 and each year thereafter	Alan Morris

Engagement and joint working

- 27 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 2015-16 and over the next three years we will actively seek to increase awareness of and engagement with the Auditor General's work, particularly through more effective use of information technology, including web-based applications and social media.
- 28 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.
- 29 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.

See Appendix 3 – The Auditor General's programme of joint working activity in 2015-16

Three-year priorities	When	Management Committee Lead
Put in place arrangements for more effective management of correspondence received from the public or other interested parties about matters relevant to the Auditor General's functions, including providing swifter and more substantive responses	2015	Kevin Thomas Director of Corporate Services
Further enhance 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	2015 and each year thereafter	Huw Vaughan Thomas
Engage more effectively with the public, their representatives and other stakeholders to gauge the impact of our work, assess our performance and measure our success	2015 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	2015-2016	Anthony Barrett
Further enhance the efficiency and effectiveness of audit, inspection and regulation in Wales through working with other external review bodies to streamline our reviews and strengthen joint working and the sharing of intelligence and resources	2015-2018	Huw Vaughan Thomas

Our governance and leadership

30 As prescribed by the Public Audit (Wales) Act 2013, we are now 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 new governance arrangements provide us with a real opportunity to further develop and progress as a business.

See Appendix 4 – Roles and responsibilities of the Wales Audit Office Board

31 The key aspects of the Wales Audit Office’s programme of work for 2015-16 and for the next three years will be to:

- a ensure that our new governance arrangements are embedded in the organisation with strong and accountable leadership;
- b provide the Auditor General with the resources needed for delivering the Auditor General’s work;
- c make sure that the Wales Audit Office is a well-run and efficient organisation; and
- d monitor the delivery of this Plan.

32 The Wales Audit Office also 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
Strengthen our workforce strategy to meet current demand and ensure we are able to anticipate and respond to future legal, environmental and professional developments, including through effective succession planning	2015-2016	Steve O’Donoghue Director of Finance
Strengthen leadership capability, including through the use of 360° performance reviews for senior staff and supporting reviews of Board effectiveness	2015-2018	Huw Vaughan Thomas
Monitor the evolution of our unique governance arrangements, with a view to sharing knowledge, learning and experience	2015-2018	Huw Vaughan Thomas
More effectively use external benchmarking and comparison to assess our performance and measure our success and impact	2015-2018	Kevin Thomas

Our use of resources

33 In 2015-16 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.

See Appendix 5 – Our estimate of income and expenditure for 2015-16

34 We have been working hard to embed the principles of sustainable development in the way we run our business, and in the way we resource the Auditor General’s audit work, for a number of years. Sustainable development is about meeting the needs of the present without compromising the ability of future generations to meet their own needs. The Welsh Government’s commitments, as laid out in the Well-being of Future Generations Bill, will require us to make further progress in this area.

35 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 further clarify audit fee charging requirements. In the meantime we will take steps to ensure we have a mutual understanding with audited bodies about what is required.

36 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 have launched an efficiency and effectiveness programme to support this across the business.

See Appendix 6 – Our relative expenditure

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	2015-2018	Kevin Thomas
Make further arrangements to establish the Wales Audit Office as a recognised training ground for pan-public sector accountants	2015-2017	Anthony Barrett
Keep a tight grip on costs, seek further efficiencies and keep fees as low as possible	2015-2018	Steve O’Donoghue
Make better use of our physical and information assets to support the delivery of our objectives	2015-2018	Kevin Thomas
Demonstrate our corporate social responsibility through our work on: <ul style="list-style-type: none"> • improving environmental stewardship; • promoting a healthy lifestyle and good work-life balance amongst 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 	2015-2018	Kevin Thomas

Measuring and reporting on our performance

- 37 In 2015-16 and over the next three years we will use a combination of methods to report and reflect on our performance and risks. This will include regular reporting to our Management Committee and Board on progress made on delivering our priorities and achieving our key performance measure targets. It will also include internal audit reports to our 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.
- 38 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.
- 39 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 2015-16 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?

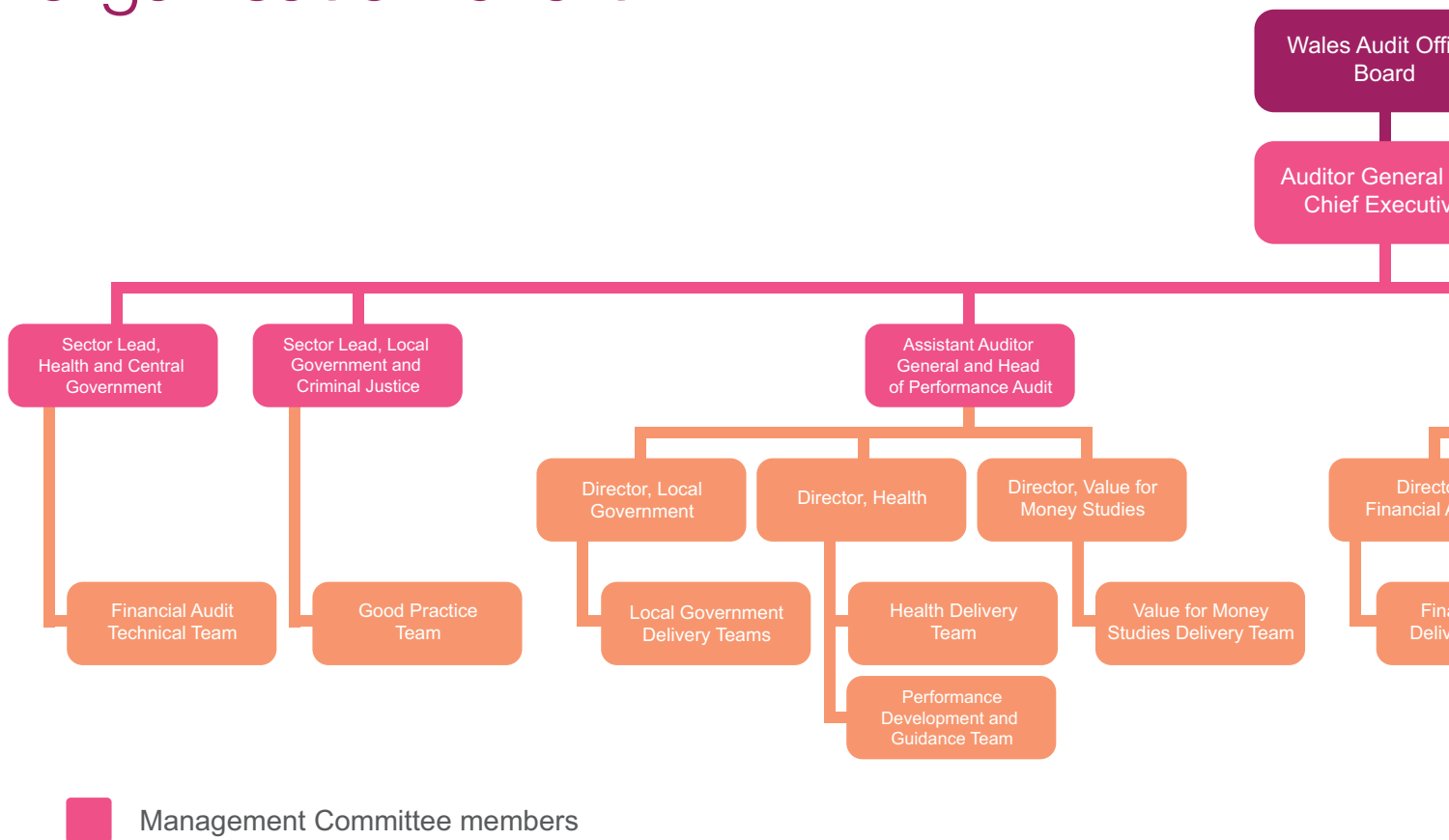
Communication

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

See Appendix 7 – Key performance measures and targets

Pack Page 112

Appendix 1 - Wales Audit Office organisation chart

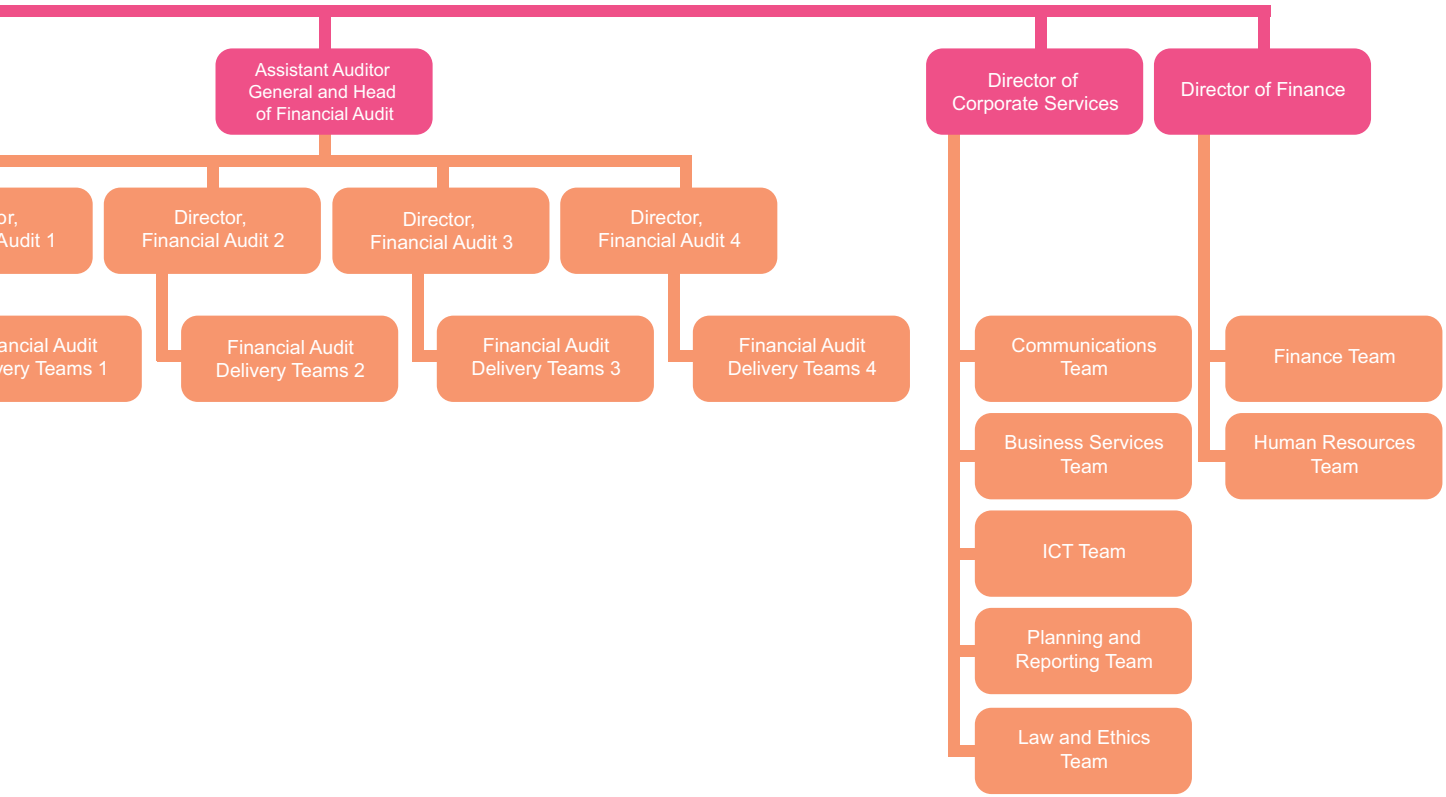


Notes:

- Sector Leads also maintain a portfolio of operational responsibilities for which they act as Directors and report to the relevant Assistant Auditor General
- The Management Committee and other Directors meet on a regular basis as a broader Senior Leadership Team
- The Board and its sub-Committees, and the Management Committee are supported by a Board Secretary

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[< Back](#)

Appendix 2 - The key challenges facing Welsh public services

The likelihood that austerity will continue to 2020 and beyond has created something of a perfect storm for Welsh public services. Those charged with delivering public services are facing continued real-terms reductions in annual budgets, while seeking to meet rising public expectations and demands and address a range of acknowledged service deficiencies.

The Welsh Government has also outlined its commitment to place further 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) Bill. Increasingly our consideration of financial resources, and the way in which public bodies account for their use, will need to be integrated with a consideration of their stewardship of human and natural resources.

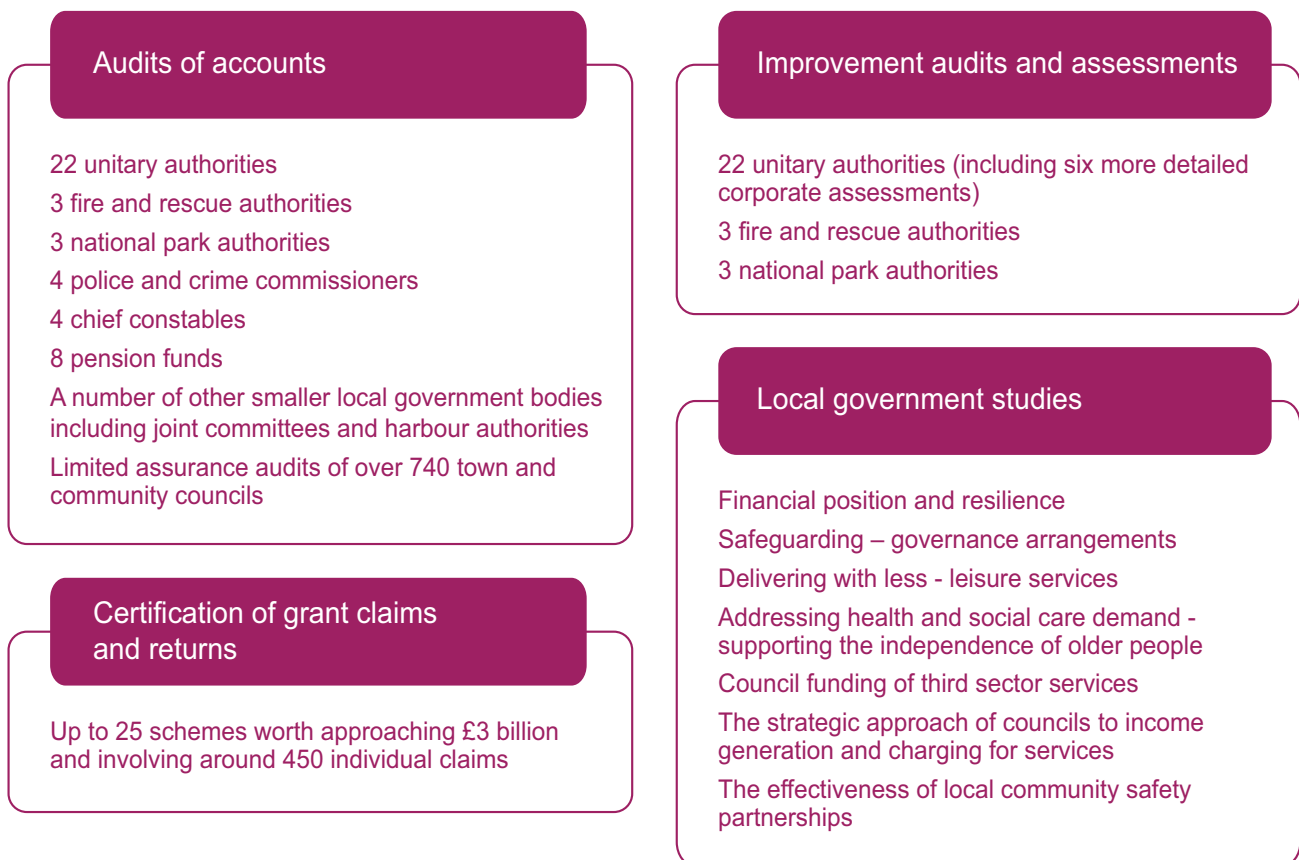
In addition, the responses of the Welsh Government and local government to the report of the Commission on Public Service Governance and Delivery will have a significant impact on the future shape of public services in Wales, and on the bodies that deliver them. The Welsh Government has already published a statement of intent White Paper about the future of local government in Wales, including substantive proposals for reform.

And, the implementation of the recommendations of the Commission on Devolution in Wales, many of which are given effect through the Wales Act 2014, will significantly alter the operation of the devolution settlement in Wales.

< Back

Appendix 3 - Programmes of work for 2015-16

The Auditor General's programme of audit work at local government bodies in 2015-16



The Auditor General's 2015-16 programme of improvement audits and assessments will have a particular focus on the themes of financial management, governance and performance management and will take account of any mergers or changes emerging in this time frame from the Local Government Reform programme.

[< Back](#)

The Auditor General's programme of audit work at NHS bodies in 2015-16

Audits of accounts

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

Local performance audit work

7 local health boards
3 NHS trusts

Structured assessments

7 local health boards
3 NHS trusts

Health studies

Medicines management in the acute sector
Outpatient services: follow-up appointments
IT infrastructure and capacity
Radiology services
NHS Consultant Contract (follow-up study)
Hospital catering and patient nutrition (follow-up study)
Governance arrangements at Betsi Cadwaladr University Health Board (follow-up study)

[< Back](#)

The Auditor General's programme of audit work at central government bodies in 2015-16

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 Library of Wales Pension Fund
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

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
General Teaching Council for Wales

Certification of grant claims and returns

European structural fund claims from the Welsh Government and its sponsored bodies worth around £300 million

[< Back](#)

The Auditor General's programme of audit work being undertaken during 2015-16 for consideration by the Public Accounts Committee

The Auditor General is committed to delivering 10 to 12 reports and other outputs for consideration by the Committee each year including, where relevant, local government study reports.

Value for money studies

- Welsh Government investment in broadband infrastructure
- Regional education consortia
- Welsh Government acquisition of Cardiff Airport
- Rail services
- Picture of public services
- Development of Natural Resources Wales
- Welsh Government response to audit recommendations
- Flood and erosion risk management
- Early intervention and public behaviour change
- Welsh Government interventions in local government
- Public procurement and the National Procurement Service

Summary reports

- Orthopaedic services
- Medicines management

Reactive examinations

- Regeneration Investment Fund for Wales
- NHS waiting lists and private practice
- Wales Life Sciences Investment Fund

Much of the work listed above is already in progress and is due to be reported on in 2015-16. However, the programme of work retains a degree of flexibility to respond to changing circumstances, priorities and risks and the plans for certain studies are currently under review.

In early 2015-16 the Auditor General will consider and consult on potential topic areas for future value for money studies to start, and potentially in some cases to be reported, in 2015-16. There may also be additional outputs in 2015-16 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.

[< Back](#)

Our programme of good practice work in 2015-16

Shared learning seminars

- NHS waiting times
- Patient experience
- The voice of the child in public services
- Independence of older people
- Trust during major organisational change
- Physical activity, leisure, health and well-being
- Trustees and governance of third sector activities
- Broadband, accessibility and digital inclusion
- Governance of public sector bodies
- Health and social care
- Invest to Save

Shared learning webinars

- Faster closure of accounts
- Staff involvement and engagement
- Clinical data coding
- Fraud and corruption

Good practice guides

- Governance
- Staff involvement and engagement

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
- Sustainable Futures Commissioner
- Public Health Wales

More information on our programme of good practice work, including our case studies library, can be found on our website.

[< Back](#)

The Auditor General's programme of joint working activity in 2015-16

Joined up delivery

National Fraud Initiative with other UK audit agencies

Providing assistance to Estyn on inspections of local authority education services

Working with Estyn to undertake value for money studies of Regional Education Improvement Consortia

Working with Care and Social Services Inspectorate Wales and the Older People's Commissioner on a study on the independence of older people

Annual certification of the accounts of the European Agricultural Guarantee Fund (EAGF) and European Agricultural Fund for Rural Development (EAFRD)

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

Commissioned audit work

Further Education College audits

Audit of EU grant claims for the University of Glamorgan

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

Reforming Local Government Programme Board

Well-being of Future Generations (Wales) Bill advisory and reference group

Welsh Government Treasury Implementation Board

Finance Minister's Welsh Tax Forum

CSSIW Local Authority Inspection Framework Board

Local Government Data Unit Board

Fire and Rescue Service National Framework Project Board

Membership of external working groups

EURORAI

International Integrated Reporting Council's Public Sector Integrated Reporting Network

Public Audit Forum

Financial Reporting Advisory Board

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

[< Back](#)

Appendix 4 - Roles and responsibilities of the Wales Audit Office Board

Wales Audit Office



David Corner
Non-executive
Member



Lindsay Foyster
Non-executive
Member



Peter Price
Non-executive
Member



Steve Burnett
Non-executive
Member and
Senior Independent
Director



Isobel Garner
Non-executive
Chair

The Board is responsible for:

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

Board



Huw Vaughan
Thomas

Auditor General
for Wales and
Chief Executive



Kevin Thomas

Appointed
Employee
Member



Amanda Hughes

Elected
Employee
Member



Louise Fleet

Elected
Employee
Member

able for:

General's functions

with advice

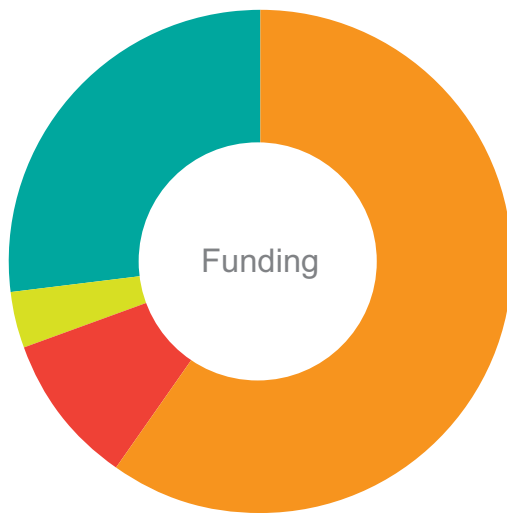
ise of the Auditor General's functions

e Auditor General

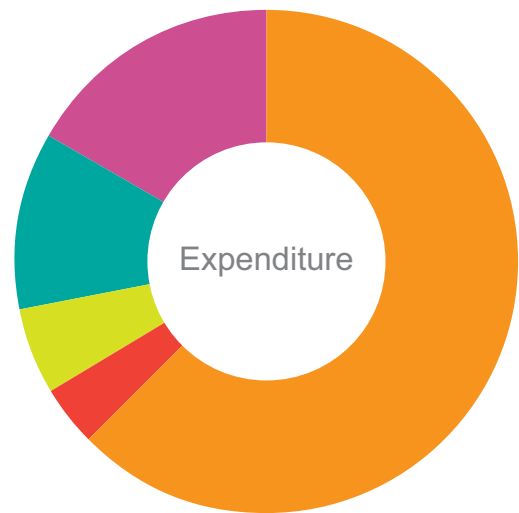
n and estimate of income and expenses

[< Back](#)

Appendix 5 - Our estimate of income and expenditure for 2015-16



- Audit fees (£14.1 million)
- Grant certification fees (£2.3 million)
- Improvement grant (£0.9 million)
- Welsh Consolidated Fund (£6.3 million)



- Staffing (£14.8 million)
- Contractor staff (£0.9 million)
- Travel (£1.3 million)
- Audit firms (£2.7 million)
- Other support costs (£3.9 million)

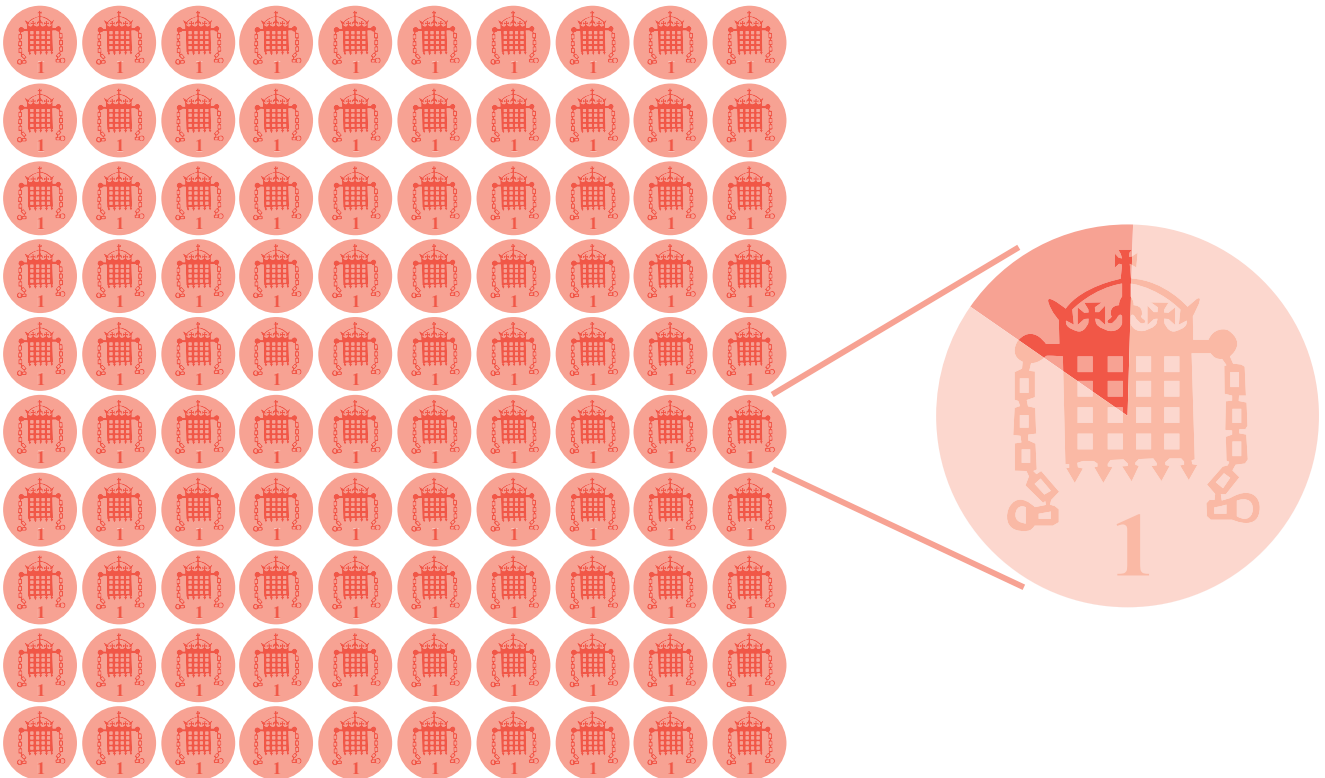
In 2015-16, £16.8 million of the resources will be made available to the Auditor General to carry out his work programme, and £6.8 million of resources are required to support the Wales Audit Office's programme. The maximum amount of the resources available, and which may become available, that it is anticipated will be allocated by the Wales Audit Office to the Auditor General for the purpose of undertaking the Auditor General's programme, is £16.8 million.

More information on our estimate of income and expenditure for the year ending 31 March 2016 can be found on our website

[< Back](#)

Appendix 6 - Our relative expenditure

Our expenditure in 2015-16 equates to less than one fifth of one penny of every pound of the funds that are voted annually by the National Assembly.



[< Back](#)

Appendix 7 - 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	£24 million during 2015-2018 and at least £6 million in 2015-16
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

[< Back](#)

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, feel recognised when they have done their job well, and feel their manager motivates them to be more effective in their job	At least 80 per cent
L4	Continuous improvement	Proportion of staff that believe they would be supported if they try a new idea, even if it may not work, and 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	Income	Variance between actual and budgeted income as per the approved annual Estimate	Less than one per cent at year end
F2	Expenditure	Variance between actual and budgeted expenditure as per the approved annual Estimate	Less than two per cent underspend at year end
F3	Debt recovery	Value of aged debts aged over 60 days	Less than £300,000
F4	Cost savings	Value of cost savings generated throughout the business	£760,000 in 2015-16 (3 per cent of budgeted expenditure)
F5	Efficiency of estate	Costs including for rent and rates per whole-time equivalent	Less than £3,300 in 2015-16

[< Back](#)

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, feel valued and feel the organisation respects individual differences	At least 80 per cent
S4	Work-life balance	Proportion of staff that feel they have an acceptable workload and are able to strike a good balance between their work and private life	At least 80 per cent
S5	Welsh language scheme compliance	Proportion of our outputs that are compliant with our Welsh-language scheme	100 per cent

[< Back](#)

Environmental

No.	Indicator	Description	Target
E1	Environmental management	Level of Groundwork Wales Green Dragon Environmental Standard accreditation	Level 5 (highest level) by 2016-17 and maintain at Level 4 in 2015-16
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 530 tonnes in 2015-16
E3	Waste	Total waste produced	Less than 50 tonnes by 2018 and less than 60 tonnes in 2015-16
E4	Reused, recycled or composted	Proportion of our total waste produced that is reused, recycled or composted	70 per cent by 2018 and 60 per cent in 2015-16
E5	Paper	Paper consumption	Less than 2,200 reams in 2015-16

Communication

No.	Indicator	Description	Target
C1	Website	Number of page views	750,000 per annum
C2	Press coverage	Proportion of media articles published about our work that have positive or neutral sentiment	At least 70 per cent
C3	Social media	Klout score – a measure of our social media influence by analysing our Twitter account activity	Score of 45 out of 100 in 2015-16
C4	Shared learning seminars	Number of attendees at our shared learning seminars	600 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

[< Back](#)