

Joint Strategic Equality Plan

May 2014

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Foreword

“The auditor ... is an unlikely guardian of the disadvantaged, i.e. those with the protected characteristics as provided in the 2010 Act.”

Carmarthenshire County Council, Legality of Pay Supplement Policy Advice, September 2013

We take the quotation above as high praise for the public sector auditor. While auditors may be perceived in some places as irrelevant to equality issues, the staff of the Wales Audit Office have demonstrated that they are taking equality law, and equality issues in general, very seriously. They are applying their skills to making compliance with the Public Sector Equality Duty part of their mainstream work.

It is against this background that we present this joint Strategic Equality Plan of the Auditor General for Wales and the new Wales Audit Office. The new plan is required so as to meet the requirements placed by legislation on the new Wales Audit Office, and it succeeds the Auditor General’s Strategic Equality Plan of April 2012. It sets out key things that the Auditor General and the Wales Audit Office intend to do in order to help eliminate discrimination, promote equality of opportunity and foster good relations.

The Auditor General’s main functions concern examining and reporting on the stewardship of public money by Welsh public bodies. This work involves considering how well public bodies are run and the effectiveness of their services. The Auditor General is therefore in a position to identify opportunities for helping to eliminate discrimination and promote equality of opportunity in the delivery of public services. In reporting on public bodies, and in making recommendations, the Auditor General is able to encourage beneficial changes in terms of equality.

As an employer, the Wales Audit Office has a significant and direct impact on people in terms of equality. The Board fully recognises the duty to provide equal opportunity across the full range of employment factors: recruitment, training, promotion, ways of working, and terms and conditions, including pay.

This joint strategic equality plan sets out ten specific objectives to help us perform the General Equality Duty (i.e. having due regard in our work to the need to help eliminate discrimination, promote equality of opportunity and foster good relations). These objectives cover each major area of the Auditor General’s work and key areas of the Wales Audit Office’s responsibilities as an employer and procurer of services. As the Board is new to these responsibilities and further engagement with representatives of people sharing protected characteristics is needed, we intend to review the plan in 2015 in terms of the appropriateness of the objectives.

If you have any comments or suggestions on this plan, or wish to raise issues regarding our engagement or equality issues regarding Welsh public services and Welsh public bodies, please email info@wales.gov.uk or write to us at the address below. We are particularly keen to hear from people representing the interests of protected groups as to how our joint plan may be developed further.

Huw Vaughan Thomas
Auditor General for Wales

Isobel Garner
Chair, Wales Audit Office

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

The Auditor General for Wales and the Wales Audit Office— who we are and what we do

- 1 The Auditor General for Wales is the external auditor of Welsh public sector bodies. The Auditor General's main functions are:
 - a auditing the accounts of public bodies in Wales, including the Welsh Government, NHS bodies and local government bodies¹ of all types, ranging from county councils, to national park authorities, police chief constables and joint burial committees;
 - b examining and reporting to the National Assembly on the economy, efficiency and effectiveness with which such bodies have used, and may improve the use of, their resources in discharging their functions (these are called value for money studies);
 - c studying, and making recommendations to improve, the economy, efficiency and effectiveness of the discharge of functions and provision of services by local government bodies;
 - d auditing, assessing and inspecting for local government compliance with improvement requirements under the Wales Programme for Improvement².
- 2 In general terms, the main purpose of financial audit is certifying that financial statements (annual accounts) give a true and fair view of the financial affairs of a body. This involves examining the financial systems that produce the accounts and testing samples of transactions. Public sector financial audit, however, often extends into considering whether expenditure is for the purposes intended by the National Assembly (or in the case of local government is accompanied by considerations of lawfulness).
- 3 Performance audit work consists of two main strands. The first is value for money audit work, which encompasses the studies mentioned in paragraph 1(b) and (c) above but also such work as the consideration of whether health bodies have made arrangements for securing value for money as part of the annual audit. Value for money work primarily involves consideration of how well public resources have been used or looked after. The second strand is the Auditor General's work under the Welsh Programme for Improvement (paragraph 1(d) above), which essentially involves examining whether improvement authorities³ have made arrangements to secure improvement in the way they operate and deliver services.
- 4 The results of the Auditor General's work are reported publicly, to management and to those charged with scrutiny. Public sector audit is therefore fundamentally about helping the public and its representatives hold government to account, but it also helps government (which includes the full range of public sector managers) to improve service delivery and the management of resources.
- 5 The new Wales Audit Office is a corporate body set up to monitor and advise the Auditor General and provide resources for the exercise of the Auditor General's functions. For the provision of resources, the Wales Audit Office's main functions are the employment of staff and the procurement of services. The Wales Audit Office takes the form of a board of nine, consisting of five non-executive directors (i.e. they are not employees), one of whom is the Chair, the Auditor General and three employee members.

¹ Until the termination of their appointments, the audit of local government bodies is undertaken by auditors appointed by the Auditor General.

² The Welsh Programme for Improvement is a name for the improvement arrangements made under the Local Government (Wales) Measure 2009.

³ Under the Local Government (Wales) Measure 2009, county councils, county borough councils, national park authorities and fire & rescue authorities are designated "Welsh Improvement Authorities". Such authorities are required, among other things, to make arrangements to secure continuous improvement in the exercise of their functions.

How the Equality Act 2010 and Welsh regulations affect us

- 6 The Equality Act 2010 replaces a patchwork of anti-discrimination laws with a single Act. It also extends and strengthens anti-discrimination law.
- 7 The Act provides nine protected characteristics:
 - a age;
 - b disability;
 - c gender reassignment;
 - d race;
 - e religion or belief;
 - f sex (gender);
 - g sexual orientation;
 - h marriage and civil partnership;
 - i pregnancy and maternity.
- 8 The Act prohibits a variety of forms of discrimination, harassment and victimisation. The basic framework of protection essentially covers all employers, including the Wales Audit Office. It also covers service providers, including the Auditor General for Wales.
- 9 The Act also introduced the *Public Sector Equality Duty*, which is often known as the General Equality Duty. Under this Duty, like other public authorities, we must in exercising our functions have due regard to the need to:
 - a eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the Act;
 - b advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 10 Under the Act, the Welsh Ministers have also set *Specific Public Sector Equality Duties*⁴. These duties include:
 - a developing specific equality objectives (including considering objectives to address causes of pay differences relating to protected characteristics) to help meet the General Equality Duty, and setting out the steps that we intend to take to meet those objectives;
 - b involving persons representing individuals with protected characteristics in the setting of equality objectives and more widely in the duties;
 - c making arrangements for collecting information about compliance with the general duty, and taking account of such relevant information in the setting of equality objectives;
 - d monitoring progress in fulfilling our equality objectives;
 - e making arrangements for promoting knowledge and understanding of the general duty and the regulations among Wales Audit Office employees;

⁴ See [The Equality Act 2010 \(Statutory Duties\) \(Wales\) Regulations 2011 \(SI 2011/1064\)](#)

- f publishing assessment reports setting out, where significant, the likely impact of new policies and practices;
 - g publishing an action plan setting out any policy to address gender pay differences;
 - h publishing a *Strategic Equality Plan (SEP)* setting out, among other things, our equality objectives, steps to meet the objectives and expected time to achieve them, and arrangements for meeting certain other duties (d, e, f and g above);
 - i publishing each year relevant employment information—e.g., recruitment and training statistics by the protected characteristics;
 - j publishing for each year ending 31 March progress reports covering, among other things, progress towards meeting our specific equality objectives;
 - k having regard to the General Duty in procurement processes.
- 11 This joint Strategic Equality Plan meets the requirements set out under h above. As the Auditor General and the Wales Audit Office are now separate legal entities, each with our own respective functions, and each covered by the Welsh regulations, we are each required to produce a Strategic Equality Plan. However, as we work together in the same organisation, for coherence and economy we have agreed to bring our objectives and plans together in a joint plan.

How we have developed this Strategic Equality Plan

- 12 In order to develop this joint plan, including setting our equality objectives, and identifying and assessing compliance information⁵, we have consulted the Wales Audit Office Equality Interest Group. The Auditor General established the Equality Interest Group in 2011 in order to engage with employees representing the interests of protected groups.
- 13 The Equality Interest Group has indicated that it sees the continuation of the objectives and action plans of the Auditor General's 2012 Strategic Equality Plan as appropriate, subject to some updating and assignment of objectives relating to employment and service procurement, which are now functions of the new Wales Audit Office. The Equality Interest Group was engaged with the preparation of the 2012 Strategic Equality Plan, and it has an ongoing role in representing the views and concerns of staff with protected characteristics.
- 14 Together with the Equality Interest Group, we see continuity in the objectives as desirable. Therefore, with one exception, all the objectives are substantively similar to the Auditor General's 2012 objectives. (The exception is the objective to address pay differences within pay bands. We set out explanation for this change under Wales Audit Office objective 3.) As the Board is new to the employment and procurement responsibilities placed on it by the Public Audit (Wales) Act 2013 and further engagement with representatives of people sharing protected characteristics is needed (see para 16 below), we intend to review the plan in 2015 in terms of the appropriateness of the objectives.
- 15 All the objectives entail substantial tasks that are of significance to the exercise of the Auditor General's and Wales Audit Office's functions. For example, the Auditor General's objective 2 requires taking account of the needs of protected groups in deciding the coverage of value for money work. And the Wales Audit Office objective 1 requires the Office to ensure that firms⁶ providing professional services to perform the General Equality in the course of relevant work. In all cases, the objectives concern ongoing, mainstream work. While some good progress has been made against the objectives set in 2012, it is important that further work is completed to strengthen our arrangements.
- 16 The Auditor General's 2012 Strategic Equality Plan was also subject to external engagement. The objectives set here have therefore been subject to fairly extensive engagement, but the Auditor General will continue efforts to engage with organisations representing protected groups, as this has proved to be problematic. Indeed, we continue to find that many people who represent the interests of protected groups are under pressure as public bodies seek to engage with them. The Auditor General therefore proposes to hold an "open house" event to which representative organisations are invited to discuss such things as the Auditor General's forward programme of value for money studies (see objective 1 in next section).
- 17 In terms of work to identify and assess information relating to compliance with the General Equality Duty, we have also considered the sources of relevant information we already hold internally in relation to each of the main functions of the Auditor General and the Wales Audit Office. It is apparent, however, that the organisation continues to hold rather limited information concerning how the Auditor General's work complies with the General Equality Duty. This is addressed by a specific objective to improve the extent and quality of compliance information (Auditor General objective 5).

⁵ Information relating to compliance with the General Equality Duty

⁶ In this plan, the term firm means firms contracted to undertake audit functions on behalf of the Auditor General.

Our Equality Objectives – including monitoring and compliance information arrangements and the Wales Audit Office gender pay equality plan

- 18 The Auditor General's equality objectives are intended to help ensure that he and the Wales Audit Office resources provided to him perform the General Equality Duty in the course of the exercise of his functions, which in the main is a matter of external work, such as audit. The Wales Audit Office's objectives concern performing the General Equality Duty in the course of its functions, chiefly the employment of staff and the procurement of services. We have set out under each objective how we intend to monitor progress, and in doing so we have outlined our arrangements for identifying, collecting and publishing information regarding compliance with the General Equality Duty
- 19 The main elements of the Wales Audit Office's gender pay equality plan are set out under our equality objectives 8 and 9 below. Further information relevant to that plan is set out in the annex.

The Auditor General's Equality Objectives

Auditor General Objective 1

The Auditor General and Wales Audit Office staff and contractors will seek and take account of the views of people who represent the interests of protected groups in deciding what value for money (vfm) work⁷ the Auditor General will undertake.

The reasons for setting this objective

- 20 External engagement with representatives of protected groups indicates that the Auditor General's studies are regarded as potentially influential in changing the policies and practices of public bodies. It is therefore appropriate that in planning value for money audit work the Auditor General and Wales Audit Office staff take account of the views of people who represent the interests of protected groups, so as to ensure that the programme includes work that can have a positive effect in terms of eliminating discrimination, promoting equality of opportunity and fostering good relations.

Steps taken, to be taken and timetable

- 21 Each year, the Auditor General and Wales Audit Office staff will make arrangements for obtaining, and taking account of, the views of representatives of protected groups on potential work for inclusion in the forward programme. These arrangements will include seeking the views of organisations that, collectively, represent the interests of all nine protected groups.

⁷ The references to value for money work in this plan encompass examinations of value for money and improvement studies in all sectors, i.e. it includes coverage of Welsh Government, Welsh Government Sponsored Bodies, NHS and local government bodies of all types, ranging from unitary authorities through fire and rescue authorities to community councils. It also encompasses local performance work undertaken as part of consideration of whether bodies have made proper arrangements for securing value for money.

- 22 As set out in the Auditor General’s Report on Compliance with the Equality Act 2010 General Duty for the Period 1 April 2012 to 31 March 2013, Wales Audit Office staff consulted with representative organisations regarding the Auditor General’s forward programme of studies for 2013-14 in March 2013. This did not, however, yield any views. The Auditor General and Wales Audit Office staff are therefore planning an “open house” event in 2014 to which representative organisations will be invited to discuss the Auditor General’s forward programme of value for money studies and equality matters in the design and execution of such studies.

Who this objective is aimed at

- 23 This objective will cover all nine protected characteristics, and Wales Audit Office staff will seek views from organisations that represent all nine protected groups.

How we will monitor our progress

- 24 Internal quality review arrangements will examine the working records of the development of the forward programme of vfm work in each year in order to check whether (a) appropriate efforts have been made to obtain the views of representatives and (b) whether appropriate regard has been given to such views in the development of the programme. (Wales Audit Office staff will also seek feedback on how individual projects, where relevant, have addressed the needs of protected groups—see Auditor General objective 5.) The results of internal quality review and external feedback will be taken into account in annual progress reporting.

Auditor General Objective 2

In deciding the coverage of any value for money work that is relevant to the General Equality Duty, and in devising fieldwork for such projects, the Auditor General and Wales Audit Office staff and contractors will seek the views of people who represent the interests of protected groups, so as to take account of the needs of those groups.

The reasons for setting this objective

- 25 As mentioned under Auditor General objective 1, the Auditor General’s studies are potentially influential in changing the policies and practices of public bodies. It is also apparent from engagement and post project review information that some studies designed in the past could have adopted approaches that might have made them more relevant or effective in addressing issues that are now of relevance to the General Equality Duty. It is therefore appropriate that in scoping and devising fieldwork the Auditor General and Wales Audit Office staff take account of the views of people who represent the interests of protected groups, so as to ensure that the work addresses equality issues, such as the accessibility of particular services to particular protected groups.

Steps taken, to be taken and timetable

- 26 The Auditor General and Wales Audit Office staff will use the “open house” event in 2014 (see Auditor General objective 1) to seek the views of representative groups on the design of fieldwork of relevant value for money studies. The Auditor General will also provide detailed guidance to Wales Audit Office staff and contractors by December 2014 on how they should engage with representatives of protected groups in order to minimise the consultation and response pressures placed on those groups. At the same time, Wales Audit Office staff will seek to establish appropriate ways to co-ordinate contact with such groups.

Who this objective is aimed at

- 27 This objective potentially covers all protected characteristics. Coverage in terms of any particular project will depend upon the subject matter of the project.

How we will monitor our progress

- 28 Internal quality review arrangements will examine the planning records of a sample of value for money projects each year in order to check whether (a) appropriate efforts have been made to obtain the views of representatives and (b) whether adequate regard has been given to such views in the scoping and design of each project. In considering whether adequate regard has been given by the project team, internal quality review will also consider the findings of post project learning, which should include any available external feedback on the project (such as that obtained under Auditor General objective 5). The results of internal quality reviews will be taken into account in annual progress reporting.

Auditor General Objective 3

Each year, as part of the Auditor General's work to assess whether Welsh Improvement Authorities⁸ have met the improvement requirements of the Local Government (Wales) Measure 2009, the Auditor General and Wales Audit Office staff and contractors will assess whether those authorities have taken the General Equality Duty into account in their arrangements to secure continuous improvement, especially in the development of their Improvement Plans.

The reasons for setting this objective

- 29 Welsh Improvement Authorities are required by the Local Government (Wales) Measure 2009 to make arrangements for securing continuous improvement in the exercise of their functions, including in providing services. Among other things, the 2009 Measure specifically requires authorities to develop Improvement Plans for each financial year. Such plans are significant in the development of local government services. Undertaking audit work to assess whether authorities have performed the General Equality Duty in making such plans⁹ should therefore be a useful means of ensuring the objectives of the Duty are met in the course of the development of local government services, so, indirectly, helping to eliminate discrimination, promote equality of opportunity and foster good relations.

⁸ County councils, county borough councils, national park authorities and fire & rescue authorities.

⁹ In developing Improvement Plans, authorities must have regard to fairness (as defined in section 4 of the 2009 Measure) as an aspect of improvement. Improvement in terms of fairness is achieved if disadvantages faced by particular groups in accessing, or taking full advantage of, services are reduced. Regard to fairness therefore by definition substantially overlaps with the General Equality Duty.

Steps to be taken and timetable

- 30 Wales Audit Office staff will continue to use internal 2009 Measure work guidance for considering whether improvement authorities have adequately taken the General Equality Duty into account in their arrangements to secure continuous improvement, including in the development of their Improvement Plans.
- 31 Relevant Wales Audit Office staff will review the effectiveness of Auditor General guidance and in 2015 and update it accordingly.

Who this objective is aimed at

- 32 This objective potentially covers all protected characteristics, albeit indirectly, as improvement plans cover most, if not all, improvement authority services.

How we will monitor our progress

- 33 Internal quality review arrangements will examine records in respect of a sample of improvement authorities in each year in order to check whether the Measure work has examined the extent to which the improvement authorities have performed the General Equality Duty in making their arrangements to secure continuous improvement. The results of internal quality reviews will be taken into account in annual progress reporting.

Auditor General Objective 4

In undertaking financial audit work, including grant certification, the Auditor General and Wales Audit Office staff and contractors will consider whether any of the information reviewed indicates significant failures to perform the General Equality Duty on the part of audited bodies, and will provide feedback on this on an exception basis (i.e. where there appears to be a problem) to those bodies.

The reasons for setting this objective

- 34 Financial audit is in essence a matter of systematically checking whether financial statements (accounts) give a true and fair view¹⁰ of the financial affairs of audited bodies. While financial audit does not have a direct bearing on the quality and extent of public services, it is the most fundamental means of ensuring that public money is looked after and used properly. It is fundamental to ensuring good public administration, and it is the largest element of the organisation's business, with over half of Wales Audit Office staff engaged in it. Accordingly, it is appropriate that auditors perform the General Equality Duty in the course of their work, even though the opportunities for helping eliminate discrimination, promoting equality of opportunity and fostering good relations in terms of audited bodies' services will usually be limited due to the particular nature of the work.

¹⁰ Or in the case of cash accounts, that the accounts "properly present"

Steps taken, to be taken and timetable

- 35 Wales Audit Office staff have already included a step in the financial audit recording system (TeamMate) and related guidance that requires auditors to consider what can and should be done in the context of the audit to meet the General Equality Duty. This includes considering whether it is apparent from examination of the controls and transactions of the audited body that the body is engaging in unlawful discrimination. It also includes a requirement to provide feedback to the body in a form appropriate to any findings.
- 36 By July 2014, the Auditor General will issue updated guidance to auditors to provide greater clarification of what information should be considered and how feedback should be given. This will take account of the experience of high-profile public interest reports made by the appointed auditor for Pembrokeshire County Council and Carmarthenshire Council in 2014 that included coverage of failure to perform the General Equality Duty.

Who is this objective aimed at?

- 37 This objective potentially covers all protected characteristics, albeit indirectly.

How will we monitor our progress

- 38 Internal quality review arrangements will examine a sample of TeamMate files in order to check whether the TeamMate step has been properly applied. The results of internal quality reviews will be taken into account in annual progress reporting.

Auditor General Objective 5

Improve the extent and quality of information, such as external feedback, that the Auditor General and Wales Audit Office staff and contractors gather regarding how their work contributes or could contribute to performing the General Equality Duty.

The reasons for setting this objective

- 39 As mentioned under Auditor General objective 1, audit work is potentially influential in changing the policies and practices of public bodies. It is also apparent, however, from review of impact measurement information that the organisation holds little in the way of information that provides evidence of the impact of Auditor General work in terms of performance of the General Equality Duty. It is therefore appropriate to seek to improve the extent and quality of such information.

Steps to be taken and timetable

- 40 As mentioned under Auditor General objective 1, the Auditor General and Wales Audit Office staff will hold an “open house” event in 2014, and will take that opportunity to seek feedback from representatives of protected groups on how individual pieces of work, where relevant, have addressed the needs of protected groups. This will be done each year from 2014 as part of engagement with such representatives regarding the forward programme. Wales Audit Office staff will compile a summary of relevant feedback and other compliance information each year.

Who this objective is aimed at

- 41 This objective potentially covers all protected characteristics. Coverage in terms of any particular project will depend upon the nature of the project.

How we will monitor our progress

- 42 Internal quality review arrangements will examine a sample of completed post project learning reports in order to check whether available information has been considered and recorded. The results of internal quality reviews will be taken into account in annual progress reporting.

The Equality Objectives of the Wales Audit Office

Wales Audit Office Objective 1

In procuring and monitoring externally sourced professional services, the Wales Audit Office will work to ensure that firms perform the General Equality Duty in the course of relevant work¹¹

The reasons for setting this objective

- 43 As well as employing staff, the Wales Audit Office may procure professional services (e.g., from accountancy firms) to assist the Auditor General to deliver audit work. Currently, firms undertake some 30 per cent of financial audit work falling within the Auditor General's responsibilities, and some 13 per cent of performance audit work. If the General Equality Duty is to be performed across the range of Welsh public audit, it is important that the Wales Audit Office makes arrangements to ensure that firms perform the Duty in the course of such work.

Steps to be taken and timetable

- 44 By 31 March 2015, the Wales Audit Office will introduce new contracts for externally sourced professional services, and these will include specific requirements for firms to perform the General Equality Duty in the course of work undertaken on behalf of the Auditor General.
- 45 We expect this objective to be met from April 2015.

Who this objective is aimed at

- 46 This objective covers all protected characteristics, albeit indirectly.

How we will monitor our progress

- 47 Annual quality review arrangements will examine samples of audits and other projects completed by firms in order to check whether the supplier has made arrangements to perform the General Equality Duty. The results of the quality reviews will be fed back to suppliers, and in significant cases will result in remedial measures under contract. The results will also be taken into account in annual progress reporting.

¹¹ In this plan, the term firm includes firms appointed as auditors of local government bodies. Relevant work means the exercise of functions on behalf of the Auditor General, on behalf of any auditor appointed by the Auditor General and in any appointed auditor capacity.

Wales Audit Office Objective 2

Improve the quality and extent of Wales Audit Office workforce information in respect of the protected characteristics and use this information so as to perform the General Equality Duty.

The reasons for setting this objective

- 48 It is necessary to collect and analyse workforce information in respect of the protected characteristics in order to meet the specific public sector duties (the Welsh Equality Regulations) and so tackle any workforce discrimination and promote equality of opportunity. The Wales Audit Office holds reasonable information in relation to most protected characteristics of Wales Audit Office staff. In terms of religion and sexuality, however, there are significant gaps.

Steps taken, to be taken and timetable

- 49 The Wales Audit Office will use the updated and more comprehensive information collected in 2013 to re-perform the provisional pay gap analyses undertaken in early 2012 and to undertake further analyses to investigate whether any groups are subject to unwarranted discrimination. Such analyses will be completed by 30 November of each year. The Wales Audit Office will publish a summary of the updated workforce information as required by the Regulations.
- 50 The Wales Audit Office will also by May 2014 analyse staff views collected in March 2014 on whether there are ways in which it could better perform the General Equality Duty, such as by addressing working conditions that impede the advancement of equality of opportunity.

- 51 By 30 April 2015, the Wales Audit Office will conduct an updated equality monitoring information gathering exercise. (The response rate increased from 63 per cent in 2012 to 65 per cent in 2013.) It will repeat this exercise from time to time thereafter.

Who this objective is aimed at

- 52 This will cover all protected groups represented within the Wales Audit Office workforce.

How we will monitor our progress

- 53 The Board will monitor the progress of the equality survey in terms of meeting the timetable and the overall quality of the resulting information. A further check on the quality of the survey mechanisms and anonymised results will be obtained through feedback from the Wales Audit Office's Equality Interest Group.

Wales Audit Office Objective 3

Identify further appropriate means of addressing any unjustifiable gender pay differences (and any other unjustifiable pay differences in relation to characteristics) within Wales Audit Office pay bands.

The reasons for setting this objective

- 54 The Auditor General's 2012 Strategic Equality Plan contained an objective to remove significant gender pay differences within pay bands through the continued application of pay alignment arrangements based on a job evaluation exercise. Under the arrangements all staff in post at or before 1 April 2009 move incrementally up or down to a target pay level by 1 April 2015 (with the exception of staff who would be due to move up but have not obtained a satisfactory performance rating in the prior year). Overall,

this results in a situation where staff who have been assessed as underpaid in relation to their responsibilities, skills and experience have their pay increased, and those who have been assessed as overpaid have their pay frozen for four years and if necessary reduced over a further period of two years. These arrangements should therefore over the period to 1 April 2015 help eliminate differences in pay that are not justifiable in terms of responsibility, skills and experience.

- 55 Modelling of the effect of those arrangements for 2014-15, however, indicates that while they have reduced some pay differences, the continued application of those arrangements at the present time will not remove remaining gender pay differences within most bands. This is partly because of an increase in the pay rates at the tops of the bands. Therefore the alignment arrangements will still apply, it seems appropriate to try to identify other means of addressing gender pay differences within bands.

Steps taken, to be taken and timetable

- 56 The Wales Audit Office will undertake research to identify further means of addressing gender pay differences, and it will review its pay policy with a view to incorporating changes that help address gender pay differences.
- 57 This objective is to be met in terms of completing research and amending pay policy by 1 April 2015.

Who is this objective aimed at?

- 58 The focus of this objective is sex (gender pay differences), but the steps outlined above should also address pay differences in respect of other characteristics.

How will we monitor our progress

- 59 Progress to reduce gender pay differences (and other characteristic pay differences) will be assessed through further gender and other characteristic pay analyses in each year.

Wales Audit Office Objective 4

Seek to address structural gender pay differences (and other structural pay differences in relation to characteristics) caused by recruitment and promotion arrangements, and ongoing working conditions.

The reasons for setting this objective

- 60 The Wales Audit Office gender pay analysis indicates that an overall gender pay difference in the organisation continues to arise from a preponderance of women in support, junior and trainee roles and a preponderance of men in senior management roles. The pattern is, however, somewhat less marked than in 2012, and the analysis indicates that the improvement is in part attributable to the progression of modest but significant numbers of women from junior and trainee roles to middle seniority roles since 2012. Nevertheless, it is appropriate to continue to work to ensure that current recruitment and promotion arrangements, terms and conditions and working practices are not unduly discriminatory.

Steps taken, to be taken and timetable

- 61 In order to identify problems in recruitment and promotion arrangements, terms and conditions and working practices, the Wales Audit Office will by May 2014 analyse the views of staff collected in March 2014. Using such views of staff, it will review relevant HR policies with a view to amending them by 1 April 2015 so that any undue discriminatory effects are eliminated as far as practicable within the constraints of business needs.

62 This objective is to be met by 1 April 2015.

Who this objective is aimed at

63 While the focus of this objective is sex (gender pay differences), the mechanisms outlined above should also address pay differences in respect of other characteristics.

How we will monitor our progress

64 Progress to reduce gender and other pay differences will be assessed through further pay analyses in each year.

Wales Audit Office Objective 5

Seek to foster good relations between Wales Audit Office staff sharing relevant protected characteristics and those that do not by providing senior staff “allies”.

The reasons for setting this objective

65 Feedback from the Wales Audit Office Equality Interest Group continues to indicate that some staff from protected groups do not necessarily trust the organisation to treat them fairly, though there are signs of improvement. There is therefore a continuing need for measures to increase the level of trust, as well as working to ensure fair treatment.

Steps to be taken and timetable

66 The Wales Audit Office has continued the Auditor General’s initiative to designate certain senior staff as equality “allies”. These have been joined by a Non-Executive Board Member. Allies are intended to be confidants for people with protected characteristics to raise concerns with. They also use their influence within the organisation to foster a culture where people can be themselves. This involves such things as offering to meet staff sharing a relevant protected

characteristic individually or in a group so as to find out about their experiences and concerns and then using that information on a confidential basis to press for beneficial changes in working practices.

67 This objective is ongoing but the effectiveness of allies will be reviewed by December 2015.

Who this objective is aimed at

68 This objective covers all protected characteristics.

How we will monitor our progress

69 The Wales Audit Office Board will review the effectiveness of the allies by December 2015 by, among other things, seeking the views of the Wales Audit Office’s Equality Interest Group.

Our Equality Impact Assessment Arrangements

70 To help ensure that the Auditor General's external work and the Wales Audit Office's internal policies and practices help tackle discrimination, promote equality of opportunity and foster good relations in relation to people with protected characteristics, we will continue to use and develop the arrangements established by the Auditor General in 2012 for assessing the impact of relevant new policies. These arrangements will also continue to apply to relevant existing policies that are being revised.

The essence of our equality impact assessments

71 Assessing the likely impact of proposed policies on the ability to perform the General Equality Duty entails considering relevant evidence in order to identify the likely impact of policies and practices on persons with the protected characteristics set out in the Equality Act 2010. Assessment includes:

- a identifying whether the policy or practice unlawfully discriminates;
- b identifying any adverse impacts on persons with protected characteristics;
- c considering how the policy or practice could better advance equality of opportunity;
- d considering whether the policy or practice will affect relations between different groups.

72 To perform the General Equality Duty, the Auditor General and Wales Audit Office must have 'due regard' (i.e. give appropriate weight) to the results of such assessments. This requires us to consider taking action to address any issues identified, such as addressing negative impacts, where possible.

Our approach to equality impact assessment

73 We have adopted a graded approach to equality impact assessment. This graded approach helps ensure that those policies that are significant in their relevance to performance of the General Equality Duty are assessed in a meaningful way, while helping ensure that resources are not consumed by unnecessary consideration of policies that are of little or no relevance.

74 Policies are considered for selection for assessment by policy authors themselves using a standard form. Where authors consider their draft policy should be assessed, they perform the assessment, again using a standard form. The Wales Audit Office Compliance section also operates identification procedures so as to help ensure that relevant policies that are being developed are identified and, where appropriate, assessed. Policy authors are also required to send completed selection and assessment forms to the Compliance section for review and recording. All staff are requested to inform the Compliance section of any policies they consider may be substantially relevant to the General Equality Duty and which they feel should be considered for assessment but believe have not been assessed. Staff may also raise concerns with the Wales Audit Office Equality Interest Group, which may raise them with the Compliance section on their behalf.

75 To minimise unnecessary work, such as extensive revision of draft policies, the authors of policies are required to take account of the General Equality Duty at the outset of designing or revising any policy. If the Compliance section finds that an author has not considered whether an assessment should be done, and, if applicable,

not done an assessment, the Compliance section may require these to be done. The Compliance section may in any event decide to undertake a review and assessment in place of those done by the author. The Compliance section will take account of any views raised by the Wales Audit Office Equality Interest Group in deciding whether to undertake reviews and assessments.

- 76 If the Compliance section determines that a policy is particularly significant, the assessment will be done by an Equality Impact Assessment Panel (EIAP) convened by the Compliance section. The EIAP will consist of three or four members, including, in the case of policies that relate to staff, a representative of the Wales Audit Office's Equality Interest Group, the author of the policy, a chair from the Compliance section and, if necessary, another member with relevant subject knowledge.

Action and monitoring following assessment

- 77 The authors of policies are required to make arrangements for putting into effect any actions identified as necessary by the assessments. Such actions include arrangements for collecting information to enable the Wales Audit Office to monitor the impact of policies and procedures. The relevant Wales Audit Office committees or persons responsible for approving policies must ensure that such arrangements are adopted and that the Compliance section is notified accordingly.

Reporting on assessments

- 78 Where an assessment of a proposed policy shows that the likely impact on the Wales Audit Office's ability to perform the General Equality Duty is substantial (regardless of any diminution of impact that would occur on the implementation of changes to the policy identified in the assessment), the Wales Audit Office will publish a report in respect of the assessment. Compliance will compile such reports in accordance with statutory requirements drawing on the relevant completed assessment and selection forms.

Promoting knowledge and understanding of the Equality duties amongst our staff

- 79 During 2012, the Auditor General provided all staff with equality legislation awareness training. This included an “electronic learning package” requiring some 3.5 hours to complete, developed in association with Estyn, Care and Social Services Inspectorate Wales and Healthcare Inspectorate Wales. We intend to develop an updated package for new starters in 2015 and a refresher package for existing staff. Specific training in conjunction with ACAS was also provided in 2012-13 in relation to undertaking equality impact assessments in accordance with the Wales Audit Office’s arrangements.
- 80 We are also developing specific training for each part of our business so that, for example, performance auditors are fully aware of what they should do to engage with representatives of groups with protected characteristics in the design of value for money work (see Auditor General objective 2). We plan to roll such training out in 2014-15.

Annex: Gender Pay Equality Plan

Gender Pay Analysis

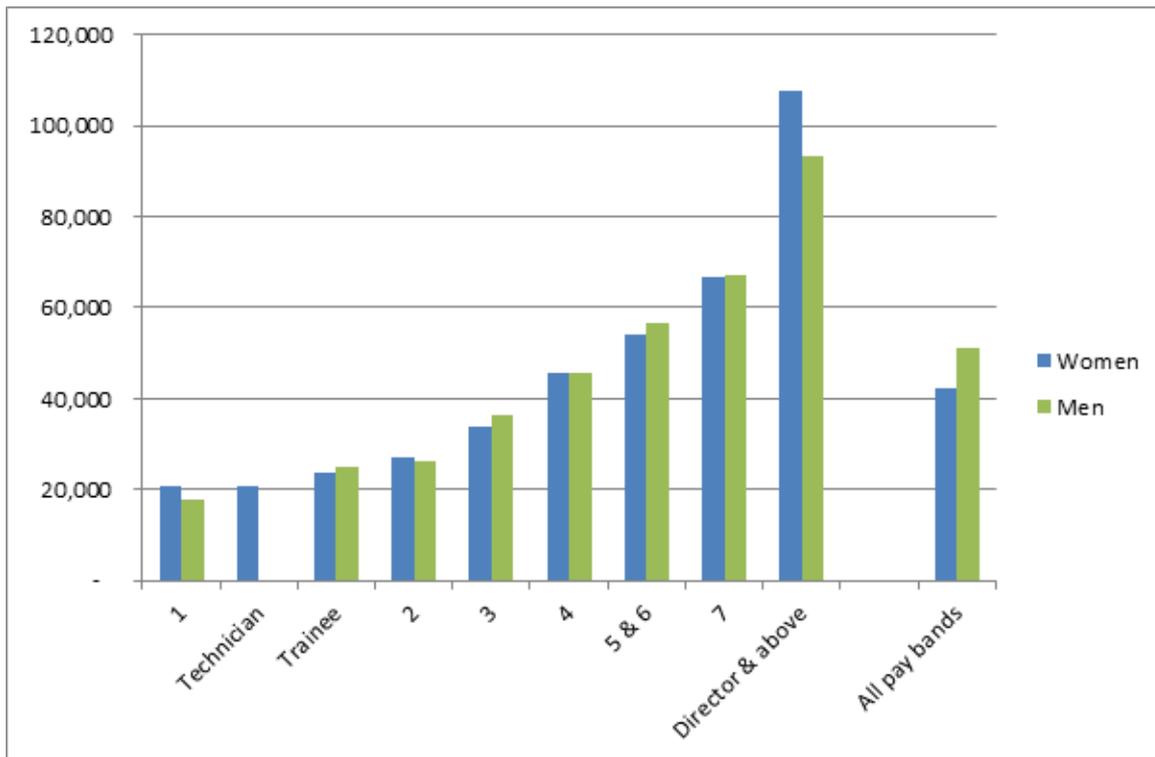
- 1 The Welsh Regulations specifically require us to publish an action plan setting out any policy to address gender pay differences. This annex outlines an analysis of pay in terms of gender, together with the Wales Audit Office policy to address the causes of gender pay differences. The Wales Audit Office's gender pay equality objectives are objectives 3 and 4 of the Strategic Equality Plan.
- 2 We have updated the 2012 analysis of pay by gender using payroll information and other remuneration information held by our HR department as at 21 February 2014. For the purposes of equal pay legislation, pay includes benefits-in-kind. We have therefore taken account of items such as lease car allowances.
- 3 Our analysis shows that within most pay bands there is a small pay gap, with women paid a few percent less than men ([exhibits 1 and 2](#) below). At each end of the pay distribution—i.e. band 1 and directors—there is a significant inverse pay gap, with women paid some 15 per cent more than men. In the case of band 1, the increase in the inverse gap illustrates how in bands containing relatively small numbers of individuals, marked changes can arise from changes such as the recruitment of new individuals, with those individuals starting on the bottom of the band.
- 4 The overall pay gap is, however, -17 per cent, i.e. the average remuneration of women across the whole organisation is 17 per cent lower than the average remuneration of men. This is smaller than the overall gap identified in January 2012, which was -22 per cent.

Exhibit 1 - Average total full-time equivalent remuneration by gender and differences (pay gap) as at February 2014 (with January 2012 in red italics)

Pay band	Women's average remuneration (£)	Men's average remuneration (£)	Remuneration gap (£ – negative if women paid less)	Remuneration gap as % of male (negative if women paid less)
1	20,705 <i>19,554</i>	17,782 <i>18,511</i>	2,923 <i>1,043</i>	16% <i>6%</i>
Technician	20,715 <i>n/a</i>	n/a <i>n/a</i>	n/a <i>n/a</i>	n/a <i>n/a</i>
Trainee	23,833 <i>20,395</i>	24,871 <i>24,871</i>	-1,038 <i>-3,045</i>	-4% <i>-13%</i>
2	27,064 <i>26,728</i>	26,098 <i>25,582</i>	966 <i>1,146</i>	4% <i>4%</i>
3	33,912 <i>33,844</i>	36,239 <i>35,713</i>	-2,327 <i>-1,869</i>	-6% <i>-5%</i>
4	45,523 <i>45,121</i>	45,818 <i>46,695</i>	-295 <i>-1,574</i>	-1% <i>-3%</i>
5&6	54,287 <i>54,663</i>	56,412 <i>54,732</i>	-2,125 <i>-69</i>	-4% <i>0%</i>
7	66,710 <i>63,671</i>	67,254 <i>66,149</i>	-544 <i>-2,478</i>	-1% <i>-4%</i>
Director & above	107,855 <i>105,485</i>	93,530 <i>91,035</i>	14,325 <i>14,450</i>	15% <i>16%</i>
All pay bands	42,417 <i>41,358</i>	51,007 <i>52,875</i>	- 8,590 <i>-11,517</i>	-17% <i>-22%</i>

(Please note that the -17 per cent difference across all pay bands is not an error. The difference across all pay bands is larger than the differences in particular pay bands because of the pattern of gender distribution across pay bands, as set out in paragraphs 3 and 4.)

Exhibit 2 - Average total remuneration of men and women by pay band (21 February 2014)



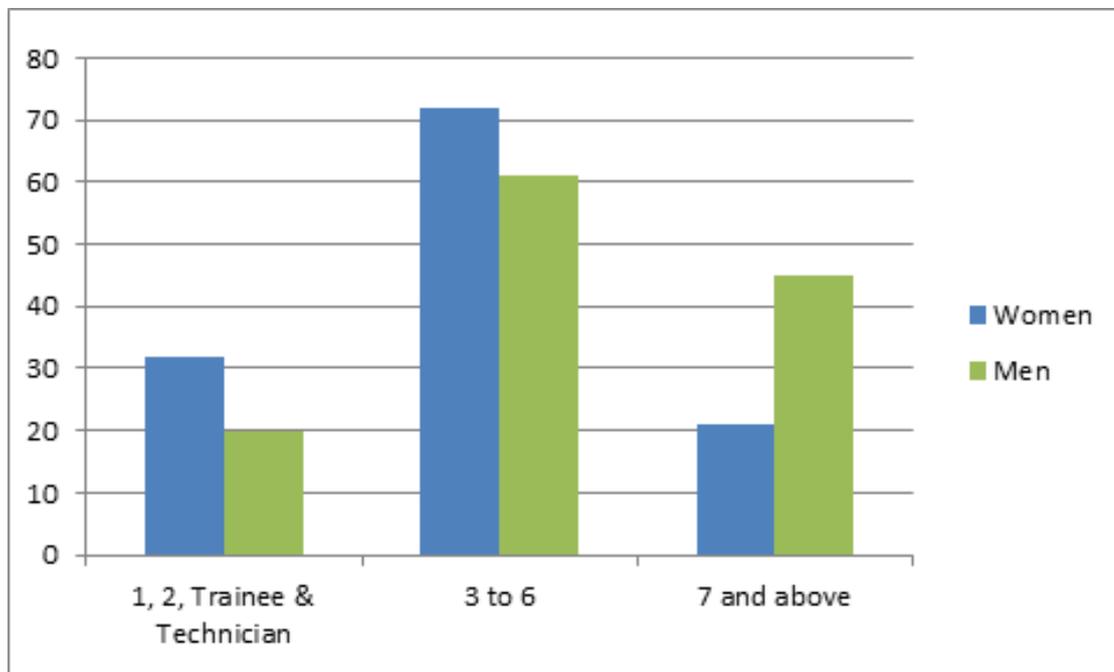
5 To help explore the causes of this difference, we have also considered the distribution of men and women across Wales Audit Office pay bands. As exhibits 3 and 4 below shows, there is a greater number of women than men in support and junior roles (band 1 etc) and a greater number of men than women in senior management roles.

6 The distribution of women and men across pay bands is therefore the main immediate explanation of the overall pay gap in the Wales Audit Office. It is not, however, in itself a cause of the pay gap. The underlying causes appear to include job segregation, i.e. where a particular gender dominates a particular role, which itself may be caused by the effects of family and caring roles or stereotyping, and the inherited effects of past employment practices, predating the establishment of the Auditor General. We have not found any evidence to suggest that the Wales Audit Office operates any policy that causes the pay gap.

Exhibit 3 - Gender distribution in Wales Audit Office pay bands (with 2012 shown in red italics)

Pay band	Number of women	Number of men	Women in bands as per cent of all staff	Men in band as per cent of all staff
1, 2 & trainee	32	20	13%	8%
	<i>39</i>	<i>11</i>	<i>17%</i>	<i>5%</i>
3 to 6	72	61	29%	24%
	<i>60</i>	<i>57</i>	<i>25%</i>	<i>24%</i>
7 & above	21	45	8%	18%
	<i>22</i>	<i>48</i>	<i>9%</i>	<i>20%</i>

Exhibit 4 - Distribution of men and women in pay bands (numbers at 21 February 2014)



- 7 The decline in the overall pay gap from -22 per cent to -17 per cent between 2012 and 2014 is in part attributable to the pay alignment policy adopted by the Auditor General (objective 8 of the Auditor General's 2012 Strategic Equality Plan). It is also in part attributable to the progression of modest but significant numbers of women from junior and trainee roles to middle seniority roles since 2012 (which more than compensates for a very small decline in the number of women in band 7). Further progress, however, needs to be made.

Equal pay policies and objectives

- 8 Our Equality & Diversity Policy states that it is the aim of the Wales Audit Office is to ensure that no employee receives unfavourable treatment on the grounds of gender (among other characteristics). To further address gender pay differences we are continuing to pursue specific pay objectives—see Wales Audit Office objectives 3 and 4.
- 9 While the focus of this annex is gender pay differences, we also hold and are analysing pay data relating to all protected characteristics. Where meaningful analysis and publication are practicable without breaching the Data Protection Act 1998, we will report the results, alongside any subsequent action, in our annual progress report.