

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Interim Report

An assessment of progress  
made against our 2015-16  
Annual Plan during the  
period 1 April 2015 to  
30 September 2015



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU



# Interim Report

This Interim Report covers the period from 1 April 2015 to 30 September 2015 and has been jointly prepared, and is laid before the National Assembly for Wales, by the Auditor General for Wales and the Chair of the Wales Audit Office, in accordance with the requirements of the Public Audit (Wales) Act 2013.

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

- the exercise of the functions of both the Auditor General and the Wales Audit Office has been consistent with the Annual Plan prepared for 2015-16 under section 25 of the Public Audit (Wales) Act 2013; and
- progress has been made to achieve the priorities set out in the Plan.

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

This Interim Report describes, for the period 1 April 2015 to 30 September 2015, the progress we have made towards:

- delivering the Auditor General's planned programme of audit work for 2015-16;
- achieving our priorities for the three-year period 2015-2018; and
- achieving our key performance measure targets.

Over the last six months, there has been no need to deviate significantly from the work programmes laid out in our Annual Plan for 2015-16. Nearly all planned work has either been delivered, or is progressing to plan, which is a credit to the professionalism, dedication and hard work of the staff of the Wales Audit Office.

We have also made good progress towards achieving our three-year priorities and newly-introduced key performance measure targets, which are aimed at enhancing the effectiveness of public sector audit in Wales.

However, we do not intend to rest on our laurels. We are now focused on continuing this momentum for the remainder of 2015-16 and beyond to ensure our work adds maximum value to the Welsh public sector and the people of Wales.

**Huw Vaughan Thomas**  
Auditor General for Wales

**Isobel Garner**  
Chair, on behalf of the Wales Audit Office

# Contents

During the period 1 April 2015 to 30 September 2015, the exercise of the functions of the Auditor General for Wales and Wales Audit Office has been consistent with our 2015-16 Annual Plan	6
We are continuing to make good progress towards achieving our three-year priorities and key performance measure targets	8
Appendix 1 - Detailed information on the programmes of work carried out by the Auditor General and the Wales Audit Office from 1 April 2015 to 30 September 2015, consistent with our Plan	9
Appendix 2 - Commentary on the progress we have made during the reporting period towards achieving each of our three-year priorities	15
Appendix 3 - A full assessment of progress made in the first half of 2015-16 towards achieving each of our key performance measure targets	25

# During the period 1 April 2015 to 30 September 2015, the exercise of the functions of the Auditor General for Wales and Wales Audit Office has been consistent with our 2015-16 Annual Plan

There has been no need to deviate significantly from the planned work programmes of the Auditor General and Wales Audit Office for 2015-16. Nearly all planned work has either been delivered, or is progressing to plan.

**See Appendix 1 – Detailed information on the programmes of work carried out by the Auditor General and the Wales Audit Office from 1 April 2015 to 30 September 2015, consistent with our Plan**

Some highlights are:

- audits of the accounts of over 800 public bodies, and providing timely audit opinions on the 2014-15 accounts of all NHS, central government and principal local government bodies;
- improvement audits and assessments of 28 local government bodies, and the publishing of 20 annual improvement reports;
- certification work on local government grant schemes worth approaching £3 billion and involving around 450 individual claims, and of European structural fund claims from the Welsh Government and its sponsored bodies worth around £300 million;
- a rolling programme of local government and NHS studies, and the publishing of three national reports;
- local performance audit work and structured assessments at all 10 NHS bodies, and the publishing of a comparative picture of orthopaedic services report for each local health board;
- an ongoing programme of value for money studies and reactive examinations that delivered six outputs during the period for consideration by the Public Accounts Committee;
- a programme of good practice work that included the delivery of four shared learning seminars, three shared learning webinars and a good practice guide on staff involvement and engagement; and
- a programme of joint working activity that included working closely with the other UK audit agencies and with the other main external review bodies in Wales to enhance the collective impact of our work.

In the Plan we indicated that the programme of work undertaken for consideration by the Public Accounts Committee retains a degree of flexibility to respond to changing circumstances, priorities and risks, and that the plans for certain value for money studies were under review.

The Auditor General has since informed the Public Accounts Committee that in the short-term, the development of a new Picture of Public Services report will take priority over a planned study on early intervention and behaviour change. The Picture of Public Services report will include some commentary on the theme of early intervention and behaviour change and further work in this area is now being taken forward as part of our good practice programme.

Looking further forward, the Auditor General is also reviewing plans for a study on Welsh Government interventions in local government, in light of the Welsh Government-commissioned review of the Anglesey intervention and to take into account any wider implications arising from the local government reform programme.

In addition, over the past few months the Auditor General has discussed with the Public Accounts Committee and the Welsh Government topics that he is considering commencing as value for money studies over the coming 12-month period.

# We are continuing to make good progress towards achieving our three-year priorities and key performance measure targets

As of 30 September 2015 we are on track to achieve each of the 37 three-year priorities set out in the Plan. However, the Auditor General's new duty under the Well-being of Future Generations (Wales) Act 2015 has resulted in a need for us to rethink our central government audit work priority focused on publishing an annual overview report on the results of audit work undertaken within the central government sector.

## **See Appendix 2 – Commentary on the progress we have made during the reporting period towards achieving each of our three-year priorities**

The overall position at 30 September 2015 in terms of our 35 key performance measures can be summarised as follows:

- We have achieved our targets for 15 of the measures.
- We have substantially exceeded our targets for two measures: I1 (Proportion of recommendations or proposals for improvement that are fully accepted for implementation by audited bodies) and C2 (Proportion of media articles published about our work that have positive or neutral sentiment).
- Data for measure I2 (Value of potential savings identified through our work) will be collated during the last quarter of 2015-16.
- We are yet to commence data collection against two of the impact measures: I4 (Proportion of stakeholders who said that, through our work, they gained useful insight that they would not have acquired otherwise) and I5 (Proportion of stakeholders who believe our work has led to improvements in the provision of public services). We will be collecting data as planned via a stakeholder engagement exercise scheduled to be carried out in the second half of 2015-16.
- For the remaining 17 measures where the target has yet to be achieved, the associated risk has been assessed as low for nine of the measures, medium for a further seven of the measures, and high for the remaining measure: E4 (Proportion of our total waste produced that is reused, recycled or composted).

We have set out plans to achieve all remaining targets.

Current performance against the targets for the leadership and social measures L2, L3, L4 and S3, which has been measured through a recent staff 'pulse' survey, is currently a primary focus for the Board and Senior Leadership Team. We have considered how best to address the issues and concerns raised and, as part of our response, have agreed to work with our staff and trade union partners on an exercise to analyse and develop organisational engagement and trust over the next six months, taking an approach used at one of our recent Good Practice Exchange events.

Further work is also currently being undertaken, including with support from the sustainability charity WRAP and the Environment Agency, to reassess our waste monitoring methodologies and performance against our target for measure E4.

## **See Appendix 3 – A full assessment of progress made in the first half of 2015-16 towards achieving each of our key performance measure targets**

# Appendix 1 - Detailed information on the programmes of work carried out by the Auditor General and the Wales Audit Office from 1 April 2015 to 30 September 2015, consistent with our Plan

## Audit work carried out at local government bodies

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. During the reporting period, work has been undertaken on audits of accounts, certification of grant claims and returns, improvement audits and assessments, and local government studies, consistent with our Plan and in compliance with auditing and ethical standards and statutory reporting requirements. Audit opinions on the 2014-15 accounts of all principal local government bodies were provided by the statutory deadline, and 20 annual improvement reports and three national reports were published.

### Audits of accounts

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

### Improvement audits and assessments

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

### Certification of grant claims and returns

Up to 25 schemes worth approaching £3 billion and involving around 450 individual claims

### Studies completed or substantially completed

- Financial resilience of councils in Wales
- Safeguarding - governance arrangements
- Financial management and governance in community and town councils 2013-14
- Addressing health and social care demand - supporting the independence of older people
- Delivering with less - leisure services

### Ongoing studies

- Financial position and resilience (follow-up study)
- Council funding of third sector services
- The strategic approach of councils to income generation and charging for services
- The effectiveness of local community safety partnerships

## Audit work carried out at NHS bodies

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. Between 1 April 2015 and 30 September 2015, the Auditor General has provided an annual opinion on the 2014-15 accounts of each NHS body, and has reported publicly on the arrangements in place to secure economy, efficiency and effectiveness in their use of resources including through the publishing of a comparative picture of orthopaedic services report for each local health board. This work has been delivered in line with the timetable set out in our Plan and in compliance with auditing and ethical standards and statutory reporting requirements.

### Audits of accounts

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

### Studies completed or substantially completed

- Medicines management in the acute sector
- Outpatient services: follow-up appointments
- Governance arrangements at Betsi Cadwaladr University Health Board (follow-up study)

### Local performance audit work

- 7 local health boards
- 3 NHS trusts

### Ongoing studies

- IT infrastructure and capacity
- Radiology services
- NHS Consultant Contract (follow-up study)
- Hospital catering and patient nutrition (follow-up study)

### Structured assessments

- 7 local health boards
- 3 NHS trusts

## Audit work carried out at central government bodies

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. During the reporting period, the Auditor General has provided an annual opinion on the 2014-15 accounts of the listed central government bodies, consistent with our Plan and in compliance with auditing and ethical standards and statutory reporting requirements. Performance audit work has also been conducted within this sector, as part of the Auditor General's programme of value for money studies.

### Welsh Government accounts

- Welsh Government Consolidated Accounts
- Non-Domestic Rating Account
- Welsh Consolidated Fund receipts and payment account
- Whole of Government Accounts
- Approval of payments out of the Welsh Consolidated Fund

### Accounts of Welsh Government sponsored bodies

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

### 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

## Audit work undertaken for consideration by the Public Accounts Committee

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 this programme over the reporting period, which have been delivered consistent with our Plan, have supported the work of the National Assembly's Public Accounts Committee and other Assembly committees to help maximise the impact of their scrutiny inquiries. Looking forward, the Auditor General may decide to produce national summary reports of local NHS performance audit findings in a number of other areas, but the exact timing and content of these outputs are currently being confirmed.

### Value for money studies, summary reports or reactive examinations completed

- Welsh Government investment in next generation broadband infrastructure
- Regional education consortia
- Orthopaedic services
- Primary Care Prescribing – summary of local audit findings – memorandum for the Public Accounts Committee
- Governance in the NHS in Wales – memorandum for the Public Accounts Committee'
- Regeneration Investment Fund for Wales

### Ongoing value for money studies

- Picture of public services
- Welsh Government acquisition of Cardiff Airport
- Development of Natural Resources Wales
- Rail services
- Welsh Government response to audit recommendations
- Flood and erosion risk management
- Public procurement and the National Procurement Service

### Summary reports in progress

- Medicines management

### Ongoing reactive examinations

- NHS waiting lists and private practice
- Wales Life Sciences Investment Fund
- Governance review of the National Library of Wales

## Good practice work

One of the two main strands of our good practice work 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. Our other strand of activity involves facilitating conversations where the learning from comparative successes and failures is shared face-to-face. A number of outputs have been delivered from this programme over the period 1 April 2015 to 30 September 2015, consistent with our Plan, and with particular emphasis on promoting the sharing of information across organisational, geographical and international boundaries.

### Shared learning seminars delivered

- NHS waiting times
- Independence of older people
- Trust during major organisational change
- Trustees and governance of third sector activities

### Shared learning webinars delivered

- Patient experience
- Staff involvement and engagement
- Fraud and corruption

### Good practice guides delivered

- Staff involvement and engagement

### External facilitation of shared learning and community support

- Academi Wales summer school
- NHS Wales Finance Directors Network
- Good Practice Wales
- Sustainable Futures Commissioner
- Public Health Wales

## Joint working activity

Over the reporting period, the Auditor General and Wales Audit Office have continued to exercise their commitment to effective stakeholder engagement to inform the development, maximise the relevance, and extend the reach and impact of the Auditor General's work. Consistent with our Plan, we have also worked closely with the other UK audit agencies and with the other main external review bodies in Wales to enhance the collective impact of our work, and have undertaken a small amount of commissioned audit work.

### Joined up delivery

National Fraud Initiative with other UK audit agencies

Working with Estyn to undertake value for money studies of regional education 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

### 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

### Commissioned audit work

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

### 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

## Appendix 2 - Commentary on the progress we have made during the reporting period towards achieving each of our three-year priorities

### Audit work at local government bodies

Three-year planned priorities	When	Management lead	Progress commentary
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	On track. Plans have been developed for a 2015-16 assessment of local government financial health to build on the 2014-15 all-Wales overview published in April 2015. Delivery planned for the remainder of 2015-16.
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	On track. Initial work has been undertaken to better integrate planning of our 2015 work programmes. Further work is planned for the remainder of 2015-16 to further integrate plans during 2016-17. Our local government strategy group is also considering how to better integrate the annual reporting of our audit work, taking particular account of the requirements of the Well-being of Future Generations (Wales) Act and Local Government White Paper proposals.
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	On track. We have commenced work on preparing for faster closure in local government. The Welsh Government has now issued a consultation document setting out the proposed timetable for earlier closure. We have already taken account of a reducing level of grant certification in our financial and workforce planning for 2016-17 and beyond. We will shortly commence our preparations for the introduction of Universal Credit.
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	Our framework for the audit of town and community councils has now been modified, and new work in this area is due to start early next calendar year.
Examine local government bodies' preparedness and planning for reform and mergers	2016-2018	Alan Morris	Yet to commence. Our work in this area is due to start next year. Initial consideration is being given to incorporating work on preparedness for mergers into 2016-17 audit work programmes, including corporate assessments.

## Audit work at NHS bodies

Three-year planned priorities	When	Management lead	Progress commentary
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	On track. Membership has been identified for an Expert Panel that will advise on the design of the Auditor General's 2016 NHS performance audit programme.
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	On track. An updated Memorandum on Governance in the NHS in Wales was prepared for consideration by the Public Accounts Committee for its meeting in April 2015. The effectiveness of governance arrangements is now routinely monitored as part of annual structured assessment work at all ten NHS bodies, with local tailoring to focus on progress made against previously identified areas of improvement.
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	On track. Continued engagement in the tri-lateral NHS Wales protocol arrangements with both the Welsh Government and Healthcare Inspectorate Wales. Scheduled and 'ad hoc' discussion mechanisms have been operating successfully in practice, and all three parties will be jointly reviewing the effectiveness of the protocol in late 2015.
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	On track. For 2015-16 a Picture of Public Services report will replace the annual NHS finances report output. Structured assessment work at local NHS bodies will be undertaken during 2016 to support the 2016-17 NHS finances report.
Publish an audit review of the initial operation of three-year NHS integrated delivery plans	2017	Mike Usher	Yet to commence. Detailed planning and scoping for this project is due to commence in autumn 2016.

## Audit work at central government bodies

Three-year planned priorities	When	Management lead	Progress commentary
Publish an annual overview report on the results of audit work undertaken within the central government sector	2015 and each year thereafter	Mike Usher	Under review. The Picture of Public Services report will include central government sector coverage. The Auditor General's new duties under the Well-being of Future Generations (Wales) Act 2015 have led to a need to rethink this planned priority.
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	Deferred. Work on this priority will commence after the Assembly elections in May 2016.
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	On track. The 'go live' date for fiscal devolution to Wales has now been confirmed as 1 April 2018. Based on the Scottish experience, we anticipate producing an initial Auditor General written commentary in late 2016 or early 2017, with further update reports to follow as required. In the meantime, we will continue to liaise closely with both National Assembly Committees to ensure that their requirements are met.
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	On track. We have commenced discussions with both the National Audit Office and Audit Scotland on the accounting and audit implications of fiscal devolution for Wales and are receiving excellent co-operation. We also have an observer on both the Welsh Government Programme Board and the Welsh Tax Forum, and so we are privy to real-time intelligence to help inform our assessments of workforce planning and other implications.

## Audit work for consideration by the Public Accounts Committee

Three-year planned priorities	When	Management lead	Progress commentary
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	On track. Recruitment of members of a new investigative studies team is nearing completion. We have also recently engaged with our counterparts at the National Audit Office who have similar arrangements, to learn from their set up experiences.
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	On track. Our Communications Team has redesigned the look and format of our report template to improve accessibility for on-line readers. Following training for staff on 'data storytelling', we are making increased use of info graphics and social media to promote the key messages in our reports.
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	On track. Forward planning for the next performance audit cycle of work has been undertaken in Summer 2015.
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	Yet to commence. However, preparatory work is already underway to consider the optimum approach and timing.
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	Yet to commence. Work on this priority will commence after the Assembly elections in May 2016.

## Exchange of good practice

Three-year planned priorities	When	Management lead	Progress commentary
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	On track. We capture pledges to action at the end of each shared learning seminar. We are also piloting a new 'Random Coffee Trials' approach over the next six months, through which we facilitate follow-up conversations between delegates on how they are implementing pledges to action. We will assess the success of this approach at the end of the pilot.
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	On track. Examples in early 2015-16 include seminars on the Wellbeing of Future Generations (Wales) Act 2015, faster closure of accounts, governance, integration of health and social care, and trust in organisations during times of change.
Invest in developing and supporting self-sustaining 'communities of interest' to build upon the momentum generated by our good practice and shared learning activity	2015 and each year thereafter	Alan Morris	On track. Work is being undertaken with seminar partners during 2015-16 to develop communities of interest to build on the momentum generated at events. A planned national study on approaches to behaviour change across public services is going to be delivered in an innovative way using good practice methods and with a strong focus on the development of communities of practice.
Increase the proportion of audit projects that incorporate good practice and shared learning activity and outputs	2015 and each year thereafter	Alan Morris	On track. Links between the Good Practice Team and our audit teams are being strengthened and an increasing number of 2015-16 seminars are being linked to audit projects or associated work streams. Examples include faster closure of accounts, independence of older people, NHS waiting times, whistleblowing, governance, IT audit work and studies on behaviour change and interventions in local government.

## Engagement and joint working

Three-year planned priorities	When	Management lead	Progress commentary
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	On track. A review of correspondence handling was incorporated into the recently completed Corporate Services restructure project. New guidance for the public on corresponding with the Auditor General for Wales has been developed and published on our website. Revised processes to support accountabilities for handling correspondence are being implemented.
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	On track. The work of the Sector Leads is strengthening our engagement at a strategic level particularly through participation in various groups as observers. The recently established Engagement Director role is also helping to further enhance engagement with audited bodies.
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	On track. We have established an impact task and finish group which draws on staff from each part of Wales Audit Office, and have been liaising with colleagues at Audit Scotland, which has recently concluded a similar exercise, to develop our approach and maximise the impact of our work. We have also established and are in the process of implementing a new stakeholder engagement strategy.
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	On track. We have extended participation by providing NFI participants with unlimited access to the new NFI Application Checker tool during 2015-16. Application Checker is designed to help identify potentially fraudulent or erroneous applications for benefits, services or employment at the application stage by matching key application information to existing NFI datasets. Application Checker has the potential to be a highly valuable tool in fraud prevention.

Three-year planned priorities	When	Management lead	Progress commentary
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	On track. Significant developments have taken place through the Inspection Wales Programme to help improve cooperation and collaboration between the four partners. During the period we published a report on a review of regional education consortia that was undertaken jointly with Estyn, and have undertaken joint work with CSSIW on the independence of older people, and with Healthcare Inspectorate Wales in our ongoing governance work at Betsi Cadwaladr Health Board.

## Our governance and leadership

Three-year planned priorities	When	Management lead	Progress commentary
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	On track. A strategic workforce planning project is currently underway and on schedule, with external input.
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	On track. A revised performance appraisal scheme for Senior Leadership Team members has been agreed, which includes 360° feedback. Proposals for a Senior Leadership Development Programme are also currently being developed.
Monitor the evolution of our unique governance arrangements, with a view to sharing knowledge, learning and experience	2015-2018	Huw Vaughan Thomas	On track. In accordance with good practice, the Board will assess its effectiveness and that of its committees annually. To support that work, the Board has engaged consultants to undertake a Board Effectiveness Review, with the latest development workshop being held in May 2015. The purpose of the review is to help the Board optimise the collective and individual effectiveness of its members to support delivery of its strategic aims and objectives.
More effectively use external benchmarking and comparison to assess our performance and measure our success and impact	2015-2018	Kevin Thomas	On track. We have been working with the other UK audit agencies to develop our use of external benchmarking as part of a broader exercise to develop management information.

## Our use of resources

Three-year planned priorities	When	Management lead	Progress commentary
<p>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</p>	<p>2015-2018</p>	<p>Kevin Thomas</p>	<p>On track. We introduced a new travel and expenses system from 1 April 2015. Over the reporting period we have piloted and tested a more effective and integrated time recording and audit data management IT platform. The time recording element of the new IT platform went live for use by all staff at the start of October 2015, and roll out of the enhanced data management element of the platform is planned for mid-November to better support our financial audit work. Consideration is also being given to the use of cloud storage.</p>
<p>Make further arrangements to establish the Wales Audit Office as a recognised training ground for pan-public sector accountants</p>	<p>2015-2017</p>	<p>Anthony Barrett</p>	<p>A bid for additional funding to support this initiative will be included in our Estimate for 2016-17.</p>
<p>Keep a tight grip on costs, seek further efficiencies and keep fees as low as possible</p>	<p>2015-2018</p>	<p>Steve O'Donoghue</p>	<p>An efficiency and effectiveness programme has been approved by the Board, with targets set for a saving of £760,000 in 2015-16. Our year-end forecast is currently on track to achieve this.</p>
<p>Make better use of our physical and information assets to support the delivery of our objectives</p>	<p>2015-2018</p>	<p>Kevin Thomas</p>	<p>On track. Alongside implementation of the new IT platform, we have also made a decision to move offices in North Wales to reduce our overall costs, ensure better use of our office space and improve our environmental performance.</p>

Three-year planned priorities	When	Management lead	Progress commentary
<p>Demonstrate our corporate social responsibility through our work on:</p> <ul style="list-style-type: none"> <li>• improving environmental stewardship;</li> <li>• promoting a healthy lifestyle and good work-life balance amongst our staff;</li> <li>• advancing equality of opportunity, eliminating discrimination and fostering good relations; and</li> <li>• promoting use of the Welsh language and meeting the new Welsh language standards</li> </ul>	2015-2018	Kevin Thomas	<p>We secured re-accreditation at Green Dragon Level 4 in June 2015, and we are continuing to work towards achieving level 5.</p> <p>We are delivering a range of wellbeing awareness events over the course of the year, and work is in hand to develop health screening arrangements.</p> <p>An accessibility audit of our website was undertaken during April 2015 with a view to gaining accreditation, and physical access audits have recently been undertaken at our three main offices. More effective external engagement arrangements have been established with the Equality and Human Rights Coalition facilitated by the WCVA.</p> <p>A Task and Finish Group has been established to coordinate the development of a linguistic skills strategy. Regular basic Welsh training courses are now available to staff. A full-time Welsh Language Officer was appointed in June 2015 as part of the Corporate Services restructure project.</p>

# Appendix 3 - A full assessment of progress made in the first half of 2015-16 towards achieving each of our key performance measure targets

## Impact

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

No.	Measure description	Target	Performance at 30 Sep 2015	Commentary
11	Proportion of recommendations or proposals for improvement that are fully accepted for implementation by audited bodies	90 per cent	98 per cent	349 recommendations or proposals for improvement were made during the reporting period, of which 342 were fully accepted for implementation by audited bodies.
12	Value of potential savings identified through our work	At least £6 million in 2015-16	Not available	No data available yet. Data on identified potential efficiency gains or future savings will be collated during the last quarter of 2015-16.
13	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	92 per cent	Latest stakeholder survey undertaken in second quarter of 2014-15. Stakeholder feedback to be sought again during fourth quarter of 2015-16.
14	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	Not available	No data available yet. Stakeholder feedback to be sought during last quarter of 2015-16.
15	Proportion of stakeholders who believe our work has led to improvements in the provision of public services	At least 80 per cent	Not available	No data available yet. Stakeholder feedback to be sought during last quarter of 2015-16.

● Low risk     
 ● Medium risk     
 ● High risk     
 ● On target

For performance measures where we are yet to achieve our targets, we have provided an assessment of the risk of us not being able to achieve the targets by 31 March 2016.

## Delivery

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

No.	Measure description	Target	Performance at 30 Sep 2015	Commentary
D1	Proportion of audit products delivered on time	95 per cent	93 per cent	Of 999 audit products delivered during the reporting period, 927 were delivered on time. The timely delivery of performance audit work has been adversely affected by a shortfall in capacity in 2014-15. 24 of the 'late' reports had been planned for delivery prior to the start of this financial year. The timeliness of performance audit reports planned for delivery within the reporting period was significantly higher.
D2	Number of national reports published	14 per annum	18	Rolling annual total. Performance has exceeded our target total. Seven national reports were published in the first half of 2015-16 which included the purdah period 1 April to 8 May 2015.
D3	Number of good practice products delivered, including seminars and webinars	20 per annum	24	Rolling annual total. We exceeded our target despite not holding or promoting any shared learning seminars during the purdah period 1 April to 8 May 2015.
D4	Proportion of audits that are delivered in accordance with required quality standards	100 per cent of annual sample	100 per cent	Latest results from our 2015 annual quality assurance review. All audits reviewed in the sample met the required quality standards.
D5	Proportion of requests to draw from the Welsh Consolidated Fund that are processed within 24 hours of receipt of required information	100 per cent	100 per cent	Data for the first half of 2015-16 as measurement commenced 1 April 2015. To be presented as a rolling annual total once sufficient data is available.

● Low risk    
 ● Medium risk    
 ● High risk    
 ● On target

For performance measures where we are yet to achieve our targets, we have provided an assessment of the risk of us not being able to achieve the targets by 31 March 2016.

## Leadership

### Are our governance and leadership arrangements operating effectively?

No.	Measure description	Target	Performance at 30 Sep 2015	Commentary
L1	Proportion of stakeholders that said they have confidence in our work	At least 90 per cent	94 per cent	Latest stakeholder survey undertaken in Q2 2014-15. Stakeholder feedback to be sought again during Q4 of 2015-16.
L2	Proportion of staff that feel they understand and are engaged with our strategic approach as set out in the Plan	At least 80 per cent	64 per cent	Results from the last staff 'pulse' survey which was run in April and May 2015, shortly after the launch of our 2015-16 Annual Plan. The Senior Leadership Team recognise that more needs to be done to engage with staff on our strategic approach. They have taken measures to prioritise engagement in the period since the survey was conducted and are committed to taking further action to improve engagement in the development and application of future Plans.
L3	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	75 per cent	Results from the last staff 'pulse' survey which was run in April and May 2015. Management is working in partnership with trade unions and Coventry University to develop a better understanding of the dynamics underpinning trust at the Wales Audit Office.
L4	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	69 per cent	Results from the last staff 'pulse' survey which was run in April and May 2015. The current level of performance is of concern to the Senior Leadership Team and will be picked up via the aforementioned trust survey work, running through Autumn 2015.
L5	Proportion of staff that feel their performance is evaluated fairly	At least 95 per cent	98 per cent	Data from employee response forms completed as part of the 2014 performance appraisal. Performance is ahead of target and aligns with implementation of a new performance appraisal approach.

● Low risk    
 ● Medium risk    
 ● High risk    
 ● On target

For performance measures where we are yet to achieve our targets, we have provided an assessment of the risk of us not being able to achieve the targets by 31 March 2016.

## Financial

### How well are we managing our finances and assets?

No.	Measure description	Target	Performance at 30 Sep 2015	Commentary
F1	Variance between actual and budgeted income as per the approved annual Estimate	Less than one per cent at year end	1.2 per cent	Based on forecast year end out-turn
F2	Variance between actual and budgeted expenditure as per the approved annual Estimate	Less than two per cent at year end	1.2 per cent	Based on forecast year end out-turn
F3	Value of aged debts over 60 days	Less than £300,000	£0.2m	Performance is attributed to increased debt chasing activity in the second quarter of 2015-16.
F4	Value of cost savings generated throughout the business	£760,000 in 2015-16	£839,000	£575,000 of savings target was identified in our 2015-16 budget. A further £264,000 of savings has been identified in our second quarter budget review, which has been used to offset income reductions.
F5	Costs including for rent and rates per whole-time equivalent	Less than £3,300 in 2015-16	£3,443	Only previously calculated at financial year end. In 2015-16 we have moved to quarterly reporting and our figures are based on current expenditure, extrapolated to a full year estimate. During the reporting period we have secured alternative North Wales office accommodation, which will further assist us in improving our space and cost efficiency. The benefits of this office move will be realised in 2016-17.

● Low risk    
 ● Medium risk    
 ● High risk    
 ● On target

For performance measures where we are yet to achieve our targets, we have provided an assessment of the risk of us not being able to achieve the targets by 31 March 2016.

## Social

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

No.	Measure description	Target	Performance at 30 Sep 2015	Commentary
S1	Average working days lost per member of staff per annum	Less than 6.5 days	7.9 days	Staff sickness absence in the last quarter of 2014-15 was affected by a number of long-term sickness absences, and is reflected in this rolling annual figure. However, significant improvements to sickness absence levels have been reported in the first half of 2015-16.
S2	Proportion of staff that feel they are able to access appropriate learning and development opportunities when they need to	At least 80 per cent	80 per cent	Results from the last staff 'pulse' survey which was run in April and May 2015. The level of performance reflects the investment made in learning and development support for staff, both in time resource (on average 10 days per WTE) and funding (around £1,000 per person).
S3	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	66 per cent	Results from the last staff 'pulse' survey which was run in April and May 2015. The Senior Leadership Team is working in partnership with trust experts at Coventry University to help us better understand the underlying dynamics that have led to this level of performance. The work will involve conducting staff interviews and focus groups across the workforce in the second half of the year.
S4	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	69 per cent	Results from the last staff 'pulse' survey which was run in April and May 2015. The Senior Leadership Team has subsequently emphasised the importance of the use of overtime and time off in lieu options when dealing with workload pressures in the busiest periods.
S5	Proportion of our outputs that are compliant with our Welsh language scheme	100 per cent	100 per cent	All external publications produced during the period were made available in a bilingual format. No complaints were received during the reporting period and as such, compliance is noted as 100 per cent.

● Low risk    
 ● Medium risk    
 ● High risk    
 ● On target

For performance measures where we are yet to achieve our targets, we have provided an assessment of the risk of us not being able to achieve the targets by 31 March 2016.

## Environmental

### How well are we managing our impact on the environment?

No.	Measure description	Target	Performance at 30 Sep 2015	Commentary
E1	Level of Groundwork Wales Green Dragon Environmental Standard accreditation	Maintain at Level 4 in 2015-16	4	Level 4 accreditation maintained (certificate June 2015). Currently working toward our overall target of Level 5 accreditation by 2016-17.
E2	Total CO <sub>2</sub> 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	270 tonnes	Data for the first half of 2015-16. This year we have moved from year-end to quarterly reporting. Our performance will be presented as a rolling annual total once sufficient data is available. We are exploring ways to minimise business travel whilst maintaining the quality and timeliness of our work.
E3	Total waste produced	Less than 60 tonnes in 2015-16	30.3 tonnes	Data for the first half of 2015-16. This year we have moved from year-end to quarterly reporting. Our performance will be presented as a rolling annual total once sufficient data is available. We are exploring ways of further reducing our waste with a view to achieving our overall target of less than 50 tonnes by 2018.
E4	Proportion of our total waste produced that is reused, recycled or composted	60 per cent in 2015-16	39.0 per cent	During the recent Green Dragon audit, it was acknowledged that we may be understating our performance. We are currently awaiting a response from the Environment Agency on our use of conversion factors, and are undertaking a review of our waste monitoring methodologies with support from WRAP.
E5	Paper consumption	Less than 2,200 reams in 2015-16	1,235 reams	Data for the first half of 2015-16. This year we have moved from year-end to quarterly reporting. Our performance will be presented as a rolling annual total once sufficient data is available.

● Low risk    
 ● Medium risk    
 ● High risk    
 ● On target

For performance measures where we are yet to achieve our targets, we have provided an assessment of the risk of us not being able to achieve the targets by 31 March 2016.

## Communication

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

No.	Measure description	Target	Performance at 30 Sep 2015	Commentary
C1	Number of page views	250,000 per annum (amended target)	99,000	Data is for the first half of 2015-16, which included the recent purdah period. The original annual target of 750,000 views was set prior to the introduction of improved website tracking at the end of 2014-15, which enables us to exclude views made internally by our staff. Performance is now being measured on this revised basis, and so the original target, which is now considered unrealistic, will be reset in accordance with the new measurement approach next year.
C2	Proportion of media articles published about our work that have positive or neutral sentiment	At least 70 per cent	99 per cent	Media coverage dipped during the purdah period. However, levels of press interest have subsequently risen, particularly following publication of our Regeneration Investment Fund for Wales and Regional Educational Consortia national reports, and our 'My Pembrokeshire' campaign. The small numbers of negative articles during the period were focused on perceived delays to publication of some national reports, and the leaked results of our staff survey.
C3	Klout score - a measure of our social media influence by analysing our Twitter account activity	Score of 45 out of 100	47	Strong levels of engagement on social media has led to us consistently exceeding the Klout score industry average of 40 – peaking at 51 during the period. We have actively looked to grow followers over recent months, leading to us being ranked within the top 0.6% of those talking about 'accounting' and ranking in the top 0.1% of those talking about the 'public sector' on both Twitter and Facebook. Alongside our national reports, a particular social media success during the period was our #careerthatcounts recruitment campaign.
C4	Number of attendees at our shared learning seminars	600 per annum	444	Rolling annual figure. We did not hold or promote any shared learning seminars during the purdah period 1 April to 8 May 2015. During the reporting period, we held two specialist but lower attendance seminars on NHS waiting times.
C5	Number of instances where our staff are invited to present audit learning at externally hosted conferences and events	25 per annum	10	Data is for the first half of 2015-16. Speaking engagements covered a broad range of our work. Topics included explaining changes to the 2015-16 audit arrangements for community councils at the One Voice Wales conference, explaining our take on medicines management to the NHS community, and presenting our audit work on procurement to audit colleagues from across Europe at the EURORAI seminar in St Petersburg.

● Low risk    
 ● Medium risk    
 ● High risk    
 ● On target

For performance measures where we are yet to achieve our targets, we have provided an assessment of the risk of us not being able to achieve the targets by 31 March 2016.

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