Archwilio Cymru
Audit Wales

# Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2027

October 2025

Jointly prepared and laid before the Senedd under Section 20(1) of the Public Audit (Wales) Act 2013

**Ian Rees**
Chair, Wales Audit Office

**Adrian Crompton**
Auditor General for Wales

Audit Wales
1 Capital Quarter
Tyndall Street
Cardiff CF10 4BZ

For each financial year, Section 20 of the Public Audit (Wales) Act 2013 requires the Auditor General and the Wales Audit Office jointly to prepare an estimate of the income and expenses of the Wales Audit Office and to lay that estimate before the Senedd at least five months before the beginning of the financial year to which it relates.

In accordance with Section 20 of the Act, each estimate must cover (amongst other things) the resources required by the Auditor General for the exercise of his statutory functions.

The Finance Committee of the Senedd may make any modifications to the estimate which it considers appropriate, but no modification can be made unless:

- The Auditor General and the Wales Audit Office have been consulted; and
- any representations that either may make have been taken into account.

The Welsh Ministers must each year move a motion in the Senedd under Section 125 of the Government of Wales Act 2006 that includes authorisation of the resources to be used (including accruing resources) and payments to be made by the Wales Audit Office. This Estimate sets out the amounts to be included in respect of the Wales Audit Office.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

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# Foreword

Audit Wales exists to give the Senedd and the people of Wales confidence in a high-performing and accountable public sector. It provides transparency and accountability for taxpayers and their elected representatives. It provides public bodies with accurate and reliable financial information with which to plan and manage their services and finances effectively.

Our value for money work is vital to robust parliamentary accountability through the Senedd Public Accounts & Public Administration, Finance and other Committees. We audit the accounts and governance of over 850 public bodies across Wales, providing the principal means of assurance about how public money in Wales is being managed from the Welsh Government itself to the smallest community council, through almost every area of public service delivery.

Public audit provides the Senedd, public bodies and the public with independent assessment of the use and management of public money and early warning of problems. When the quality or timeliness of audit reduces, the risks of waste, fraud, and mismanagement increase.

The Cabinet Secretary for Finance and Welsh Language set out the challenges for public sector spending in Wales in his letter of 11 July 2025 – setting out the 3 year resource settlement for the Welsh Government for the next 3 years and the substantial and growing pressures on the costs of delivering key public services.

We recognise this pressure on the public finances. Indeed, it is that pressure that makes the work of Audit Wales all the more essential. The need for value for money from every pound of public spending, and for trusted, timely assessment of the state of financial management and governance in the Welsh public sector, has never been greater. It is the responsibility of the Auditor General and the Wales Audit Office Board to make clear to the Senedd what is needed to provide that through a strong, sustainable, independent public audit office. Without such an office, the risk of failing to make best use of those scarce resources is greatly increased. And the cost to the public purse of the weaknesses that quickly arise as a result, far outweigh the cost of maintaining a properly resourced, high quality public audit regime. The total cost of delivering the independent assurance and insight of Audit Wales represents a little over 1 penny for every £10 spent on devolved public services in Wales.

A recent report by the Audit Reform Lab discusses the breakdown of public audit in England and the significant costs associated with this. The report shows that public audit in Wales is in a much better and more cost effective position.

Taking all this into account, our Estimate allows for an increase in our baseline call on WCF in resource terms of 3.5%. An average increase in our fee rates of 5.3% is allowed for in the draft Fee Scheme appended to the Estimate.

Our Annual Report and Accounts for 2024-25 sets out our record of achievement for the last financial year. In April this year we laid our Annual Plan for 2025-26 at the Senedd. This Estimate secures funding for our forward priorities for 2026-27 and includes indicative funding requirements and considerations for future years. Our Annual Plan for 2026-27 will be laid before the Senedd by 31 March 2026.

We look forward to discussing our Estimate with the Finance Committee in due course.

**Ian Rees**
Chair, Audit Wales

**Adrian Crompton**
Auditor General for Wales

# Budget 2026-27

Our budget for 2026-27 is set out below and provides for:

- The audit of accounts at over 850 audited bodies for which we charge fees in line with the provisions of the Public Audit (Wales) Act 2013.
- Our performance audit work at Local Government and Health bodies for which we charge fees as above.
- National Value Examinations and Studies and Local Government Studies.
- Work to explore themes arising from our accounts work.
- Support for our response to issues brought to our attention by members of the public and their elected representatives.
- Our Pan Wales financial training programme.
- Participation in the National Fraud Initiative, and our Good Practice Exchange.

| | 2025-26 | 2026-27 | | | | |
|---|---|---|---|---|---|---|
| | Budget 2025-26 £'000 | Pressures/ Inflation £'000 | Budget movements £'000 | Investment £'000 | Efficiencies/ Reductions £'000 | Budget 2026-27 £'000 |
| Staff costs | 24,069 | 1,301 | 150 | - | (700) | 24,820 |
| Non staff costs(cash) | 3,751 | 13 | (150) | 150 | (432) | 3,332 |
| NFI | 95 | 130 | - | - | - | 225 |
| Capital (cash) | 280 | - | - | - | (100) | 180 |
| Total Expenditure(cash) | 28,195 | 1,444 | - | 150 | (1,232) | 28,557 |
| Audit Fee income | (18,610) | | | | 119 | (18,491) |
| Net Expenditure(cash) | 9,585 | 1,444 | - | 150 | (1,113) | 10,066 |
| Depreciation & interest | 408 | 3 | - | - | - | 411 |
| Capital IFRS16 | 187 | - | - | - | (187) | - |
| Total Resource | 10,180 | 1,447 | - | 150 | (1,300) | 10,477 |
| Depreciation & interest | (408) | (3) | - | - | - | (411) |
| Capital IFRS16 | (187) | - | - | - | 187 | - |
| Movements in working capital | 40 | - | - | - | (40) | - |
| Cash requirement from WCF | 9,625 | 1,444 | - | 150 | (1,153) | 10,066 |

Supporting information for our Estimate 2026-27 provides more detail on each of these areas.

# Budget Ambit 2026-27

## Estimated budget requirements of the Wales Audit Office for the year ending 31 March 2027

1 Under Section 125 of the Government of Wales Act 2006, Ministers must move a Budget Motion in the Senedd to authorise the use of resources, retention of income and drawings of cash from the WCF for certain relevant persons, including the Wales Audit Office.

2 In respect of the services and purposes of the Wales Audit Office and the Auditor General in the year ending 31 March 2027, the Budget Motion will authorise:

- the amount of resources which may be used in the financial year by the Wales Audit Office (in line with the budget for the year);
- the amount of resources accruing to the Wales Audit Office in the financial year, which may be retained rather than being paid into the WCF; and
- the amount which may be paid out of the WCF to the Wales Audit Office.

3 These requirements, which due to the variability of income streams can only be estimates, are summarised in **Exhibit 1**.

4 Details of how we propose to use this funding to deliver public audit in Wales in 2026-27 are set out in our supporting information.

**Exhibit 1: summary of the estimated 2026-27 budget requirements**

| | £'000 |
|---|---|
| Resources, other than accruing resources, for use by the Wales Audit Office on the discharge of the statutory functions of the Wales Audit Office and the Auditor General and on the administration of the Wales Audit Office. | 10,477 |
| Accruing resources from fees and charges for audit, grant certification and related services; other recoveries of costs associated with the functions of the Auditor General or Wales Audit Office; miscellaneous income such as from publications, conferences, provision of administrative, professional and technical services and recoveries of costs incurred for a third party – all for use by the Wales Audit Office on the discharge of the functions of the Auditor General and on related services and the administration of the Wales Audit Office. | 18,491 |
| Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office. | 10,066 |

5 **Exhibit 2** provides the schedule to be included in the Welsh Government Budget Motion for the year ended 31 March 2027.

**Exhibit 2: budget breakdown for Welsh Government Budget Motion**

| | £'000 |
|---|---|
| **Resources** | |
| Net revenue | 9,886 |
| Net capital | 180 |
| Non-cash (depreciation and amortisation) | 411 |
| Annually managed expenditure | - |
| | £'000 |
| **Accruing Resources** | 18,491 |

Archwilio Cymru
Audit Wales

Audit Wales
1 Capital Quarter
Tyndall Street
Cardiff CF10 4BZ

Tel: 029 2032 0500

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.