

Interim Report

An assessment of progress made against
our 2026-27 Annual Plan during the period
1 April to 30 September 2026.

October 2026

This Interim Report covers the period from 1 April to 30 September 2026. It has been jointly prepared, and is laid before the Senedd, by the Auditor General for Wales and the Chair of the Wales Audit Office, in accordance with the requirements of the Public Audit (Wales) Act 2013.

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

- the exercise of the functions of both the Auditor General and the Wales Audit Office has been consistent with the Annual Plan prepared for 2026-27;
- progress has been made towards achieving the priorities set out in the Plan; and
- progress has been made towards achieving our key performance indicator targets.

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

If you need any help with this document

If you would like more information, or you need any of our publications in an alternative format or language, please:

- call us on 029 2032 0500
- email us at info@audit.wales

You can use English or Welsh when you get in touch with us – we will respond to you in the language you use.

Corresponding in Welsh will not lead to a delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Foreword

Rydym yn falch i gyflwyno ein Adroddiad Interim ar gyfer 2026.

We are pleased to present our Interim Report for 2026.

This Report describes the progress we made during the period 1 April to 30 September 2026 on delivering the programmes of work and key performance indicator targets set out in our Annual Plan for 2026-27. Some indicators cannot be reported on at this stage because their data collection cycles do not align with the interim reporting timetable.

We have made good progress on delivering a comprehensive and impactful programme of audit work. All audits of 2025-26 NHS accounts were completed by 30 June 2026. All scheduled audits of central government accounts were completed by 30 September 2026.

Although there have been improvements overall, ongoing issues with the preparation of draft local government accounts, alongside continued delays in responses to audit queries from some bodies, mean that successful delivery of all audits in this sector by the 30 September deadline is not yet possible.

One of our longer-term business improvement priorities is to bring the timetable for the delivery of local government accounts audit work further forward, and we are engaging proactively with the sector to share best practice.

We delivered six national report outputs in the period 1 April to 30 September 2026. We also continued to shape our local performance audit work to address the evolving challenges faced by audited bodies, and published 82 local reports on a wide range of topics.

We are pleased to note that we have also largely completed our three-year plan to clear post-pandemic backlogs in our local government and NHS local performance audit work programmes.

In the reporting period, we carried out a range of work on building effective relationships with the new Senedd following the May 2026 Senedd elections.

We have also continued to focus on building a more digitally mature Audit Wales.

A key priority was preparing for the handover and induction for the new Auditor General; this Interim Report is the first of Catherine's tenure and reports on continued progress towards the delivery of our 2022-2027 strategy. We are committed to building on this momentum for the remainder of the year, using our unique perspective and expertise to assure people that public money is being managed well, explain how that money is being spent, and inspire the public sector to improve.

In Autumn 2026, we are commencing work on developing an ambitious new strategy for Audit Wales for the coming years.



Catherine Mealing-Jones
Auditor General for Wales



Dr Ian Rees
Chair, Wales Audit Office

Audit delivery



Local Audit Work

- 1 We undertake local audit work at most public bodies in Wales. A comprehensive list of the public bodies that we audit, and the type of local audit work carried out at those bodies is provided in our [Annual Plan for 2026-27](#).

Audit of accounts

- 2 The biggest area of our local work is auditing the accounts of over 800 public bodies across Wales. Our accounts work provides the Senedd, audited bodies and the wider public with an ongoing independent and expert assessment of financial management and resilience across the public sector.
- 3 For accounts relating to the financial year 2025-26, we are working to the following main audit certification deadlines:
 - NHS bodies: 30 June 2026
 - Central government bodies: four months from receipt, with all five Welsh Government owned companies completed by 31 December 2026
 - Local government principal bodies: 30 September 2026 (one month earlier than last year)
 - Town and community councils: 30 September 2026
- 4 All 12 NHS bodies submitted their accounts on time and were certified by the 30 June deadline. We then certified the NHS Wales summarised accounts in September 2026.
- 5 For central government, by 30 September, 28 of the 30 audited bodies had submitted draft accounts and 17 had already been certified. All remaining draft central government accounts are on track for delivery by their due date.

- 6 In local government, 22 of the 32 principal local government bodies submitted draft accounts by the 30 June deadline. This is an improvement on the 16 submitted by the deadline in the previous year. 18 of these sets of accounts were certified by the 30 September deadline. Further information on progress made to bring forward the timetable for local government accounts is provided in the Business Improvement section of this report.
- 7 It should also be noted that, for local government pension funds, all eight pension funds have now submitted draft accounts, although only four had done so by the 30 June deadline. Despite these delays, all remain on track for certification by the 1 December deadline.
- 8 The audit of town and community councils' 2025-26 accounts, where annual returns have been received, is progressing well, despite the delivery of principal local government bodies' audits being prioritised in quarter two. 202 accounts had been certified by 30 September, compared to 136 2024-25 accounts at the end of September 2025. We received around 600 of the 735 required annual returns in the agreed timeframe and are actively chasing receipt of outstanding returns. Resource in the quarter has also focused on clearing prior year returns; the number of outstanding has reduced significantly and is now 69.

Performance audit

- 9 We continued to deliver local performance audit work to help discharge the Auditor General's duties, mainly across local government and NHS bodies, but also with some work in the central government sector.
- 10 During the reporting period, we [published to our website](#) 82 local performance audit reports on a wide range of topics.
- 11 These included local outputs from reviews across multiple bodies, such as recruitment and retention in local government, housing adaptations, NHS digital transformation, NHS estates, and cancer services.
- 12 Further information on progress to shorten the timeframe for completion of local performance audit work is provided in the Business Improvement section of this report.



National Studies

- 13 We carry out an ongoing programme of national studies. These include NHS and local government focused studies in addition to our local audit programmes in those sectors. We also prepare additional outputs highlighting common themes from our local audit work.
- 14 Our [Annual Plan for 2026-27](#) includes details about national studies that were in progress as of 31 March 2026 and about new work that we planned to start in 2026-27. Further information about work currently in progress is available on [our website](#).
- 15 The table below lists six higher-profile national report outputs of various types that we delivered in the period 1 April to 30 September 2026.
- 16 We continue to keep our programme of studies under regular review, taking account of the evolving external environment, our own resourcing and the capacity of audited bodies to engage with us. We maintain sufficient flexibility so that we can respond effectively to emerging issues of public or parliamentary concern.
- 17 During the reporting period, relevant considerations included taking account of the views of the new Auditor General and of policy developments following the Senedd elections and formation of the new government.
- 18 Since 1 April, we have also made some changes to our local government studies programme to take account of reviews being carried out by other bodies which became apparent after initial scoping. This included planned work on local authority support for financial management of schools, and on discretionary services in local government. Our planned national work on corporate joint committees also remains on hold as we await publication of the Welsh Government's review of corporate joint committees. We are considering options for other new local government study work to be progressed later this year to replace these topics.

National report outputs completed in the reporting period

	 Tackling inequality	 Responding to the climate and nature emergency	 Service resilience and access	 Well managed public services
<u>Additional Learning Needs: Do public bodies know if the system is working?</u>	✓		✓	✓
<u>NHS planned care – fit for the future?</u>	✓		✓	✓
<u>NHS urgent and emergency care – a system under constant pressure</u>			✓	✓
<u>NHS Wales finances <u>news release</u> and <u>data tool update</u></u>				✓
<u>Funding councils: how the Welsh Government funds councils</u>				✓
<u>NHS digital: delivery not matching ambition</u>			✓	✓



Supporting effective scrutiny and accountability

Supporting the work of the Senedd

- 19 During the reporting period, we started building our relationship with the new Senedd Public Accounts and Public Administration Committee (PAPAC), which considers how resources are used in the discharge of public functions.
- 20 We supported five formal meetings of the Committee. This included providing a short introductory briefing about our work, and the previous Auditor General offering his reflections on challenges and opportunities for Welsh public services.
- 21 We also briefed the Committee on four of our national report outputs published in the period. Our briefing on NHS finances preceded an evidence session with health boards in mid-October. Our work on NHS digital transformation has informed the scope of a Committee inquiry that is now getting underway.
- 22 Through late August and September, we responded to consultations launched by seven other Senedd committees about their work programmes. We do not see it as our place to comment on committees' specific priorities. However, we used our responses to raise some wider matters and draw attention to relevant audit work.
- 23 Further information on our engagement with the Senedd is provided in the Business Improvement section of this report.

Supporting the audit and scrutiny committees of public bodies

- 24 Throughout the reporting period, we regularly attended meetings of the audit and scrutiny committees of public bodies in Wales to provide briefings and report on our work.
- 25 We regularly attend the NHS Directors of Corporate Governance network. We also continued our regular briefings on audit-related matters to the NHS Audit Committee Chairs and Directors of Finance groups, the local government Society of Welsh Treasurers Group and its Chief Accountants Sub-Group, and the Central Government Audit Committee Chairs Group.

Supporting the public and their local representatives

- 26 We regularly receive correspondence from the public, their elected representatives and others that raises potential concerns about the use of public money. The Auditor General is also a Prescribed Person for receiving whistleblowing disclosures about the proper conduct of public business, value for money, fraud and corruption in relation to the provision of public services.
- 27 During the reporting period, we received 87 items of correspondence and ensured that we responded to those concerns in a fair, proportionate, and professional manner. In addition, 20 individuals contacted us between 1 April and 30 September 2026 indicating that they wished to make a whistleblowing disclosure.
- 28 In combination, the total of 107 of new correspondence and whistleblowing cases is nearly identical to the 106 reported in our Interim Report a year ago. This continues the trend of an approximate 50% increase in cases when compared to 2024-25, as reported in our Annual Report and Accounts for 2025-26.

Business improvement

29 2026-27 is the final year of our current five-year Strategy. In that strategy, we identified three areas of focus for prioritising action:



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

30 In our Annual Plan for 2026-27, we committed to take strategic action across four key business planning priorities. The following pages provide detail on progress we made against each of these priorities in the reporting period.



A strategic, dynamic, and high-quality audit programme

Priorities

Bring the timetable for the delivery of local government accounts audit work further forward to 30 September and engage proactively with the sector to share best practice.

What has been delivered so far in 2026-27

Status: On track

Commentary:

As outlined previously, 22 of the 32 principal local government bodies submitted their draft accounts to us by the 30 June deadline. 20 of these were bodies where there is a strong track record of high-quality draft accounts and working papers, and for which the agreed expectation was audit work is completed by 30 September. 18 of these sets of accounts were certified by the 30 September deadline, with the other two audits delayed by factors outside our direct control.

Work continues to progress on the remaining local government audits, including for the 12 bodies facing persistent accounts preparation challenges, where tailored recovery plans with firm deadlines had been agreed with senior leaders for 2025-26. However, draft accounts for five of these bodies were still to be received as of 30 September. For four of those bodies, audit work is also continuing on the 2024-25 accounts with 2023-24 accounts outstanding for one body due to ongoing complex accounting issues.

In July 2026, the Executive Director of Audit Delivery wrote to the relevant bodies to stress the importance of bodies and audit teams working together closely during the audit period, especially for bodies with tailored recovery plans in place.

We continue to support the sector through engagement with the Society of Welsh Treasurers and by promoting the importance of high-quality draft accounts and working papers. Further good practice events are planned for January 2027 as part of our ongoing support for recovery across the sector.

Priorities

Shorten the timeframe for the completion of local performance audit work, such that all work is completed within three months of the end of the year to which the audit plan relates.

What has been delivered so far in 2026-27

Status: Mostly on track but some further improvement required

Commentary:

By September 2026, our first target under this priority was to complete our three-year plan to clear post-pandemic backlogs in our local government and NHS local performance audit work programmes.

In the local government sector, our aim was to clear any residual backlog and deliver the 2025-26 local government performance audit programme by 30 June 2026. We broadly achieved this with almost all reports issued at least in draft by that date.

For NHS local work, we almost achieved the target, with four projects still live at 30 September 2026. In two of these cases, we were awaiting comments on draft reports from audited bodies. We issued draft reports for the other two projects by mid-October.

Going forward, our second target under this priority is to consistently complete all planned local work by the optimum deadline for ensuring timely and impactful reporting (31 March for the NHS and 30 June for local government). Progress with clearing the 2025-26 local government programme gives us confidence that we will be able to achieve the June 2027 ambition for the 2026-27 programme. For the NHS, the ambition remains challenging and will rely on timely engagement from audited bodies, but we have made a good start on the current year programme.



A targeted impactful approach to communications and influencing

Priority	What has been delivered so far in 2026-27
Build effective relationships with the new Senedd and Welsh Government following the May 2026 Senedd elections.	Status: On track Commentary: Paragraphs 19 to 23 provide commentary on our engagement with the PAPAC and how we have responded to various Senedd committee consultations. On 2 June 2026 the previous Auditor General and several Audit Wales colleagues also attended a Senedd event called Y Farchnad (The Marketplace). This event provided an opportunity to meet newly appointed Members of the Senedd in person and raise awareness of our work. In advance of the event, the Auditor General sent members an introductory leaflet providing a summary of our role, legal powers and audit functions. On 17 September, the new Auditor General, Chair of the Wales Audit Office Board, and other Audit Wales colleagues then attended an introductory meeting with the new Finance Committee, ahead of formal evidence sessions planned for October and November. This private session provided a useful opportunity to discuss the roles and work of both the Auditor General and the Board. This meeting also provided an opportunity to exchange views on the previous Finance Committee's legacy report, which highlighted the challenges caused by audit-related legislation in terms of complexity, audit independence, and value for money. We have recently started the process of taking account of the new <u>Programme for Government 2026 to 2030</u> in the development of our future audit work programme. For the remainder of 2026-27, we will also continue to seek opportunities to engage directly with Welsh Ministers about Audit Wales and our work.



A culture and operating model that enables us to thrive

Priority	What has been delivered so far in 2026-27
Increase the digitalisation of audit through the use of artificial intelligence and other digital tools that enhance the quality, productivity and efficiency of our work.	Status: On track Commentary: During the first half of 2026-27, we continued to build the foundations for a more digitally mature Audit Wales. A Digital Initiatives Steering Group has been established as a cross-organisational forum for overseeing digital and AI developments. Its monthly meetings provide structure to our consideration of emerging technologies, new proposals, risks and opportunities. Supporting subgroups are strengthening our horizon scanning, people development and accreditation work. These arrangements allow us to innovate while applying a ‘curious but careful’ approach which gives appropriate attention to security, data protection, ethics, equality, transparency and environmental impact. Alongside growing use of Microsoft Copilot, as discussed in our most recent Annual Report and Accounts, around 80 colleagues are now taking part in a pilot of Anthropic Claude, exploring how AI can support personal productivity through activities including summarising large documents, analysing datasets and supporting drafting. GitHub Copilot is also being used to support coders and analysts in our IT and Data Analytics teams. While much of our current use of AI focuses on personal productivity, we are also considering the next steps for more advanced applications, including the potential use of AI agents within aspects of our audit work.

Priority	What has been delivered so far in 2026-27
Increase the digitalisation of audit through the use of artificial intelligence and other digital tools that enhance the quality, productivity and efficiency of our work.	As our use of AI develops, professional judgement and personal accountability will remain with our people. We will continue to consider carefully the quality and reliability of AI-generated outputs, alongside providing appropriate transparency about where AI has been used. In recent years, we have also developed in-house digital audit platforms to support the processes underpinning our accounts audit and value for money work. These platforms provide an important foundation for the further digitalisation of audit. Our focus over the last six months has been on improving these platforms, further increasing automation where this can enhance quality, consistency and efficiency. Alongside this work, we continue to develop practical digital solutions tailored to specific aspects of our audit work. These include an evidence engine, which is being developed to improve the management and quality control of performance audit evidence, and an analytics assisted audit approach within our NHS audit of accounts work. Across the organisation, we are increasingly looking for opportunities to replace manual processes where appropriate, make better use of the data we hold and develop simpler, more efficient ways of working. Taken together, this work represents a shift from individual digital initiatives towards a more systematic approach to digital transformation across Audit Wales.



Key performance indicators

- 31 Our Annual Plan for 2026-27 includes a framework of key performance indicators (KPIs) and associated targets. In the exhibit below, we provide a mid-year update on progress made towards achieving the KPI targets.
- 32 In the exhibit, some numbers are rounded to make them easier to read and compare, and the KPIs are aligned with the strategic areas of focus to which they relate.



A strategic, dynamic, and high-quality audit programme

No	Indicator	Description	2026-27 Target	2025-26 Performance	Performance to 30 Sep 2026
1	Audit of accounts	Proportion of accounts audit opinions delivered by the statutory or planned deadline ¹ .	100%	● 94%	● 98%
2	Performance audit	Proportion of performance audit products ² delivered in accordance with the planned timetable.	90%	● 83%	● 89%

● On track to achieve our target ● Improvement required ● Significant improvement required

1 Where audited bodies deliver good quality draft accounts by the required deadline and respond in a timely manner to audit queries.

2 National study outputs and annual audit programmes for individual NHS and local government bodies. Measurement considers the scale and impact of any delays beyond planned timetables and if they relate to factors outside our direct control.

No	Indicator	Description	2026-27 Target	2025-26 Performance	Performance to 30 Sep 2026
3	Quality	Number of reviewed audits that are delivered in accordance with expected quality standards ³ .	All audits sampled in the highest two audit quality categories	● 7 out of 8	Annual measure – data not yet available
4	Credibility	Proportion of stakeholders that consider us to be an independent and authoritative communicator on the governance and stewardship of public money and assets.	At least 90%	● 90%	Annual measure – data not yet available
5	Providing insight	Proportion of stakeholders who said that through our work, they gained useful insight that they would not have acquired otherwise.	At least 80%	● 78%	Annual measure – data not yet available
6	Driving improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services.	At least 80%	● 70%	Annual measure – data not yet available
7	Savings identified	Value of potential savings, productivity gains and other financial benefits identified through our work.	At least £30 million during 2024-2027	● £46 million during 2023-2026	● £48 million

● On track to achieve our target ● Improvement required ● Significant improvement required

3 [International Standards on Auditing \(UK\) for accounts audit work](#), [INTOSAI professional standards for performance audit work](#), and [Financial Reporting Council quality and ethical standards for all work](#).



A targeted impactful approach to communications and influencing

No	Indicator	Description	2026-27 Target	2025-26 Performance	Performance to 30 Sep 2026
8	Good practice outputs	Proportion of stakeholders who rate our good practice outputs as useful or very useful.	At least 90%	● 100%	● 100%
9	Website visits	Number of visits to our website where at least one action is performed, e.g. download a report, click on a video.	75,000 each year	● 69,000	● 30,500
10	Social media	Number of social media engagements, ie interactions with our posts such as a like, a comment, or a retweet/share.	5,000 each year	● 5,300	● 3,500
11	Sharing audit learning	Number of instances where we present audit learning to externally audiences ⁴ .	50 each year	● 58	● 30

● On track to achieve our target ● Improvement required ● Significant improvement required

⁴ Beyond routine engagement with audited bodies and including, for example, at key policy working groups or externally hosted events.



A culture and operating model that enables us to thrive

No	Indicator	Description	2026-27 Target	2025-26 Performance	Performance to 30 Sep 2026
12	Employee engagement	Annual staff survey engagement index score.	At least the benchmark median score for the latest Civil Service survey (65%)	● 73%	Annual measure – data not yet available
13	Turnover	Proportion of employees who voluntarily leave Audit Wales per annum.	Less than 10%	● 3.8% ⁵	● 4.1%
14	Sickness absence	Proportion of total time lost due to sickness absence.	Less than 4%	● 3.3%	● 3.0%
15	Financial balance	Variance in net expenditure from the budget set in our Estimate.	Underspend of less than 2% of budget	● 3.2%	● 1.6%
16	Cost savings	Value of in-year cost savings delivered across the business.	£300,000 as set out in our 2026-2027 Estimate	● Exceeded £200,000 non-pay savings ⁶	● Scheduled to meet target of £300,000

● On track to achieve our target ● Improvement required ● Significant improvement required

⁵ Our target in 2025-26 was between 5% and 10%.

⁶ This was against a target of £200,000 as set out in our 2025-26 Estimate.

No	Indicator	Description	2026-27 Target	2025-26 Performance	Performance to 30 Sep 2026
17	Greenhouse gas emissions	Total CO ₂ equivalent emissions ⁷ .	Reduce by 25 tonnes from 2025-26 ⁸	● 318 tonnes	● 95 tonnes
18	Trainee success rate	Proportion of trainees achieving first-time passes in their Professional and Advanced level examinations with the Institute of Chartered Accountants in England and Wales.	At least 90%	● 89%	● 100%

● On track to achieve our target ● Improvement required ● Significant improvement required

⁷ Not including supply chain emission estimates which are reported on separately in our annual Sustainability Report.

⁸ 2025-26 set as new baseline following introduction of revised Welsh Government reporting methodologies and shift to a more steady state post-pandemic hybrid working model.



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