

Supplementary Estimate 2020-21

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Submitted to the Finance Committee of the Senedd for consideration under Standing Order 20.35.

Adrian Crompton
Auditor General for Wales

Lindsay Foyster
Chair, on behalf of the **Wales Audit Office**

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Introduction

- 1 For each financial year, the Wales Audit Office must submit an annual estimate of its income and expenditure to the Finance Committee of the Senedd. The responsible committee must examine that Estimate and lay it before the Senedd after making any amendments that it considers appropriate.
- 2 The Estimate for the Wales Audit Office for 2020-21 was included in the Welsh Government's Annual Budget Motion under Standing Order 20.26 and was approved in Plenary on 3 March 2020 following scrutiny by the Finance Committee.
- 3 The budget motion authorised the Wales Audit Office to retain £14.004 million of accruing resources, generated through fees charged to audited bodies and a grant from the Welsh Government, and supplied a further £8.228 million of other resources in support of our expenditure plans for the year. Together, this £22.232 million is used to fund the costs of the Wales Audit Office in delivering its duties under the Public Audit (Wales) Act 2013.
- 4 The Wales Audit Office now seeks to amend the approved Estimate for the year ending 31 March 2021.

Reasons for change

Increased costs and income associated with our audit work

- 5 2020 has been an unprecedented year for all organisations due to the global COVID-19 pandemic and Audit Wales is no exception.
- 6 As set out in our [Interim Report for 2020-21](#), our staff have risen to the challenge of remote working and have been able to deliver much of our audit work as planned whilst working remotely due to the pandemic.
- 7 Most of our audited bodies have also been working remotely and, in some cases, this has led to delays in the production of their accounts and associated working papers, which has increased the time required to deliver our audit work – and hence the cost of our audit of accounts work. This has applied both to audit work undertaken by our own staff and that carried out by contractor firms who carry out this work on our behalf.
- 8 Where these additional costs are as a result of inefficiencies from remote working of Audit Wales staff, we will absorb the additional costs. Where they are the result of delays or poor-quality accounts supplied by audited bodies, we will need to increase the audit fee payable to cover additional costs incurred.
- 9 The impact of this additional audit work in 2020-21 means that we need to retain an additional £266,000 of accruing resources in the year. There is no additional call on the Welsh Consolidated Fund arising from this change.

- 10 This additional income, along with savings made across other budget areas including travel and subsistence, will be used to meet additional costs associated with work done by contractor firms and the costs associated with our own staff delaying annual leave. It will also allow us to utilise savings identified in-year to invest in a voluntary exit scheme in line with our workforce strategy. Savings achieved from investment in voluntary exits this year will make a significant contribution to the challenging savings targets we have set ourselves in 2021-22.

Chair's expenses

- 11 Since 2013, travel and expenses costs associated with the Chair have been met by the Wales Audit Office and funded from the Welsh Consolidated Fund (WCF) via a supply budget. During 2019-20, as a result of a change in the way that HMRC accounts for tax liability associated with such expenses, it was identified by the Senedd Commission that these costs should be treated as a direct charge on the WCF, rather than being paid from supply. As a result, since 2019-20 all such costs have been met by the Senedd Commission and reimbursed via a direct charge on the WCF.
- 12 This change had not been identified prior to the approval of our Estimate for 2020-21 and is now reflected in this Supplementary Estimate. As a result, we are reducing our call on the WCF by £5,000 in 2020-21.

Adjustments to resource budgets

- 13 As explained above, the Wales Audit Office is seeking to increase its accruing resources by £266,000 and reduce its revenue resources by £5,000 in 2020-21.
- 14 The budget changes required are set out in **Exhibit 1**.

Exhibit 1: Budget changes 2020-21

	Approved Estimate 2020-21 £'000	Supplementary Estimate 2020-21 £'000	Revised Estimate 2020-21 £'000
Revenue resource	7,998	(5)	7,993
Capital resource	230	–	230
Accruing resources	14,004	266	14,270
Total expenditure	22,232	261	22,493
Net cash requirement	8,448	(5)	8,443

Appendix 1

Summary of the 2020-21 budget requirements for inclusion in the Welsh Ministers' Supplementary Budget Motion under section 126 of the Government of Wales Act 2006

Under section 126 of the Government of Wales Act 2006 (the 2006 Act), Ministers may move a Supplementary Budget Motion in the National Assembly to authorise the use of resources, retention of income and drawings of cash from the Consolidated Fund for certain relevant persons, including the Wales Audit Office.

In respect of the services and purposes of the Wales Audit Office in the year ending 31 March 2021, the Budget Motion will authorise:

- the amount of resources to be used by the Wales Audit Office;
- the amount of resources accruing to the Wales Audit Office which may be retained (rather than paid into the Consolidated Fund); and
- the amount which may be paid out of the Consolidated Fund to the Wales Audit Office.

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

Table 1: Summary of the estimated 2020-21 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, the Auditor General and local government appointed auditors, and on the administration of the Wales Audit Office:	
• Revenue	7,993
• Capital	230
Accruing resources from fees and charges for audit and related services; other recoveries of costs associated with the functions of the Auditor General; miscellaneous income from publications, conferences and provision of administrative and professional and technical services for use by the Wales Audit Office on related services and the administration of the Wales Audit Office.	14,270
Net cash requirement from the Consolidated Fund to meet the net amounts falling due for payment in the year by the Wales Audit Office.	8,443



Audit Wales

24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

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.