

Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2022

October 2020

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

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For each financial year, Section 20 of the Public Audit (Wales) Act 2013 requires the Auditor General and Audit Wales jointly to prepare an estimate of the income and expenses of Audit Wales 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 Audit Wales 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 Audit Wales. This Estimate sets out the amounts to be included in respect of Audit Wales.

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.

In response to a request from Finance Committee we have significantly simplified the format of our Estimate for 2021-22. Our Estimate is the Budget Ambit contained in this document. We will separately provide supporting information on the Estimate for Finance Committee to understand how we will use the funding requested.

The Minister for Finance and Trefnydd set out the unprecedented uncertainty around the future funding availability in her letter of 11 August 2020. We recognise this and are responding by reducing our call on WCF revenue funding by £120,000 in 2021-22 along with a further £80,000 being the bi-annual reduction in funding for the National Fraud Initiative. Further, we recognise the unprecedented pressure being faced by the bodies that we audit and are responding by proposing no increase in our fee rates in 2021-22.

With the vast increase in public expenditure in response to the global COVID-19 pandemic, our work will be more important than ever. Our Interim Report sets out how we have responded to this challenge in 2020-21 – this Estimate explains how we propose to use funding agreed by the Senedd to support our future work.

Our wide-ranging programme of value for money work is vital to robust parliamentary accountability through the Senedd's Public Accounts, Finance and other Committees. We audit the accounts and governance of over 800 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, the Auditor General can follow the public pound wherever it is spent.

We are acutely aware of our responsibility to other parts of the public sector to contain our own operating costs and the fees we charge, provided that does not risk audit quality and the assurance we can provide. Our supporting information sets out details of our own value-for-money programme and the savings targets set by the Board to fund our medium-term financial outlook.

In 2021-22 we have set challenging savings targets from both staff vacancy management and other areas of expenditure including our travel costs. This will be tough to achieve but will mean that we can deliver our ambitions whilst reducing our call on WCF and containing the fees that we charge to audited bodies.

The Finance Committee has previously supported our ambitious transformation proposals including our move to greater use of Data Analytics in our work. Our supporting document sets out how we have transitioned this work to 'business as usual' and how we have established a formal Change Programme to drive forward further improvements and efficiencies in the way that we work.

Our Annual Report and Accounts sets out our record of achievement for the last financial year. In March this year we laid our Annual Plan for 2020-21 at the Senedd. This Estimate secures funding for our forward priorities for 2021-22, and our Annual Plan for that year will then be laid before the Senedd in March 2021.

We look forward to discussing our Estimate with the Senedd's Finance Committee.



Lindsay Foyster

Chair, Wales Audit Office



Adrian Crompton

Auditor General for Wales

Budget Ambit 2021-22

Estimated budget requirements of the Wales Audit Office for the year ending 31 March 2022

- 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 2022, 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 2021-22 are set out in our supporting information.

Exhibit 1: summary of the estimated 2021-22 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:	
• Revenue	7,798
• Capital	350
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.	14,461
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office.	8,368

- 5 **Exhibit 2** provides a reconciliation of the Wales Audit Office's total resource request with its net cash requirement for the year ended 31 March 2022.

Exhibit 2: reconciliation of resource requirement to cash drawing requirement from the WCF

	£'000
Net request for resources – revenue and capital	8,148
Non-cash adjustment – depreciation	(280)
Non-cash adjustment – movements in working capital	500
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office	8,368



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