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Archwilydd Cyffredinol Cymru
Auditor General for Wales

Estimate of the Income and Expenses for the Year Ended 31 March 2020



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



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

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

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Preface

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 National Assembly 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 National Assembly 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 National Assembly 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.

A draft Fee Scheme, prepared under Section 24 of the Public Audit (Wales) Act 2013, is included for consideration alongside the Estimate in view of their interdependency.

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Foreword

The vital role of independent audit in supporting sound decision making is never more heightened than when resources are scarce. Our aim is for the people of Wales and the National Assembly to know whether public resources are being managed wisely.

The Auditor General supports the work of the Public Accounts Committee, and other Assembly Committees as needed, as well as providing reports to over 800 public bodies across Wales. From the smallest town and community council to the Welsh Government itself, covering health, local government and many other public bodies too, the Auditor General can follow the public pound wherever it is spent.

As well as playing our part in protecting public money and supporting public services across Wales, we are committed to driving our own operating model to be as efficient and effective as possible. Over the past five years we have reduced the operating costs of the Wales Audit Office by some 14%. Our stakeholder feedback is extremely positive, and our staff survey results compare with the top 10% of Civil Service organisations. But, we cannot rest on our laurels. Our vision is for the people of Wales to trust us, for public bodies to value our work and, for our staff to excel.

2019-20 represents the first full financial year under our new Auditor General, Adrian Crompton. This Estimate sets out the funding needed for 2019-20 and explains how we plan to spend £21.4 million in providing resources to the Auditor General and running the Wales Audit Office. That represents just one thousandth of the £19.6 billion spent on Wales's public services annually. In other words, the cost of public audit is much less than 1p for every pound spent.

Our Estimate for next year commits us to find savings of £574,000 through the year.

More than two-thirds of our income arises not from the Consolidated Fund but from the fees we charge for our work. Next year, as well as reducing our call on the Fund, we are committing to not increase the overall fees we charge the bodies we audit, meaning a significant reduction in our income in real terms. Mindful of the financial pressures on the public sector, we will continue to look to reduce fees wherever we can, whilst still maintaining audit quality for all audited bodies. Our audited bodies tell us they support this approach,

In March 2018 we laid our [Annual Plan for 2018-19](#) at the Assembly. This Estimate secures funding for our forward priorities for 2019-20, with our updated Annual Plan for 2019-20 to be laid before the National Assembly in March 2019.



Isobel Garner
Chair, Wales Audit Office



Adrian Crompton
Auditor General for Wales

Our Work – Making Public Money Count

What do we do?

- 1 As the statutory external auditor for most of the public sector in Wales, the Auditor General is responsible for the audit of the majority of public money spent in Wales. Every year, he reports on the accounts of over 800 public bodies in Wales, undertakes annual improvement assessments at all 28 local government improvement authorities and structured assessments at all 10 NHS bodies. He publishes around 14 national reports annually, looking at value for money and proper use of public money, certifies around £2.5 billion worth of grant claims, and advises on the work of the Public Accounts Committee.
- 2 The Wales Audit Office employs around 270 professional staff and utilises other resources, including additional resource from private sector accountancy firms, to enable the Auditor General to carry out his functions. Our joint aim and key objectives are shown below.

Exhibit 1: Wales Audit Office Aims and objectives



- 3 The main operational activities of the Auditor General are set out in **Exhibit 2**.

Exhibit 2: Wales Audit Office main operational activities

ACTIVITY	SCALE
Audit of accounts prepared by most public bodies in Wales	 <p>42 Central Government Bodies</p>  <p>11 Health Bodies</p>  <p>Over 800 Local Government Bodies</p>
Performance audit work including assessments of value for money, improvement planning, performance reporting and compliance with the requirements of the Wellbeing of Future Generations Act	 <p>28 Local Government Bodies</p>  <p>10 Health Bodies</p>  <p>44 public bodies specified in the Well-being of Future Generations Act</p>
Certification of grant claims and returns	 <p>21 local government schemes (around 400 claims with a total value of some £2.5 billion).</p>

ACTIVITY

SCALE

Value-for-money studies



Typically around **14** studies each year, looking at value for money in key areas of public spending.

Good Practice Exchange



Working with others to share learning and good practice.

Other significant activities

Includes:

- checking requests for grant of approval to draw from the WCF;
- anti-fraud and other data-matching exercises, including the NFI;
- responding to issues that have been brought to our attention through correspondence from the public, elected representatives and others;
- providing support to the Public Accounts Committee and other National Assembly committees

Our budget 2019-20

Changes in our call on the WCF from 2018-19 to 2019-20

- 4 We are reducing our overall call on the WCF by £115,000 for 2019-20. This is shown in [Exhibit 3](#).
- 5 We have achieved this in the context of internal cost pressures, the need to fund our strategic priorities and wider public sector funding restraint.

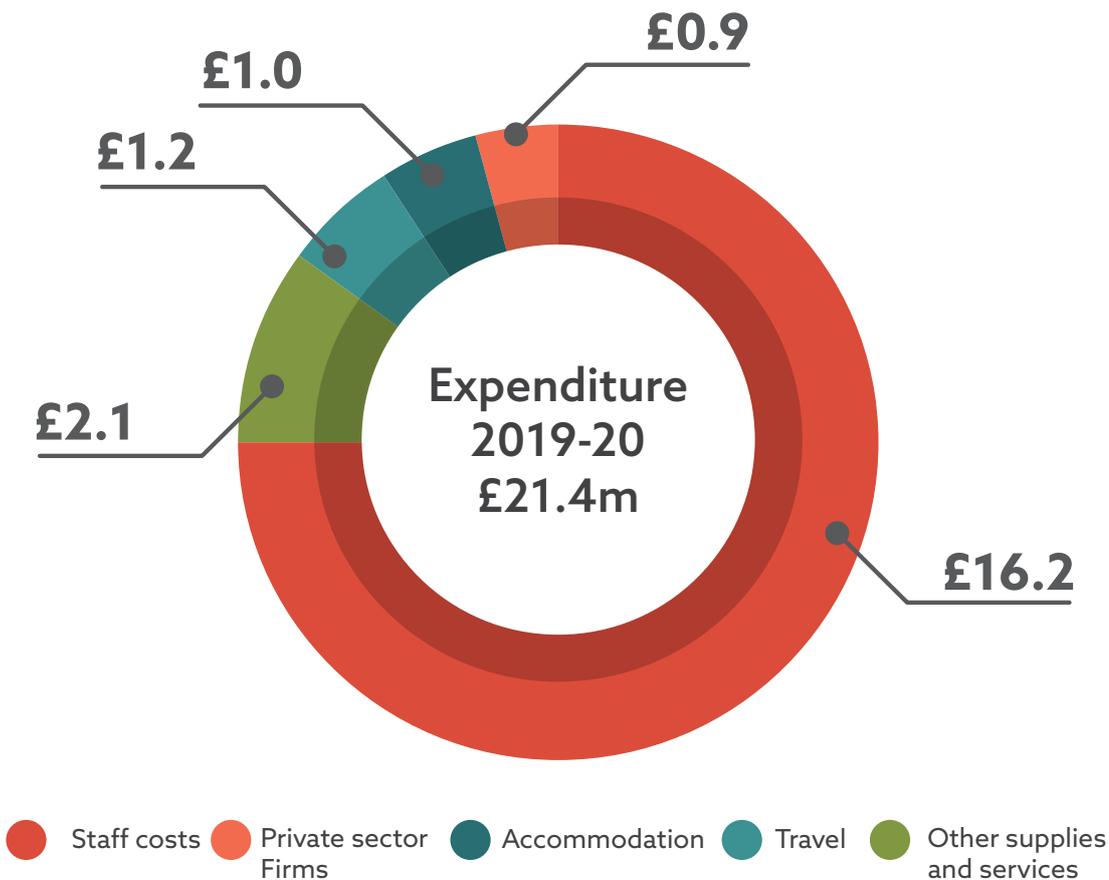
Exhibit 3: changes in WCF funding from 2018-19 to 2019-20

2018-19	£'000
Revenue Funding 2018-19	6,981
Capital Funding 2018-19	280
Total WCF Funding 2018-19	7,261
<hr/>	
Changes for 2019-20	£'000
Cyclical funding for National Fraud Initiative (alternate year funding)	(130)
Reduction in respect of preparatory work for Welsh Revenue Authority	(50)
Reduced capital investment 2019-20	(70)
Implementation phase of strategic transformation projects	50
Preparedness review for withdrawal from the European Union (EU)	85
<hr/>	
2019-20	£'000
Revenue Funding 2019-20	6,936
Capital Funding 2019-20	210
Total WCF Funding 2019-20	7,146

Our costs

- 6 Our planned revenue expenditure for 2019-20 is just over £21.4 million. We will need to make efficiency savings in the year of some £574,000 to meet inflationary increases including pay awards and staff increments
- 7 Making these savings avoids the requirement to increase our fees and our call on the WCF.
- 8 This budget means the cost of public audit in Wales is much less than one penny for every £1 spent by public services in Wales¹.
- 9 **Exhibit 4** shows our key areas of expenditure. More detail is provided in **Exhibit 5**.

Exhibit 4: Wales Audit Office expenditure 2019-20



¹ £19.6 billion spend on Welsh Public Services in 2016-17.

Exhibit 5: Wales Audit Office revenue expenditure 2019-20

Previous year's Estimate £'000	Expenses	Estimate, year to 31 March 2020 £'000
15,286	Staff costs	15,185
617	Short-term contracted staff	737
1,231	Travel and subsistence	1,216
960	Accommodation	993
962	Private sector firms (including VAT)	905
500	Balance of irrecoverable VAT	500
397	ICT	480
300	Wales Audit Office Governance Arrangements	300
275	External training	289
145	Translation of documents	165
194	Legal and professional fees	162
130	NFI data collection	-
628	Other supplies and services	479
21,625	EXPENSES TOTAL	21,411

- 10 The Government Actuary Department (GAD) is currently undertaking a valuation of the Civil Service Pension Scheme, the results of which are not expected until later this year. The Cabinet Office is expecting this to result in a significant increase to employer contribution rates. Given the uncertainty, no provision for any increase in rates has been made within our Estimate for 2019-20. In the event of a significant increase we may need to return to the Finance Committee with a Supplementary Estimate for 2019-20 and, potentially, a revised Fee Scheme for the year, depending on the extent of any increase.

Our income – funding our running costs

- 11 Around 68% of our expenditure is funded through fees charged to audited bodies; the remaining 32% is provided from WCF.
- 12 **Exhibit 6** summarises estimated income for the year, **Exhibit 7** breaks down this income by type.

Exhibit 6: Wales Audit Office income 2019-20

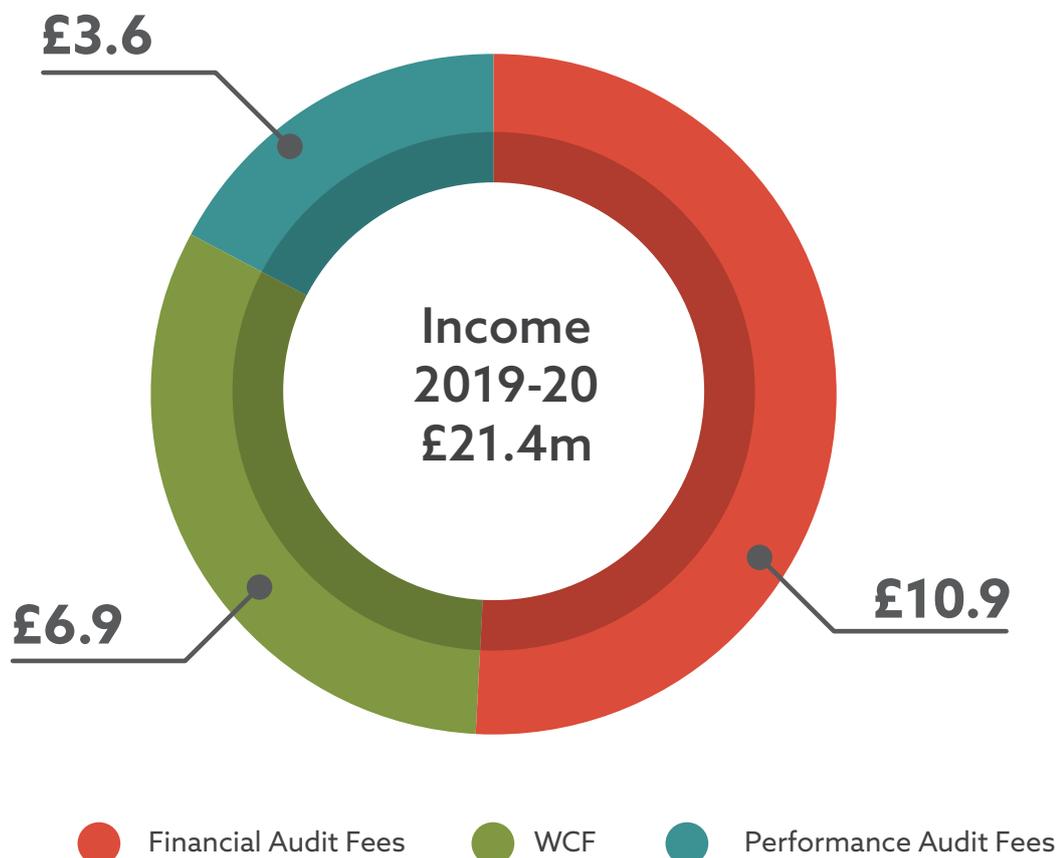


Exhibit 7: breakdown of income by type

Previous year's Estimate £'000	Income	Estimate, year to 31 March 2020 £'000
13,193	Audit fees	13,277
1,451	Grant certification fees	1,198
14,644	INCOME TOTAL	14,475
6,981	Total revenue budget to be funded by WCF	6,936

- 13 The income we receive from fees is governed by the Wales Audit Office Fee Scheme, approved by the Assembly's Finance Committee. Legislation requires us to publish a Fee Scheme at least on an annual basis.
- 14 Included within this Estimate document is our draft Fee Scheme for 2019-20 ([Appendix 1](#)). This has been included to demonstrate the interdependency between fee income and the approved Estimate. Following consideration of the Estimate and draft Fee Scheme, we will lay our Fee Scheme for 2019-20 before the National Assembly and then confirm estimated fees for next year to our audited bodies.
- 15 The Wales Audit Office does not generate profits on fees. Legislation requires that the fees we charge may not exceed the full cost of exercising the function to which the fee relates.
- 16 In August 2018 we consulted audited bodies on the basis of a cash-freeze in fees charged, with the intention of reducing fees wherever we are able to realise efficiencies on individual audits.
- 17 Just nine of the 90 bodies that we consulted, from across all the sectors audited, responded to our consultation. This compares to 22 responses a few years ago and suggests that our fee levels are less of a concern to audited bodies than they were. Those that did respond told us that:
- audited bodies value free participation in the National Fraud Initiative. Our Estimate includes provision for its continuation.
 - audited bodies are pleased that we do not plan to increase the fees charged for 2019-20.
 - some responses asked that we look at options for reducing our fees in line with the budget reductions being faced by our audited bodies.
- 18 The Board welcomes the feedback and has taken it into account in finalising this Estimate and the enclosed draft Fee Scheme.
- 19 Separate to this Estimate, we continue to discuss with the Assembly's Finance Committee the benefits of simplifying the complicated public audit fee regime in Wales, under which the Wales Audit Office has to operate. We are urging the Committee to consider progressing legislative changes to simplify the fee regime in Wales, to bring it more in line with those applicable to other audit bodies in the UK.

Capital investment

20 Our capital investment priorities for 2018-19 to 2022-23, linked to our medium term IT and Estates Plans, are set out in [Exhibit 8](#). All capital investment is funded from WCF through this Estimate.

Exhibit 8: capital investment 2018-19 to 2022-23

	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000
Planned PC/ infrastructure renewal	115	95	95	95	95
Video conferencing infrastructure renewal	15	25	25	25	25
Corporate Systems	100	50	50	90	90
Estates strategy	50	40	40	40 ²	40
TOTAL	280	210	210	250	250

² This may need to increase – see paragraph 26.

Planned PC/infrastructure renewal

- 21 A rolling programme of PC/IT equipment renewal to ensure business continuity and that equipment remains up to date and reliable. We have increased the allocation for this priority to reflect our investment in hybrid laptops which allow our staff to work more effectively with touch screens and wireless headsets. Our transformation project on how we will work in the future is expected to increase demand for new user-facing technology.
- 22 Periodically, we need to refresh the data network infrastructure associated with our offices in order to ensure it remains supportable and able to accommodate future connectivity demands. As we transition to 'cloud services' the requirement to invest in network infrastructure is reducing.

Video Conferencing Infrastructure Renewal

- 23 Our video conferencing facilities continue to prove themselves in reducing the costs, environmental and staff time impacts of business travel and we continue to invest in facilities at our three office locations and at some client sites. All staff are also able to use PC-based video conferencing when working remotely and from offices with no VC facilities. Funding in the capital programme will allow for a rolling replacement programme as units become obsolete.

Corporate Systems

- 24 In 2017-18 and 2018-19 we have invested in replacements or upgrades for two core corporate systems – those for Finance and HR. We are also investing in improvements to the systems used to manage our audit work.
- 25 The amount allocated in our proposed capital programme has been reduced for 2019-20 and 2020-21 and increased towards the end of the programme to fund any replacement or upgrades for key systems as required.

Estates strategy

- 26 Towards the end of our five-year programme, the leases on our three office buildings in Cardiff, Swansea and Abergele will be due for renewal or ending, and our capital programme provides for ongoing investment required to maintain those buildings. Our latest transformation project on future ways of working is due to report in 2019 and will inform a strategic review of future workplace requirements. This may affect future demand for capital expenditure, which will be reflected in future Estimates.

New reporting standards

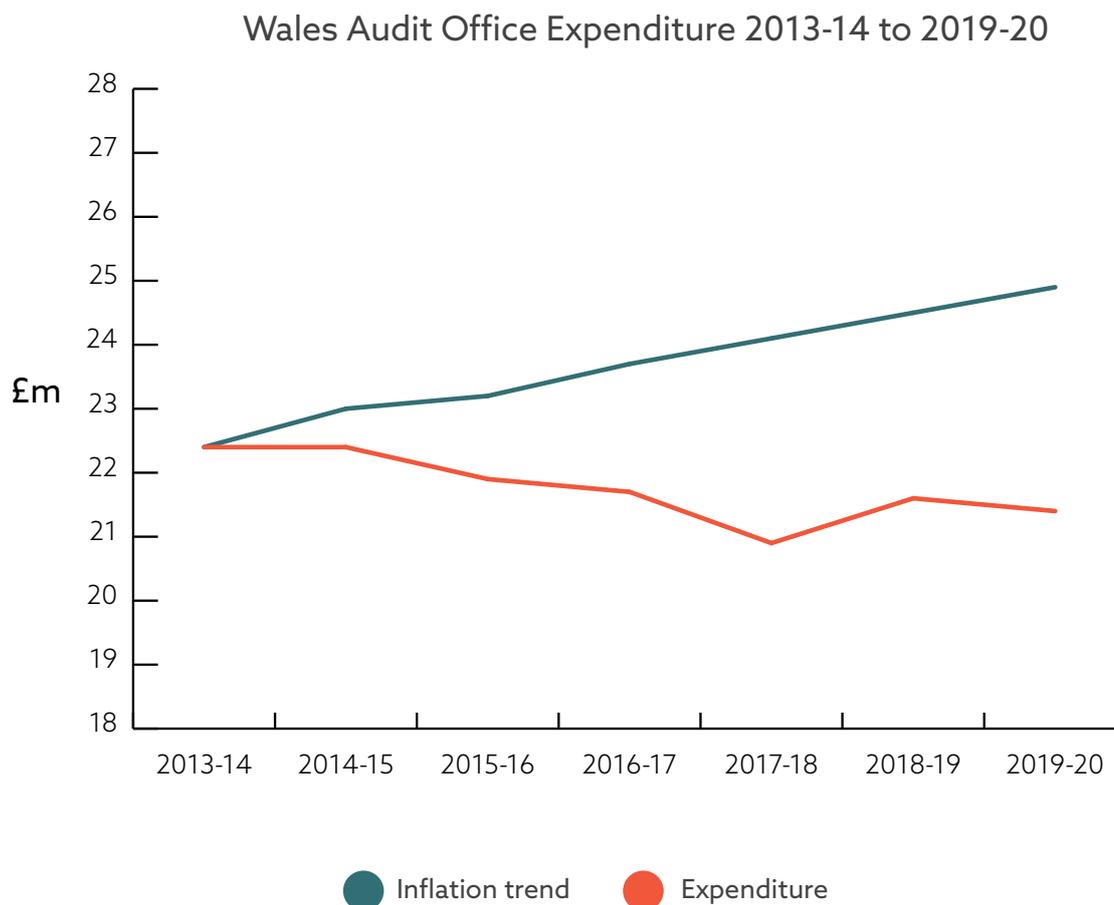
- 27 There is potential that the Financial Reporting Manual (FReM) for 2019-20, due to be published later this year, will require the adoption of International Financial Reporting Standard 16 (IFRS 16) on accounting for leases.
- 28 In the event that this is adopted, a technical Supplementary Estimate will be required to regularise the change as it will be necessary to treat future lease obligations as capital assets within our accounts.

Value for money at the Wales Audit Office

Our history

- 29 Since the creation of the Wales Audit Office Board in 2013-14, we will have reduced the cost of public audit in Wales by 14% in real terms³ based on this Estimate. This is represented in **Exhibit 9**. The cumulative savings generated across those years will amount to over £13 million.
- 30 We have achieved this reduction in expenditure despite allocating additional resources to new areas of spend during the period, such as Investigative Studies, growth in our Good Practice Exchange work, our investment in a graduate training scheme and investment in organisational transformation.

Exhibit 9: expenditure 2013-14 to 2019-20



³ Based on GDP deflators published by ONS, June 2018.

Our approach

- 31 We work hard to absorb cost increases from pay agreements, contractual salary increments, general inflation and other unavoidable increases. We do this by:
- setting out a savings, efficiency and effectiveness programme within our Medium-Term Financial Plan;
 - refining and developing audit approaches;
 - regularly revisiting our staffing levels and staff skills mix:
 - over the past three years we have reduced the number of senior manager and Director level posts by six (9%) and increased the number of graduate trainees to 45.
 - transforming how we work:
 - Data Analytics (DA) – we are using previously awarded WCF funding to explore how we can best use data analytics tools to enhance the way we do our audit work
 - Communications – we will be implementing recommendations from a recent project that looked at enhancing the impact of our work
 - Future Ways of Working – a team of staff from across the organisation will be exploring new ways of working to make best use of staff time, office accommodation, tools and technology
 - Extensive use of Video Conferencing and introduction of Skype for Business enabling staff to meet without the need to travel.
 - Simplification of routine processes to improve operational efficiency.
 - Implementation of a new staff travel scheme which has reduced annual travel costs by 11%.

Our impact

32 We measure our performance and the impact we are having through the performance indicators set in our Annual Plan and reported on at the year-end. These comprise:

- Delivery and impact indicators
- Leadership and culture indicators
- Managing the business indicators

Performance for our last reported year, 2017-18, can be found in our [Annual Report and Accounts](#), laid at the Assembly on 8 June 2018.

33 We look to set stretching targets annually and commit to them through our Annual Plan, to which the Assembly's Finance Committee holds us to account.

34 We take feedback from our audited bodies which is then reflected in our performance indicators.

How we use our resources to deliver our objectives

35 The resource requirements set out in this Estimate are aligned with our four organisational objectives as explained below.

Exhibit 10: Wales Audit Office objectives



36 **Exhibit 11** demonstrates how we fund these objectives from both fees and the WCF.

Exhibit 11: funding our objectives

Objective Supported		Funding	
		Fee Income	WCF
		£'000	£'000
	Audit of accounts and certification of grants for almost 800 public sector bodies across Wales	10,922	
	Local improvement assessments and local performance audit work, including meeting the requirements of the Well-being of Future Generations Act 2015	3,553	
	Delivering value-for-money studies by the Auditor General including Local Government National Studies, all-Wales summaries of local NHS audit work and meeting the requirements of the Well-being of Future Generations Act 2015 for Welsh Government Sponsored Bodies. Responding to issues that have been brought to our attention through correspondence from the public, elected representatives and others (See paragraphs 38 to 46)		3,002
	Support for Wales Audit Office audit trainees, Finance Skills Development and apprenticeships in the Wales Audit Office Training for our graduate trainee programme along with free secondments to other public-sector bodies and the development of an apprenticeship scheme (See paragraphs 47 to 51)		567
	Technical support, including compliance and quality assurance.		547
	The Good Practice Exchange. (See paragraphs 52 to 54)		540
	Investment in staff learning and development (includes staff time and training budgets).		500
	Transformation including Data Analytics, Communications and Future Ways of Working (See paragraphs 55 to 59)		360

Objective Supported		Funding	
		Fee Income	WCF
		£'000	£'000
●	Wales Audit Office Governance		300
●	Equalisation of all-Wales travel costs		300
● ●	Research and development associated with our Local Government performance audit work		280
● ●	Providing support to the Public Accounts Committee and other National Assembly committees.		190
● ●	Preparatory work for the Early Closure of Local Government Accounts		120
●	Sectoral intelligence		130
● ● ●	Cyclical funding for the National Fraud Initiative		50
●	Depreciation funding for capital assets		50
		14,475	6,936

37 Set out below is more information on some of the priority areas for WCF funding in 2019-20.

National reports, including reactive work – £3.002 million

- 38 We aim to deliver at least 14 national reports each year drawing on audit work across various parts of the Auditor General's programme. Of these reports, we would typically expect that at least ten would, by their nature, provide material to support the scrutiny work of the Public Accounts Committee and/or other National Assembly committees.
- 39 The Auditor General is required to take account of the views of the Public Accounts Committee when determining the work to be undertaken as part of his programme of value for money examinations. He updates the Public Accounts Committee regularly on all audit work in progress that could support the Committee's own work. Planning for the programme of work for 2019-20 and beyond is currently underway.
- 40 Some recently completed national reports include a review of [Primary Care Out-of-Hours Services](#) and a report on [Managing the Impact of Brexit on EU Structural Funds](#).

- 41 We will continue to commit resources to provide the necessary capacity and to develop our capability to carry out reactive work in response to issues brought to our attention through correspondence from the public, elected representatives and others. The resources committed for this purpose from the 2019-20 estimate relate primarily to the work of the investigative studies team that we established in 2015. Recent examples of national reports led by the investigative studies team include a review of the [Welsh Government's relationship with Pinewood](#), which was used by the National Assembly's Culture, Welsh Language and Communications Committee to inform its inquiry into film and TV production in Wales.
- 42 We have increased the funding allocated to this area by £85,000 for 2019-20 to allow scope for a report on preparedness for withdrawal from the EU.
- 43 To date, the Auditor General's work on Brexit has addressed the most immediate practical implications of Brexit for Wales, which are the cessation of European-funded programmes re the Structural Funds (circa £2.1 billion) and agricultural support (circa £1.2 billion). Two value for money studies have been produced:
- **Managing the impact of Brexit on EU Structural Funds** published on 31 July 2018; and
 - our report on the Rural Development Programme 2014-20 which is currently being finalised and will be published later in the autumn.
- 44 We plan to issue a further report in the summer of 2019 which would look at preparedness for withdrawal from the EU across the Welsh public sector, including the Welsh Government itself. The target audience could well be the Public Accounts Committee as usual, but the report might also/instead be considered by the National Assembly's External Affairs Committee, which is leading within the Assembly itself on Brexit scrutiny.
- 45 We have estimated that the work involved in this review would be equivalent to two medium to large national studies and whilst the Auditor General is content to absorb some of this additional work by substituting other planned studies, there is a requirement for some additional resource to ensure that he is able to appropriately cover other risks and topics that should feature in his further work programme.
- 46 In the event of there being no transitional agreement with the EU, it may be necessary to return to the Finance Committee with a Supplementary Estimate for 2019-20 to allow us to respond more quickly to the challenges faced.

Financial Training Programme – £0.57 million

- 47 Since 2014, we have incrementally expanded our graduate trainee accountant scheme to remodel our workforce and to achieve greater agility and a stronger and more versatile skills base. By September 2018, we had recruited a total of 45 trainees across Wales – our target level – who are at various stages of their professional development.
- 48 Our graduate trainee scheme also operates as part of a pan-Wales programme designed to enhance the learning experience of our trainees by providing them with opportunities to undertake secondments to other public bodies in Wales, while also providing capacity to those bodies to carry out development work.
- 49 It is our broad ambition, in conjunction with the Finance Skills Development Group, to offer attractive jobs for graduates in Wales who in time will become part of the future pool of finance talent available to the wider Welsh public sector.
- 50 In 2018-19 we have used funding from the Consolidated Fund to expand our programme to include an apprenticeship programme, with four Financial Audit apprentices starting in September 2018.
- 51 The following table details what we have achieved to date with this funding.

Financial Training Programme – Achievements to date

Recruitment

We recruited an additional 12 new graduate trainees in 2018. This increases the total number of Wales Audit Office graduate trainees to 45 as at September 2018. We have also welcomed the first four apprentices into the Wales Audit Office.

Secondments

We are continuing our trainee secondment programme. Eight Wales Audit Office trainees are due to be seconded to other public sector bodies during 2018-19 (Carmarthenshire County Council, Cardiff Council, Aneurin Bevan University Health Board, Natural Resources Wales, Arts Council Wales, Companies House, Abertawe Bro Morgannwg University Health Board and Betsi Cadwaladr University Health Board). In addition, we are continuing to extend the initiative to allow qualified staff to undertake valuable secondments. Appropriate safeguards are always put in place to ensure the Auditor General's audit independence.

Skills development

An enhanced trainee skills development programme has been rolled out that will culminate in an accredited junior leadership programme. This will constitute accredited first line management training in the final year of a trainee's professional studies. The first three trainees have already completed their training. Other public bodies have shown an interest in this junior leadership programme and it is anticipated that staff from other organisations will also join the programme during the next financial year.

Management

All line managers for our trainees have received advanced training in coaching techniques to enhance their capability as people managers. This will better enable them to support trainees as they progress through their leadership development programme.

Trainee conference

A third trainee conference has been arranged for 16 October 2018 at which we are expecting around 190 finance students from across the public sector in Wales. We have achieved a high level of interest from students and public-sector leaders (who are supporting and speaking at the event). The event continues to receive high levels of trainees' satisfaction scores.

Trainee networks

The Finance Skills Development Group has established three trainee networks covering the whole of Wales. These networks allow trainees from a range of employers, and studying for different qualifications, to come together and network, share experiences and hear from a variety of speakers to further enhance the trainees' professional development.

Exchange of Good Practice – £0.54 million

- 52 Our Good Practice Exchange (GPX) was established in 2006 to gather and share relevant knowledge and innovative practices to support the Welsh public sector to deliver better services using shared learning seminars, online guidance, case studies and social media.
- 53 Examples of events being delivered in 2018-19 include seminars on Digital Ambition, and Working in Partnership; webinars on sustainable procurement, adverse childhood experiences, moving from outputs to outcomes and a series of podcasts on behaviour change. A full list of events is available on [our website](#), with events running in both North and South Wales.
- 54 We know that our GPX programme is well regarded, with 88% of public services' Chief Executives in Wales saying that our work in promoting good practice has benefited public services. It also attracts a national and international profile, with research telling us it is leading edge in the world of public audit.

Transformation projects – £0.36 million

- 55 We are using WCF funding to support three key projects aimed at transforming the way that we deliver audit by 2025. An update from each of these projects is provided below.

Data Analytics – £0.26 million

- 56 Following the success of our Cutting Edge Audit project in 2017-18, we asked for specific funding from 2018-19 to invest in developing our expertise in the use of DA. We set out below our achievements to date and our future plans.

Exhibit 12: data analytics project – achievements to date

Data Analytics Project – Achievements to date

Strategy launch

A visually engaging, one page strategy finalised following staff consultation. It is serving well as an overarching vision to guide the programme. An extract is shown below.



Data Analytics Project – Achievements to date

Strengthening our governance arrangements

We now have an agreed suite of governance documents. Our programme Director reports to the Assistant Auditor General. We provide assurance to our Management Committee and Board through routine updates. We have adopted a form of agile project management whose principles include ‘iterative development’, which aligns well with our research and development work.

Data Analytics Project – Achievements to date

Recruitment

We have two programme managers (one from financial audit and one from performance audit) and a specialist advisor, supported by a delivery team which consists of three full time members (two of which are temporary positions – including one secondee from the Office for National Statistics (ONS)). Two data science apprentices joined the team in September 2018. We bolster our DA capacity by involving and upskilling staff from across the Wales Audit Office wherever possible.

Collaboration with other bodies

We have reached agreement with other UK Public Audit Forum (PAF) bodies to work together on 14 data analytics projects.

As a result we are working with the Northern Ireland Audit Office (NIAO) who are leading on the successful Govtech funding bid on behalf of the PAF bodies to jointly explore DA solutions with private firms.

Data Analytics Project – Achievements to date

Research and development

During the year we have made progress on more than 15 pilots from our project pipeline. Some examples are described below.

Financial audit dashboard

Using data techniques we have recreated the accounts of an audited body from a general ledger download. The interactive tool allows auditors to have the data at their fingertips and manipulate it for risk assessment and sample selection.

Assembly Watch

Our Assembly Watch app uses specialist software to retrieve information from the National Assembly's meeting minutes. The app helps us to monitor the Wales Audit Office's impact in the Assembly by analysing the number of times Assembly committees refer to our work; a key performance indicator. The app replaces a time-consuming manual exercise, produces much higher quality data analysis and the results are provided in an interactive format.

Land Registry data analysis

We have built a workflow that rapidly analyses 3.5 million records from the Land Registry (in just 20 seconds). The aim is to improve the efficiency and quality of our analysis of public bodies' land and buildings, as part of our financial audits. The workflow extracts Welsh records, and imports the results into a reporting tool, where auditors are provided with a searchable, filterable tool relevant to the body they are auditing.

Youth wellbeing data tool

An interactive software tool collates data about youth services and the wellbeing of young people and is being used by our staff involved in a national study on Youth Wellbeing. The tool automatically refreshes to ensure it includes the most up-to-date data from external sources and is presented in a visually engaging way which aids data analysis and trends. The interactive elements allow users to filter by area and explore longer-term trends.

Geographical mapping app

We have created an app using specialist software that allows staff to overlay data on a map of Wales. The app allows users to show how performance indicators (or other relevant data) vary by area of Wales. The maps will be used as graphics in our reports, and in future we hope to create interactive maps as public products from our work.

Transforming communications – £0.05 million

- 57 In 2017-18, we used some of our transformation funding to support a project looking at how we maximise the audience for our audit work. The project team's recommendations covered the following areas:
- Engaging with stakeholders to better understand the audiences for audit work and their requirements
 - Developing the style and content of our reporting to maximise the reach, accessibility and impact of our work
 - Exploring the use of new technologies and techniques for communicating with our audiences
 - Better integrating with the work of the Communications Team with project delivery teams to maximise the impact of our work
- 58 We are seeking an increase of £50,000 in transformation funding for 2019-20 to help us implement these recommendations.

Future Ways of Working – £0.05 million

- 59 A project team to look at how we should work in the future will start work in September 2018. Key areas of focus will be:
- How we make best use of office accommodation and tools and technology
 - Flexible working arrangements to address peaks in demand

Forward look

- 60 Our Medium Term Financial Plan suggests that, given expected upward pressure on pay and prices, it will be increasingly difficult to maintain our commitment to restrict any additional call on WCF to new demands and to keep any increases to our fees to an absolute minimum.
- 61 Our budget for 2019-20 includes an expectation of significant cost savings in the year on top of the 14% reduction in our costs achieved since 2013-14. Whilst we continue to strive to find additional savings areas, this cannot be at the expense of the quality of public audit in Wales.
- 62 Should the pressure on pay and prices exceed our expectations, we may need to revisit our costing and funding assumptions.
- 63 The evolving landscape for our public audit work presents a complicated picture for the Wales Audit Office, encompassing:
- the impact of Brexit on funding and legislation;
 - continued public sector funding restraint and responses to it, along with evolving public expectations of public services;
 - the political landscape between Westminster and Wales and the impacts of further devolution and tax-raising powers for Wales;
 - the Welsh Government's legislative programme and any impacts for the work of the Auditor General;
 - seamless public services across Wales, with greater partnerships and collaborations, such as City Deals;
 - digitisation of service delivery, increased public access to audit-related data and expanded use of social media and other digital communication;
 - earlier closure of local government accounts after 2019-20, with resultant impacts on resourcing across both local government and the Wales Audit Office; and
 - continued pay restraint in the public sector causing leakage of professional talent.

- 64 We are actively planning for all of the above, both in terms of our financial and workforce plans, in order to ensure that we continue to provide quality audit services, by:
- continuing to set an annual efficiency savings target, £574,000 in 2019-20, through our efficiency and effectiveness programme – to help ensure every pound we spend has maximum impact;
 - reviewing our workforce planning strategy and considering the skills mix and workforce model that will be required in the future – so we can reshape our workforce over time, preparing for changes to our work programme;
 - capitalising on our strategic intelligence to inform developing policy and position ourselves for effective responses such as to Brexit and the Welsh Government legislative programme; and
 - investing in DA and digitisation and providing capacity to support organisational change.
- 65 Our interim and annual reports, together with our annual Estimates, demonstrate how we are facing the challenges and remaining focused on ensuring the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.
- 66 Future Estimates will consider how we build capacity for income generation to help bridge the forecast shortfall in our Medium Term Financial Plan.

The budget ambit 2019-20

Estimated budget requirements of the Wales Audit Office for the year ending 31 March 2020

- 67 Under Section 125 of the Government of Wales Act 2006, Ministers must move a Budget Motion in the National Assembly 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.
- 68 In respect of the services and purposes of the Wales Audit Office and the Auditor General in the year ending 31 March 2020, 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.
- 69 These requirements, which due to the variability of income streams can only be estimates, are summarised in [Exhibit 13](#).

Exhibit 13: summary of the estimated 2019-20 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	6,936
• Capital	210
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; recoveries of costs, such as seconded staff, staff loans, car leasing payments; recoveries of any costs incurred for a third party; and interest received on working balances – 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.	14,475
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office.	6,946

70 Exhibit 14 provides a reconciliation of the Wales Audit Office's total resource request with its net cash requirement for the year ended 31 March 2020.

Exhibit 14: reconciliation of resource requirement to cash drawing requirement from the WCF

	£'000
Net request for resources – revenue and capital	7,146
Non-cash adjustment – depreciation and accruals	(200)
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office	6,946

Appendix 1 – Draft Fee Scheme 2019-20

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Overview

Introduction

- 1 This Fee Scheme has been prepared by the Wales Audit Office under section 24 of the Public Audit (Wales) Act 2013 (the Act) ([Annex 1](#)). The Fee Scheme, following approval by the National Assembly's Finance Committee, provides the basis on which the Wales Audit Office charges fees.
- 2 The Board has listened carefully to stakeholder feedback in relation to our cost-efficiency agenda and the fee rates we set. In seeking the National Assembly's support for our Estimate for 2019-20, we proposed in the Estimate:
 - an increase in fee rates to be offset by reductions in audit days and skills mix to keep our fee scales unchanged from 2018-19.
 - to continue in line with previous National Assembly agreement to fund National Fraud Initiative (NFI) work from our charge on the Welsh Consolidated Fund rather than through fees charged to participating bodies. Feedback told us that audited bodies welcome this approach.
 - to continue to provide public sector secondment opportunities for our accounting trainees, without impacting on fees charged for audit work.
 - to maintain capacity for transformational thinking in our approaches to audit work. Feedback reinforced the need for us to do more developmental work as part of balancing the overall cost of audit on public bodies.
- 3 This Fee Scheme reflects the approved Estimate and in broad terms sets out:
 - the enactments under which the Wales Audit Office charges audit fees.
 - the arrangements for setting those fees, which comprise either:
 - fee scales that set out fee ranges for particular areas of audit work in local government; or
 - fee rates for work not covered by fee scales.
- 4 Broadly, 68% of our expenditure is funded through fees charged to audited bodies and a grant from the Welsh Government to support improvement assessment work. The remaining 32% is provided directly from the Welsh Consolidated Fund through vote of the National Assembly. Further information about our expenditure and funding is contained in annual estimates of income and expenditure which are laid before the National Assembly.

List of enactments

- 5 **Annex 2** sets out the enactments under which the Wales Audit Office may and must charge fees.

Fee rates and fee scales

- 6 The Wales Audit Office does not generate profits on fees. Legislation requires that the fees we charge may not exceed the full cost of exercising the function to which the fee relates. Our fee rates are set at a level to recover that full cost.
- 7 There is a tension between providing audited bodies with an up-front fee for the work to be undertaken on specific audits and having a sufficiently flexible regime that recognises the inevitability of variances. We set our audit fees based on our estimated expenditure, the estimated skills mix and the estimated number of days required to complete the work. Where the required work is significantly greater than that originally estimated, as a result of complexities experienced during the audit, we may charge a higher fee, as permitted by legislation.
- 8 During 2017-18 we consulted widely on legislation governing the fee regime in Wales which is more complex than in other parts of the UK and creates inefficiency and additional cost for the public sector in Wales. The outcome of this consultation has been submitted to the Finance Committee and we await their response.
- 9 We went beyond the statutory fee consultation requirements and, in August 2018, consulted all audited bodies and other stakeholders on our fee scales for 2019-20. A total of 92 different bodies were consulted. We received responses from just seven of those bodies. Those responses told us that:
- audited bodies continue to welcome free participation in the National Fraud Initiative; and
 - whilst welcoming our commitment to freeze our fee scales and overall fees for 2019-20, some audited bodies asked if we could go further and reduce fees in line with the reductions in funding being experienced by those bodies.
- 10 In 2018-19 we reduced our fee scales through audit efficiencies and have maintained these scales at 2018-19 levels for 2019-20 despite the necessary increase in hourly rates.
- 11 The Board welcomed the feedback and responds to it through this Fee Scheme and our Estimate.

12 **Exhibit 15** sets out the hourly fee rates for audit staff.

Exhibit 15: fee rates for audit staff

Grade	Proposed fee rate (£ per hour) 2019-20	Fee rate (£ per hour) 2018-19
Engagement director	161	159
Audit manager	115	112
Principal Auditor	94	93
Senior Auditor	73	66/76
Auditor	57	57
Graduate trainee	46	44

13 We are required to prescribe fee scales for:

- work relating to the audit of local government bodies;
- work under the Local Government (Wales) Measure 2009; and
- data-matching work (NFI).

14 Fee scales for the audit of the 2018-19 financial accounts and 2019-20 improvement audits and assessments are provided in **Annex 3** in relation to work conducted at unitary authorities, fire and rescue authorities, national park authorities, police and crime commissioners and chief constables, town and community councils and local government pension funds. A separate fee scale is provided in relation to the NFI.

15 Fee scales are a means of regulating the cost of public audit, through setting limits and by reviewing fees against those limits. Fee scales also provide a framework for auditors to assess the amount of annual audit work necessary and the fee to be charged for that work at a particular audited body.

- 16 Audited bodies not covered by the statutory requirement for a fee scale have their estimated audit fees calculated in the same way as for those which are covered – that is, through applying the fee rates published in this Fee Scheme to the estimated team mix and hours of input required for the audit.
- 17 Auditors undertake grant certification work on behalf of the Auditor General. The amount of grant certification work undertaken in any year is dependent on the number of schemes subject to audit and the number of audited bodies participating in those schemes. Charges for this work are calculated using the fee rates and reflecting the size, complexity or any particular issues in respect of the grant in question.
- 18 The fee rates apply to all audit work that the Wales Audit Office will charge for, except to the extent that the fee scales, where applicable, regulate the amount to be charged (or in the case of work done by agreements prior to 1 April 2014, rates are in terms as agreed). If it subsequently appears to the Wales Audit Office that the work involved in a particular audit differs substantially from that originally envisaged, the Wales Audit Office may charge a fee which differs from that originally notified.
- 19 In the case of the provision of other administrative, professional or technical services provided, fees will be charged in accordance with the relevant agreement, subject to such amounts being capped at the full cost of providing the service. To meet their statutory responsibilities, it is sometimes necessary for auditors to carry out work which goes beyond their general duties. Additional work can include reports in the public interest, extraordinary audit, special inspections and further work in relation to electors' questions and objections, and the prevention of unlawful expenditure. Charges for this type of work will reflect the nature of the work required.
- 20 Where specialist support or legal or other professional advice is required, this will be charged to audited bodies in addition to the cost of Wales Audit Office staff.

Charging of fees

- 21 Each body's Engagement Director will explain that body's skills mix for the audit and the factors influencing the overall fee. Charging arrangements are agreed with audited bodies and may encompass one-off, periodic, regular or annual charging, as appropriate in the circumstances.
- 22 Audited bodies are expected to pay the Wales Audit Office's invoices within their performance target for creditor payments, usually 10 days in the public sector. We may charge for the administrative costs incurred in pursuing late payments.

- 23 On completion of audit assignments, we will assess the actual costs incurred in undertaking the assignment in comparison with the fee charged. We will refund any excess of fee over cost and, conversely, we may charge additional costs where the fee falls short. We will process refunds and additional charges in a manner which seeks to minimise administrative costs, such as through offsetting against future fees or fees for other aspects of audit activity.

Annex 1 – Public Audit (Wales) Act 2013 – full text of section 24

- (1) The Wales Audit Office must prepare a scheme relating to the charging of fees by the Wales Audit Office.
- (2) The scheme must include the following:
 - a a list of the enactments under which the Wales Audit Office may charge a fee;
 - b where those enactments make provision for the Wales Audit Office to prescribe a scale or scales of fees, that scale or those scales;
 - c where those enactments make provision for the Wales Audit Office to prescribe an amount to be charged, that amount; and
 - d where no provision is made for a scale or scales of fees or for an amount to be prescribed, the means by which the Wales Audit Office is to calculate the fee.
- (3) The scheme may, amongst other things:
 - a include different provision for different cases or classes of case; and
 - b provide for times at which, and the manner in which, payments are to be made.
- (4) The Wales Audit Office:
 - a must review the scheme at least once in every calendar year;
 - b may revise or remake the scheme at any time; and
 - c must lay the scheme (and any revision to it) before the National Assembly.
- (5) Where the Welsh Ministers prescribe a scale or scales of fees under:
 - a section 64F of the Public Audit (Wales) Act 2004 (fees for data matching); or
 - b section 27A of the Local Government (Wales) Measure 2009 (Welsh Ministers' power to prescribe a scale of fees)

to have effect instead of a scale or scales prescribed by the Wales Audit Office, the Wales Audit Office must revise the scheme to include the scale or scales prescribed by the Welsh Ministers instead of those prescribed by the Wales Audit Office.

- (6) If a revision made in accordance with subsection (5) is the only revision to a scheme, it does not require the approval of the National Assembly.
- (7) The scheme takes effect when approved by the National Assembly or, in the case of a revision made in accordance with subsection (5), once it has been laid before the National Assembly.
- (8) The Wales Audit Office must publish the scheme (and any revision to it) as soon as reasonably practicable after it takes effect.

Annex 2 – List of enactments under which the Wales Audit Office may and must charge fees

Exhibit 16: list of enactments under which the Wales Audit Office may and must charge fees

Nature of work	Enactments
The Wales Audit Office may charge fees for the following activities	
<ul style="list-style-type: none"> Audit of accounts by the Auditor General (other than local government accounts). 	<ul style="list-style-type: none"> Section 23(2) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> Value for money studies undertaken by agreement. 	<ul style="list-style-type: none"> Section 23(3)(a)-(c) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> An examination, certification or report under section 31 of the Tax Collection and Management (Wales) Act 2016 in respect of the Welsh Revenue Authority's Tax Statement. 	<ul style="list-style-type: none"> Section 23(3)(ba) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> An examination under section 15 of the Well-being of Future Generations (Wales) Act 2015 (anaw 2) (examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle). 	<ul style="list-style-type: none"> Section 23(3)(ca) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> Any functions of a relevant authority exercised by the Wales Audit Office or the Auditor General and undertaken by agreement, and any administrative, professional or technical services to be provided by the Wales Audit Office or the Auditor General by arrangement under section 19 of the Public Audit (Wales) Act 2013. 	<ul style="list-style-type: none"> Section 23(3)(d) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> An extraordinary audit of the accounts of a local government body. 	<ul style="list-style-type: none"> Section 37(8) of the Public Audit (Wales) Act 2004
<ul style="list-style-type: none"> Data-matching exercises. 	<ul style="list-style-type: none"> Section 64F(A1) of the Public Audit (Wales) Act 2004 A fee scale must be prescribed for this work
<ul style="list-style-type: none"> Advice and assistance provided by the Auditor General for registered social landlords. 	<ul style="list-style-type: none"> Section 145D(2) of the Government of Wales Act 1998

Nature of work	Enactments
The Wales Audit Office must charge fees for the following activities	
<ul style="list-style-type: none"> • Work under the Local Government (Wales) Measure 2009. 	<ul style="list-style-type: none"> • Section 27 of the Local Government (Wales) Measure 2009 • A fee scale must be prescribed for this work
<ul style="list-style-type: none"> • Grant certification services. 	<ul style="list-style-type: none"> • Section 23(4)(a) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> • Studies at the request of educational bodies under section 145B of the Government of Wales Act 1998. 	<ul style="list-style-type: none"> • Section 23(4)(b) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> • Auditing the accounts of a local government body and undertaking studies by agreement with a local government body. 	<ul style="list-style-type: none"> • Section 20(A1)(a)-(b) of the Public Audit (Wales) Act 2004 • A fee scale must be prescribed for the audit of the accounts of local government bodies
<ul style="list-style-type: none"> • Benefit administration studies for the Secretary of State. The Auditor General may conduct, or assist the Secretary of State in conducting, a benefit administration study only if the Secretary of State has made arrangements for the payment to the Wales Audit Office of a fee in respect of the study. The amount of the fee must be a reasonable amount agreed between the Secretary of State and the Wales Audit Office. 	<ul style="list-style-type: none"> • Section 45 of the Public Audit (Wales) Act 2004
<ul style="list-style-type: none"> • Assisting Her Majesty's Chief Inspector of Education and Training in Wales with inspections of local authorities. The Auditor General for Wales shall not provide such assistance unless, before he does so, the Chief Inspector has agreed to pay the Wales Audit Office a fee. 	<ul style="list-style-type: none"> • Section 41A of the Education Act 1997
<ul style="list-style-type: none"> • Programmes of studies relating to registered social landlords undertaken by agreement between the Welsh Ministers and the Auditor General. It shall be a term of every such programme that the Welsh Ministers must pay to the Wales Audit Office a sum in respect of the costs incurred. 	<ul style="list-style-type: none"> • Section 145C(3) of the Government of Wales Act 1998

Annex 3 – Fee scales for work undertaken at local government bodies

Unitary authorities

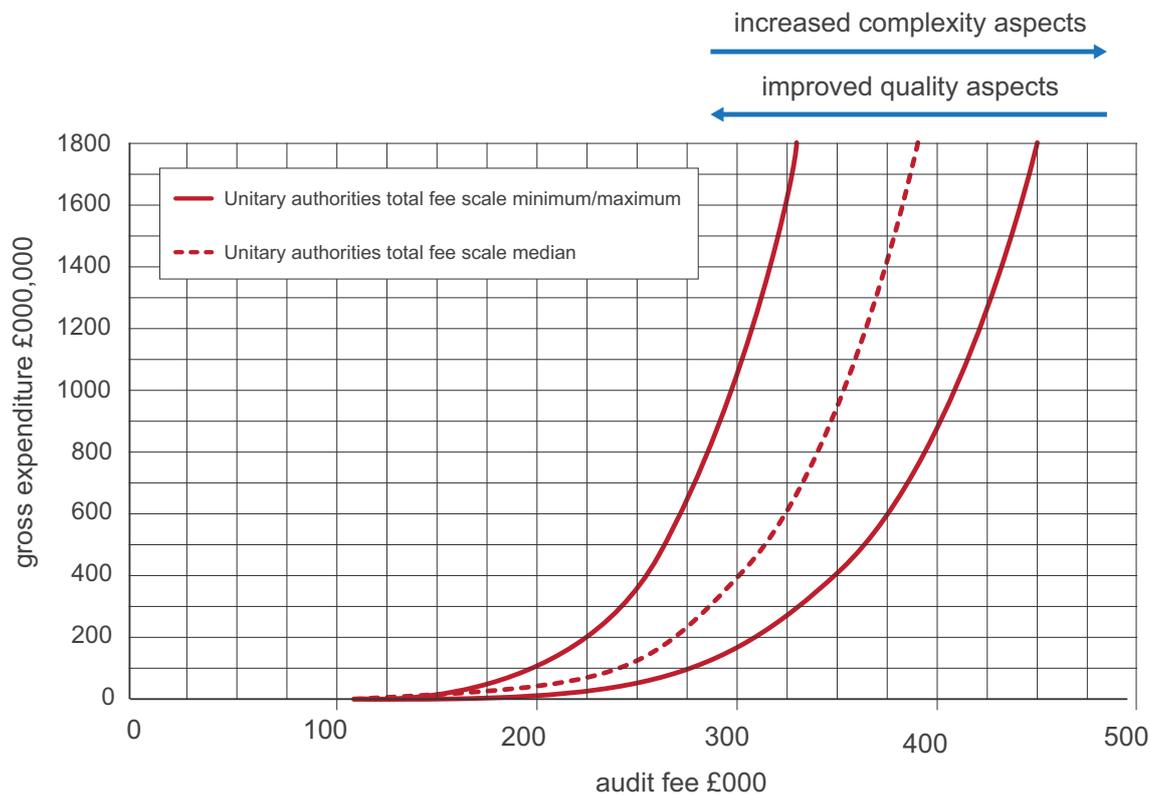
Exhibit 17: fee scale for audit of 2018-19 accounts

Gross expenditure £000,000	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
100	117	138	158	138
200	141	166	191	166
300	157	185	212	185
400	169	199	229	199
500	180	211	243	211
600	189	222	255	222
700	197	231	266	231
800	204	240	276	240
900	210	247	284	247
1,000	216	254	292	254
1,100	222	261	300	261
1,200	227	267	307	267

Exhibit 18: fee scale for 2019-20 for performance audit work (including improvement audits, assessments and special inspections under the Local Government (Wales) Measure 2009)

All unitary authorities	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	83	99	115	99

Exhibit 19: graphic of total fee scale for unitary authorities⁴



⁴ 'improved quality aspects' refers to the quality of the accounts production process i.e. the quality of the draft financial statements and the supporting working papers.

Fire and rescue authorities

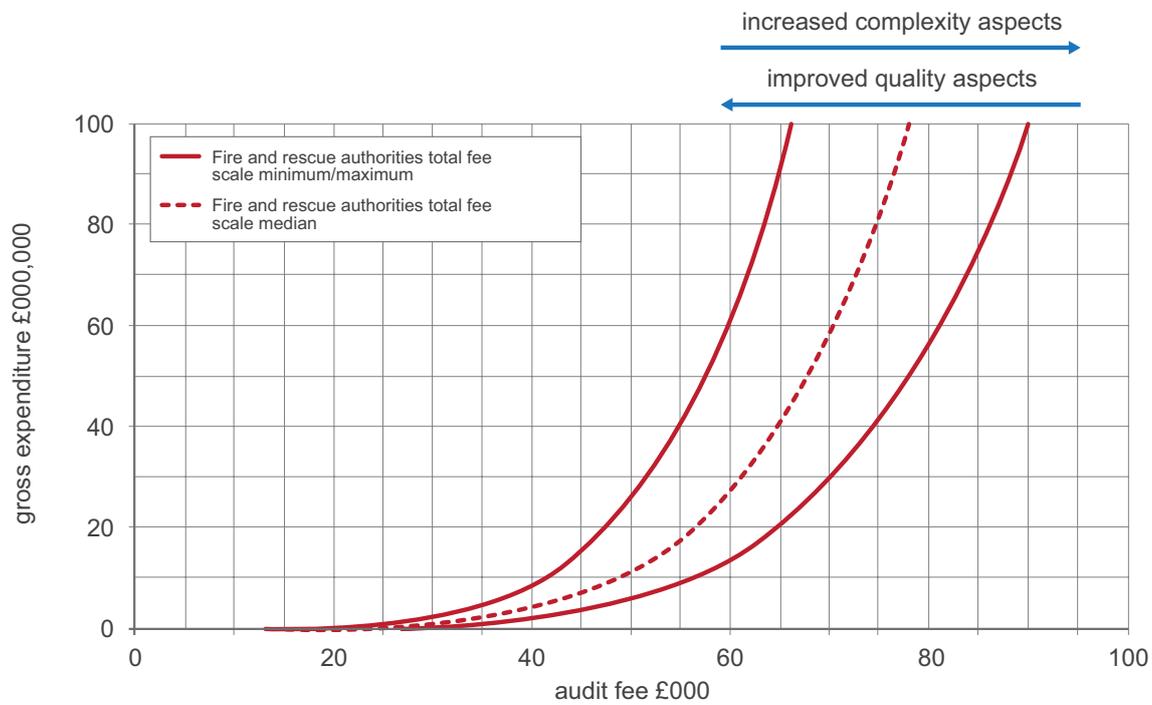
Exhibit 20: fee scale for audit of 2018-19 accounts

Gross expenditure £000,000	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
20	34	40	46	40
40	41	49	56	49
60	46	54	62	54
80	50	58	67	58
100	53	62	71	62

Exhibit 21: fee scale for 2019-20 for performance audit work (including improvement audits, assessments and special inspections under the Local Government (Wales) Measure 2009)

All fire and rescue authorities	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	14	16	19	16

Exhibit 22: graphic of audit total fee scale for fire and rescue authorities



National park authorities

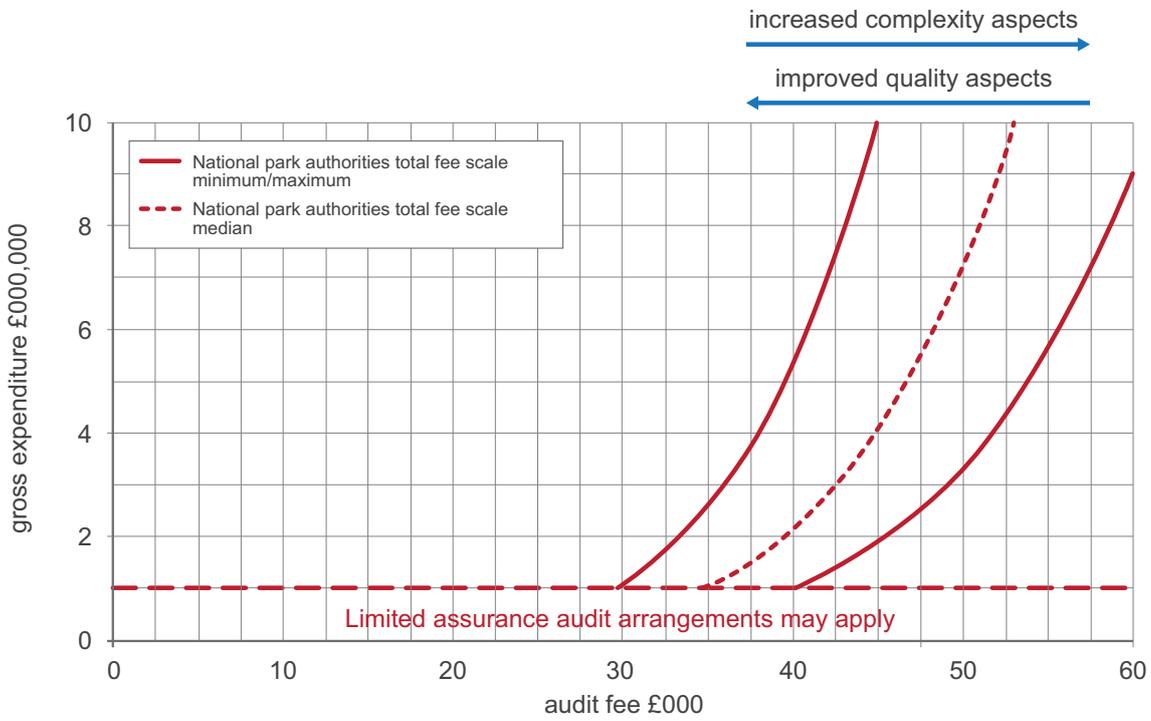
Exhibit 23: fee scale for audit of 2018-19 accounts

Gross expenditure £000,000	Combined fee range for PCC and CC £000			Previous year median £000
	Minimum	Median	Maximum	
2	21	25	29	25
4	26	30	35	30
6	29	34	39	34
8	31	36	42	36
10	33	38	44	38

Exhibit 24: fee scale for 2019-20 for performance audit work (including improvement audits, assessments and special inspections under the Local Government (Wales) Measure 2009)

All national park authorities	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	14	17	19	17

Exhibit 25: graphic of total fee scale for national park authorities



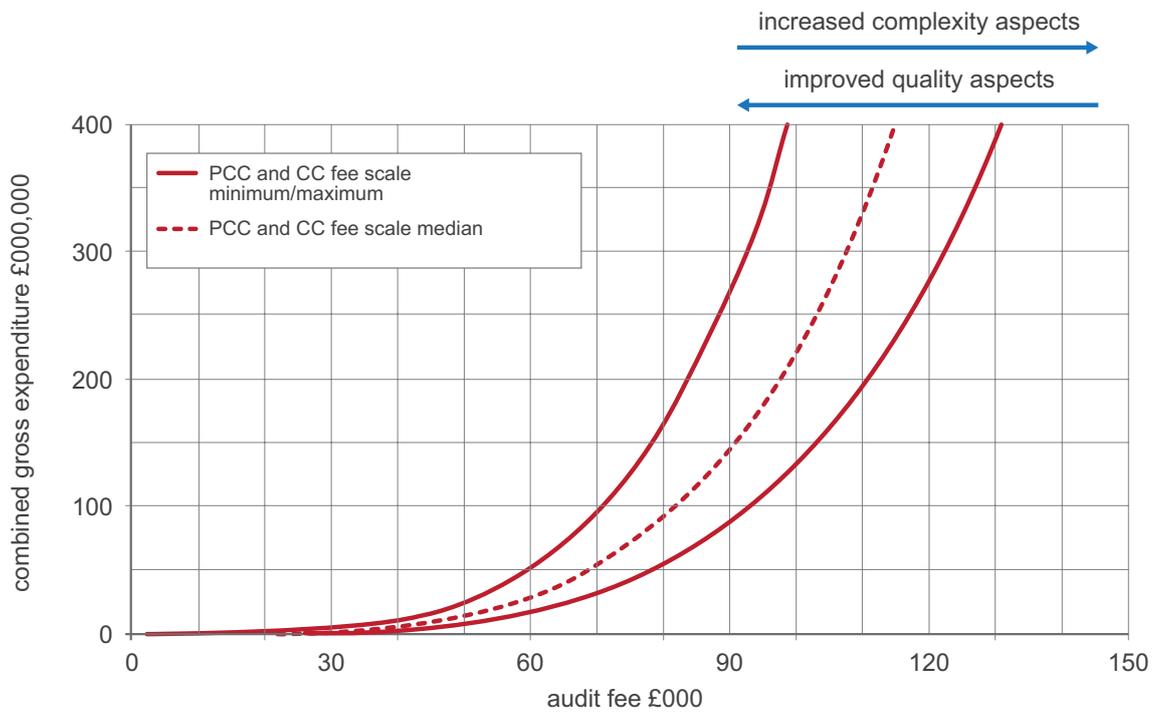
Police and crime commissioners and chief constables

Auditors undertake audits of two statutory bodies in a police area – the Police and Crime Commissioners (PCCs) and the Chief Constables (CCs). The split of the total fee between the two bodies in a particular police area will be a matter for auditors to determine, based on accounting requirements and the operational arrangements put in place by each of the bodies.

Exhibit 26: fee scale for audit of 2018-19 accounts

Combined gross expenditure of PCC and CC £000,000	Combined fee range for PCC and CC £000			Previous year median £000
	Minimum	Median	Maximum	
50	56	66	76	66
100	67	79	91	79
150	74	87	100	87
200	79	94	108	94
250	84	99	114	99
300	88	104	120	104
350	91	108	124	108

Exhibit 27: graphic of total fee scale for police and crime commissioners and chief constables



Town and community councils with annual income or expenditure under £2.5 million

Town and community councils in Wales are subject to a limited assurance audit regime. Since 2016-17, we have charged for this work on a time basis rather than the historical basis of a fixed fee according to expenditure/income bands.

The fee rate charges are as set out in [Exhibit 28](#).

In circumstances where the auditor requires further evidence to properly discharge their responsibilities, including following publication of a related public interest report, additional testing will be undertaken to address the auditor's concerns.

It is emphasised that the actual charge made to any particular body will be dependent on the time actually worked on that particular audit. The ranges provided in the table below are for indicative purposes only.

Exhibit 28: estimated time charges for the audit of 2018-19 accounts of town and community councils

Annual income or expenditure	Indicative baseline charge	Indicative upper range fee
£0 – £5,000	£140	£280
£5,001 – £100,000	£160	£320
£100,001 – £500,000	£200	£380
£500,001 – £2,500,000	£240	£460

Local government pension funds

Exhibit 29: fee scale for audit of 2018-19 accounts

All pension funds	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	33	40	55	40

Fee rates for other work in local government

The audit of other types of local government body, work which goes beyond the general duties of the Auditor General, and grant certification work

Other than those types of bodies for which fee scales have been prescribed as shown above, there are a small number of other types of local government body where our prescription of the fee scale is a matter of converting the resource requirements into fees directly based on the costs of delivering the work or by applying the fee rates as set out in [Exhibit 15](#). It remains the case that for audits of these bodies we apply a zero-based approach to audit planning.

For all types of local government body, to meet his statutory responsibilities, it is sometimes necessary for the Auditor General to carry out work which goes beyond general duties (those set out in section 17 of the Public Audit (Wales) Act 2004). Additional work can include reports in the public interest, extraordinary audit, special inspections and further work in relation to elector challenge and the prevention of unlawful expenditure. Charges for this type of work will reflect the nature of the work required.

Exhibit 30: Estimates of the relative proportions of financial audit staff grades to be used for different types of grants work are provided below.

Grade of staff	Complex grants staff mix %	All other grants staff mix %
Engagement director	1 to 2	0 to 1
Audit manager	4 to 6	1 to 2
Senior auditor	18 to 21	12 to 16
Auditor/ graduate trainee	77 to 71	87 to 81

Auditors may also undertake grant certification work at local government bodies on behalf of the Auditor General. The amount of grant certification work undertaken in any year is dependent on the number of schemes subject to audit and the number of audited bodies participating in those schemes. Charges for this work are made on a per-hour basis and reflect the size, complexity or any particular issues in respect of the grant in question.

Complex grants include:

- BEN01 Housing and council tax benefits scheme
- LA01 National non-domestic rates return
- PEN05 Teachers' pensions return

Fee scales for work undertaken under the National Fraud Initiative (data matching)

In order to support Welsh public bodies in combating fraud, the Auditor General conducts the National Fraud Initiative (NFI) in Wales on a biennial basis. The NFI is also run in England, Scotland and Northern Ireland. The NFI matches data across organisations and systems to help public bodies identify potentially fraudulent or erroneous claims and transactions. The NFI has been a highly effective tool in detecting and preventing fraud and overpayments. Since its commencement in 1996, NFI exercises have resulted in the detection and prevention of more than £30 million of fraud and overpayments in Wales and £1.3 billion across the UK.

The Auditor General conducts the NFI using his statutory data-matching powers under Part 3A of the Public Audit (Wales) Act 2004.

Since April 2016, the National Assembly has met the costs of running the NFI through payment from the Welsh Consolidated Fund as approved through the Wales Audit Office's Estimate, so ensuring that voluntary participants are not charged a fee for participation. As required by legislation, the fees for mandatory participants are shown below.

Exhibit 31: NFI fees

Type of body	Fee 2019-20 £
Unitary authority; police and crime commissioners and chief constables; fire and rescue authorities; NHS trusts; local health boards.	Nil
All participants may also be provided with access to the NFI Application Checker (App Check).	Nil

Mandatory participants will also be provided with access to the NFI Application Checker without charge.

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