

Elected Member Induction

Introduction to the Auditor General for Wales and the Wales Audit Office
Cyngor Sir Ynys Môn. Isle of Anglesey County Council.

Date: June 2017

Author: Gwilym Bury

Some Questions



- What do you know about the Wales Audit Office/ Deloittes?
- Which, if any, pieces of our work have you heard about?
- What do you think is the role of the Auditor General for Wales/ Wales Audit Office?

Who are we? – Auditor General for Wales

The Auditor General for Wales

- Huw Vaughan Thomas – The Auditor General for Wales (AGW)
- Supported by the Wales Audit Office (WAO)
- Independent of the National Assembly for Wales
- Held accountable by the Public Accounts Committee
- Many powers arise from the Government of Wales Act 2006



Who are we? – the Wales Audit Office

Wales Audit Office

- Created 1 April 2005 following merger of the National Audit Office and Audit Commission in Wales
- 250 staff at offices throughout Wales
- Wide public sector coverage
- Our aim is to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes



Who are we? – Summary of our roles

- The AGW is the auditor of most of the Welsh public sector
- He is the auditor of the Welsh Government and related bodies eg Natural Resources Wales, NHS bodies in Wales and local government bodies in Wales
- Audits public bodies' accounts and has examination and study powers
- The WAO is a statutory board with nine members which monitors and advises the AGW in relation to his work. The WAO provides resources, including staff, to enable the AGW to carry out his work

Other inspection bodies in Wales

- ESTYN. Her Majesty's Chief Inspector of Education and Training in Wales. Inspects education quality and standards. The word Estyn is a Welsh word meaning 'to reach out' and 'to stretch'.
- CSSIW. Care and Social Services Inspectorate in Wales. Regulate and inspect to improve adult care, childcare and social services for people in Wales
- Comisiynydd y Gymraeg. Welsh Language Commissioner. The Commissioner's main functions include: promoting the use of the Welsh language; and working towards ensuring that the Welsh language is treated no less favourably than the English language by imposing duties on some organisations to comply with standards relating to the Welsh language

Comissioners in Wales



- Children's Commissioner for Wales
- Older People's Commissioner for Wales
- Future Generations Commissioner for Wales – Well-being of Future Generations (WFG) Act
- Public Services Ombudsman for Wales – complaints about public services and independent care providers in Wales

Who are we? Our work

Financial Audit

Performance Audit



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Other areas of work:

- Investigations team
- Correspondence
- Public Interest report
 - Good Practice

Who are we ? – The audit team

Role	Name	Responsibility
Auditor General for Wales	Huw Vaughan Thomas	Appointed Auditor
Engagement Lead Performance Audit	Huw Rees	Quality and overall delivery of performance audit work
Engagement Director	Derwyn Owen	Quality and overall delivery of audit work
Engagement Lead – Financial Audit. Deloitte	Ian Howse	Senior Officer managing the financial audit
Financial Audit Managers. Deloitte	Clare Edge and Michelle Hopton	Leads and co-ordinates financial audit delivery
Performance Audit Manager	Andy Bruce	Managing the performance audit
Performance Audit Lead	Gwilym Bury	Leads and co-ordinates performance audit delivery

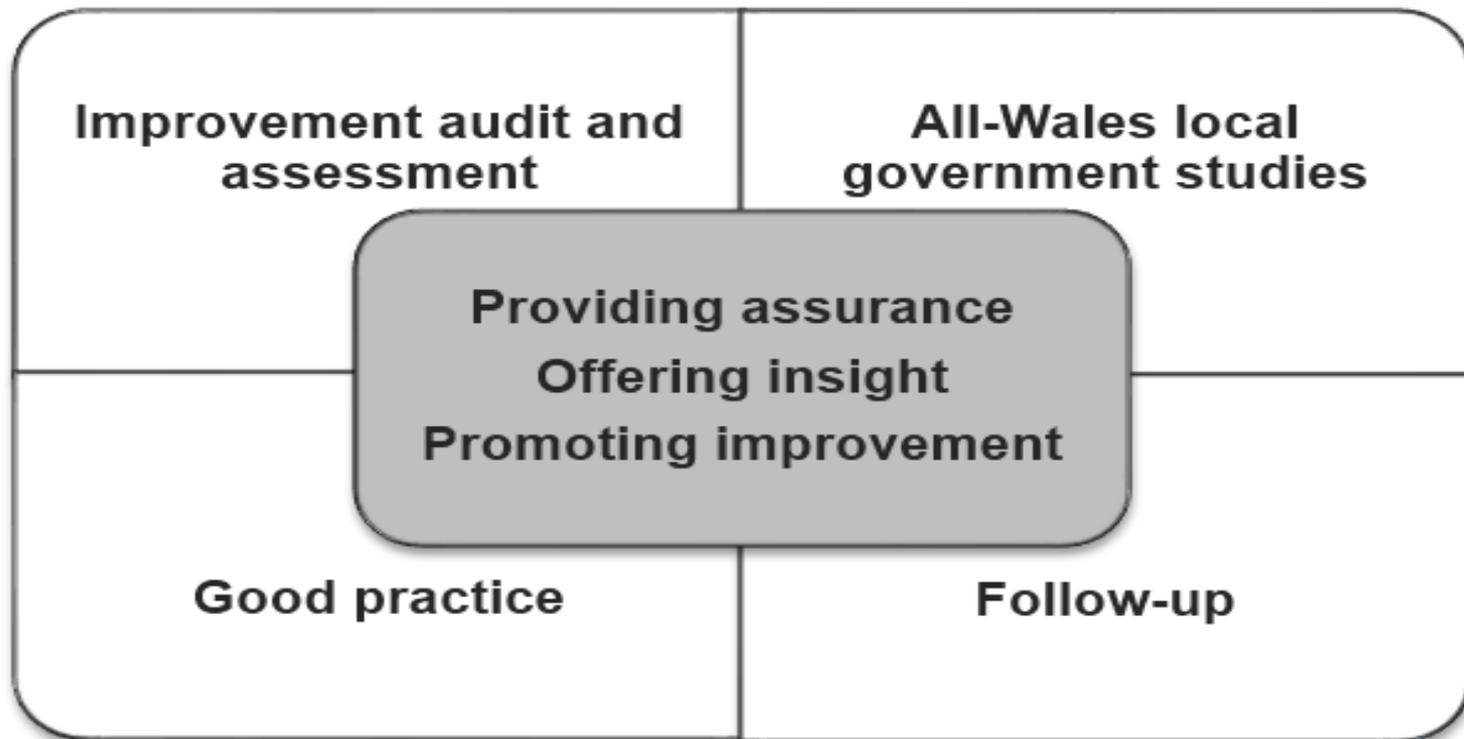
AGW's audit functions: Local government

- Examines accounts, but also considers whether body has made proper arrangements for securing economy, efficiency and effectiveness (commonly known as value for money) in its use of resources
- Answers questions from electors and responds to objections at audit (following public inspection of accounts)
- Under the Local Government (Wales) Measure 2009 undertakes audit of local authority improvement planning and performance reporting, improvement assessment and special inspections
- Must do studies for improving value for money, and may do other studies on provision of services
- New duties under WFG Act

Access rights of the AGW

- Essentially, whenever the access is *necessary* to exercise the auditor's functions from the point of view of the auditor, the auditor will have a right of access.
- If access is necessary for an audit or inspection, auditors will have a right to access:
 - Confidential information, such as submissions to ministers
 - Personal information as defined by the Data Protection Act 1998
 - Information that is subject to legal privilege
 - Personal information and sensitive personal information that may otherwise be subject to protection under the European Convention on Human Rights
 - Information held by third parties
 - Electronic files and IT systems

Our local government performance audit work



What do we do? – Performance Audit

- **Improvement Assessment**
 - Annual Assessments of a Council's arrangements to secure continuous improvement/improvement report
 - All-Wales thematic and local risk-based performance audits to review performance and track improvement over time
 - Provide feedback via presentations and local reports, outlining key findings, with recommendations or proposals for improvement
- Certify the **Improvement Plan** and **Annual Performance Report**
- Publish an **Annual Improvement Report (AIR)** for each council
- Publish **National Reports** on local government and wider public sector issues

What do we do? – Financial Audit

Audit of the financial statements

- Accounts are prepared in accordance with the relevant Accounting Standards
 - International Audit Standards (ISA) requirements
 - Concept of ‘materiality’
 - ‘True and Fair view’ opinion
 - Properly prepared
- Annual Governance Statement is presented in accordance with guidance and is consistent with our knowledge

Grant claim certification

- Determine if claims or returns are fairly stated
- Prepared in accordance with terms and conditions



Comparisons with Internal Audit

Internal Audit

- Reports to Accounting Officer
- Work programme determined by management and approved by Audit Committee
- Focussed work on all areas of risk for body

External Audit

- Scope of work usually within legislation or at auditors' discretion for value for money work
- WAO are statutory auditors
- Work programme determined by WAO based on risks to the audit opinion or specific areas of study

But....ensure good communication and sharing of knowledge to avoid duplication



The AGW and the Well-being of Future Generations (Wales) Act

The AGW...

- Must carry out examinations of public bodies to assess the extent to which they have acted in accordance with the sustainable development principle when a) setting well-being objectives and b) taking steps to meet those objectives
- Must carry out such an examination at least once in a five-year period
- Must report on the results of the examinations to the National Assembly



The WFG Act – what we are doing in 2017-18

- Year One Commentary
 - Gathering information on how the 44 bodies subject to the Act are responding to it in the first year and identifying some examples of notable emerging practice with the aim of providing some early insight and supporting improvement
 - Will lead to a national report in early 2018
- Pilot work
 - Working with a selection of individual bodies and one Public Service Board to develop and test new methods that can be used to audit the SD principle and discharge the AGW's responsibilities under the Act in future years



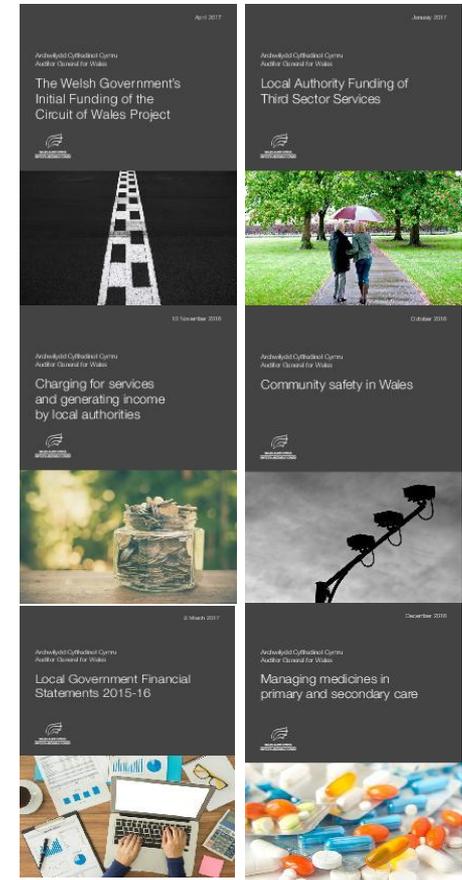
Reporting arrangements

- We expect reports to be taken to a public committee/forum in a timely manner
- Reports usually presented to Audit Committee
- Some reports are presented to scrutiny committees
- A few reports such as the Annual Improvement Report are usually reported to Full Council

Examples of Recent AGW/WAO reports

- Local Government Financial Statements 2015-16 (March 2017)
- The Welsh Government's Initial Funding of the Circuit of Wales Project (April 2017)
- Local Authority Funding of Third Sector Services (January 2017)
- Charging for services and generating income by local authorities (November 2016)
- Community safety in Wales (October 2016)
- Managing medicines in primary and secondary care

All of the above reports can be accessed on www.audit.wales



Annual Audit Plan



- A joint Financial audit/Performance audit plan produced in March 2017 that sets out:
 - Our proposed work in Isle of Anglesey County Council
 - When the work will be undertaken
 - How much the work will cost
 - Who will undertake it

2017-18 work programme: Performance Audit

- Improvement audit and assessment work
- Service user perspective review
- WFG Year One Commentary
- WFG Scrutiny review
- Local work to be agreed
- National Local Government studies 2017-18 –
 - Using data effectively
 - How well do public services provide services to rural communities
 - Intermediate Care Fund

2017-18 work programme: Financial Audit

- **Financial accounts work:**
 - Audit of Financial Statements Report
 - Opinion on Financial Statements
 - Whole of Government Accounts submission
- **Annual Audit Report – finalised November 2017**
- ***Grant Certification work***

Helping public services improve by sharing knowledge and practices that work

- Committed to improving public services across Wales by identifying and sharing good practice
- Run events and online webinars where stakeholders can exchange knowledge face to face and share resources on line, including:
 - financial management
 - public sector staff
 - governance
- All outputs and case studies are available for free via our website

The **Good Practice Exchange**
Y **Gyfnewidfa Arfer** Da



and finally....



***...we're happy to provide help and
guidance on your role as
an Audit committee member...***

Any questions?

